

TESTIMONY OF RICHARD T. ANDERSON, PRESIDENT, NEW YORK BUILDING CONGRESS
AT A HEARING OF THE NEW YORK CITY COUNCIL
COMMITTEE ON TRANSPORTATION
ON
THE STATUS OF NEW YORK CITY'S INFRASTRUCTURE
NOVEMBER 3, 2014



Thank you, Chairman Rodriguez and members of the Committee on Transportation for this opportunity to testify.

The Building Congress applauds the committee for drawing an unambiguous connection between the strength and resilience of our infrastructure and the health of the City's economy. Simply put, without functioning mass transit and other core systems, this City would cease to function.

Both the City and the State *have* spent heavily on schools, parks, mass transit, water and sewer, roads and bridges, health and cultural facilities in recent years. Yet there is a sense that we are losing ground to other global cities that are expanding their transit systems and related facilities, enabling them to accommodate more jobs and more economic activity, while growing and retaining middle-class jobs.

Nevertheless, in the last decade a number of ambitious projects by the City to build new infrastructure have tangibly invigorated its economy. For example, in 2005, the Bloomberg Administration underwrote a \$2 billion extension of the #7 subway line to the Manhattan's Far West Side.

Even though promised new tax revenues have been slow to come, the #7 extension has been directly responsible for billions of dollars invested in the Hudson Yards district. Most notable is Related's Hudson Yards project, a project which would not have happened without the 7 train extension. Related Hudson Yards alone will create millions of square feet of sorely-needed modern office space and generate millions of dollars of income and property tax revenue for the City in perpetuity.

Another useful example is One Vanderbilt Place, a project proceeding under the first phase of the City's planned East Midtown Rezoning. In addition to being one of the first major new commercial towers near Grand Central in decades, the project will also trigger more than \$200 million in private investment in critical mass transit infrastructure and public open space amenities. When the full East Midtown Rezoning is completed, similar investments in modern office space AND new public infrastructure will be realized throughout the area.

These examples are in or near the City's core. The question is how they can be replicated in the Bronx, Staten Island, Brooklyn and Queens.

The City should consider ways it can creatively upzone areas around train stations and use appreciating property values to fund infrastructure. The City must also look to the example of Hudson Yards, and make significant investments to improve transit access and other public infrastructure in underserved neighborhoods where the returns on investment may not be yielded overnight, but which do create tangible opportunities for sustainable, long-term economic growth.

This may still not be enough. The Building Congress report, *How to Save New York City's Infrastructure: Dedicate Revenues*, details additional ways the City can replicate the "user pays" model that has enabled the City's water and sewer system to modernize and expand to meet future population growth and economic expansion. A user-fee-based, dedicated revenue stream for infrastructure is especially needed at a time when State- and federal support for infrastructure is so uncertain.

We have spoken to a number of you and your colleagues in the Council about this report and look forward to developing its recommendations with you in the future.

Building and maintaining the City's infrastructure is essential – without well-running roads, subways, and other core infrastructure, the City faces diminished economic prospects. Which is why your careful attention to capital investment is so important.

Thank you for the opportunity to testify.