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**SPOTLIGHT**

# Promoting Growth in NYC: Leveraging NYCIDA for Economic Development

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# A Message from the Comptroller

Dear New Yorkers,

Good jobs drive the economy. But recent data from my office have highlighted an alarming trend: job growth has been stagnant, and hiring conditions remain soft even as other parts of the economy show resilience. To address this, we need every tool available to ensure our economy is vibrant and strong.



And one of the tools in our economic development toolbelt is the New York City Industrial Development Agency (NYCIDA). So what is it, and how's it doing?

The NYCIDA was established in 1974 to encourage economic development. Initially focused on manufacturing, NYCIDA now funds broad initiatives like grocery stores, energy storage, commercial revitalization, and housing production.

Though NYCIDA assists hundreds of capital investment projects with tax expenditures of over \$320 million annually, its impact as a driver of economic development can be hard to quantify.

That's why my office is releasing this evaluation of NYCIDA's priorities and practices. This report highlights both the challenges and opportunities NYCIDA offers, while presenting recommendations to ensure that it is supporting economic development as effectively as possible. NYCIDA can make certain that its economic development efforts genuinely benefit New York City's workers and economy—by making its operational policies more transparent, setting clear project-specific benchmarks, and focusing its job creation goal on job quality in addition to quantity.

Expanding economic opportunity and supporting quality jobs is mission-critical to New York City's future and we must use every tool in the City's toolbox to ensure that outcome.

Sincerely,



Mark D. Levine  
New York City Comptroller

Read more at:  
[comptroller.nyc.gov/newsletter-111](https://comptroller.nyc.gov/newsletter-111)

# Executive Summary

The New York City Industrial Development Agency (NYCIDA) was established in 1974 to encourage economic development in New York City via tax incentives to businesses and developers. Although NYCIDA has assisted hundreds of capital investment projects, its specific motives and its impact as a driver of economic development can be hard to quantify. This report outlines the difficulties in understanding and evaluating the success of NYCIDA's projects and makes recommendations for best practices NYCIDA could implement to increase transparency and accountability. Addressing these gaps would help maximize the reach of New York's economic development efforts for businesses and workers, while ensuring that taxpayer dollars are used effectively.

Section I provides background on NYCIDA's structure, history, and priorities over time using aggregate project data and individual project documents. NYCIDA primarily subsidizes projects via payment-in-lieu-of taxes (PILOT) agreements, which offer reduced property tax payments to projects that bolster the City's economic development goals and—in theory—would otherwise not relocate to or expand in New York City. Over time, NYCIDA has expanded the types of projects it assists; in the 1990s and 2000s, it primarily supported industrial and manufacturing projects, but it now includes a wide array of other initiatives such as affordable grocery stores and energy storage facilities.

Section II outlines NYCIDA's past and present stated goals, as defined in its mission statement and Uniform Tax Exemption Policy (UTEP). NYCIDA's current mission statement outlines several goals, but it also contains some ambiguities. Although this is to be expected for a high-level document, the issues should be clarified elsewhere. The UTEP offers more details on NYCIDA's goals and operations, but it does not fully resolve the ambiguities.

Section III outlines transparency and data collection gaps that hinder a comprehensive understanding of NYCIDA's actions and raise questions about how individual projects have performed. A lack of benchmarks for individual projects and consistent project-level data make quantitative analysis difficult. Loose requirements for benefit recapture could allow firms that receive assistance not to follow through on the job creation promises made at the time of application, and a lack of sunset provisions attached to tax incentive programs compels the City to maintain these programs without evaluating whether they are necessary and beneficial for the city. Finally, not only NYCIDA, but economic development organizations around the country, struggle to accurately calculate the economic benefits of potential projects. Because of this difficulty, the City

may end up paying more than it should for the benefits it receives. Although this is not an issue unique to New York, stronger data collection practices would help ensure taxpayer money is used efficiently and effectively on NYCIDA's programs.

Section IV draws on best practices from economic development in other cities and states to recommend ways for NYCIDA to improve the impact of its incentives on economic growth and workforce outcomes:

- **Offer a tiered incentive structure that enables firms to unlock additional advantages by creating high-quality jobs with good benefits.** Although job creation and retention is already a stated goal of the Agency, NYCIDA could offer inducements for firms offering high-paying jobs with health benefits, and, where applicable, collective bargaining agreements. Following the example of other states, NYCIDA could offer additional reductions to PILOT payments to firms that pay wages above industry medians in New York and that offer health insurance to both full- and part-time employees.
- **Clearly define NYCIDA's priorities and work with experts to set measurable, project-specific goals.** NYCIDA should explicitly document its priorities and the types of projects it aims to support. Then, it should work with employers, workers, and other industry stakeholders to set clearly measurable goals for different project types, enabling straightforward analysis of how each project is meeting or not meeting those goals. Goals should vary depending on the industry and firm size.
- **Tighten and expand benefit recapture requirements when firms fall short.** Flexible recapture provisions based on the size and industry of a firm could ensure that those receiving benefits follow through on the employment and economic activity promises made in their applications. Provisions should vary depending on economic circumstances (e.g. less stringent recapture provisions during general economic downturn).
- **Require regular reevaluation of programs through automatic sunset provisions.** When NYCIDA creates a program, it stays in place indefinitely. As NYCIDA's priorities shift, it should be able to evaluate whether its existing programs have worked as intended and continue to benefit the city. After a few years, a program should expire by default unless NYCIDA opts to continue or amend it. This ensures that programs are continuing to meet the city's needs and goals, and it allows for ongoing updates to existing programs. Regular evaluation also allows the city to identify gaps in the

types of programs and projects that are already being accepted, opening the door for new programs to be enacted.

# I. Background

## NYCIDA's history and structure

In New York State, industrial development agencies (IDAs) are public benefit corporations that aim to assist economic development in their jurisdictions. Economic development can encompass many policies and goals, but [New York State](#) highlights the importance of “increasing job opportunities and improving economic welfare.” IDAs offer assistance in the form of tax incentives for businesses and developers to attract them to the area or encourage expansion. When an IDA signs a contract with a firm to invest in a specific location in exchange for tax benefits, the resulting expansion or new property is known as a “project,” a term we will use throughout this report. A single firm can have multiple projects in different locations.

[New York State law](#) authorizes municipalities to create their own IDAs. The New York City Council established [the City's IDA](#) (NYCIDA) in 1974, and NYCIDA has since assisted well over a thousand projects, including projects that are highly visible and impactful to New Yorkers, such as construction of Citi Field, the new Yankee Stadium, and the Hudson Yards redevelopment project. [State law](#) authorizes NYCIDA “to promote the economic welfare of its inhabitants and to actively promote, attract, encourage and develop economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration.”

NYCIDA sits within and is staffed by the New York City Economic Development Corporation (NYCEDC). NYCEDC is a nonprofit corporation that was formed in 1991 to provide tax breaks and other types of assistance that encourage firms to locate and do business in the city. NYCEDC has been involved in a wide range of projects, from [Coney Island infrastructure](#) to the [NYC Ferry](#).

Soon after Mayor Mamdani took office, the new administration [indicated](#) its desire to remake NYCEDC to focus on economic justice in addition to economic growth. As of March 30, 2026, interviews for a new head of NYCEDC are ongoing.

State law requires each IDA to establish its own Uniform Tax Exemption Policy (UTE), which outlines the agency's purpose and policy guidelines for providing financial assistance. [NYCIDA's current UTEP](#) has been in place since 2017, although several project-specific adjustments have been made, including an

omnibus resolution pertaining to UTEP deviations for the M-Core program in March 2024 and an amendment to the Hudson Yards UTEP in November 2025.

Under the UTEP, NYCIDA should determine that without NYCIDA's assistance:

- (i) The project is unlikely to be undertaken, would likely occur only on a smaller scale, or would occur outside of New York State,
- (ii) The City might lose a vital service, or
- (iii) A vital City-supported project or initiative might be negatively impacted.

The UTEP also requires NYCIDA to consider several other factors before approving tax subsidies or other financial assistance for a given project, including expected job creation, financial feasibility, public support, environmental impact, and the extent to which the city prioritizes the project's industry.

The UTEP allows for project-specific deviation with Board approval; projects can still be approved if they do not meet the requirements for obtaining assistance. For example, on November 18, 2025, the Board approved (with our Office voting in opposition) a project to build a venue for an expansion of ABBA Voyage, a concert involving virtual avatars of the group ABBA. The Board approved four deviations from the UTEP,<sup>1</sup> justifying them because the project qualified as a tourism destination that would bring revenue to the City.

City statute requires NYCIDA to be governed by a [15-member Board of Directors](#). Five members are appointed by the Mayor, five are nominated by the Borough Presidents, and five are Ex Officios (the head of NYCEDC, the City Comptroller, City Planning, the New York City Law Department, and City Hall).

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<sup>1</sup> The deviations are: "(1) the Project is not a commercial office development, (2) the Company has requested Financial Assistance for project improvements that are intended to be used for retail purposes, (3) the financial assistance term will be eighteen years starting on July 1, 2029, but the financial assistance will not be phased out before the end of the financial assistance term, and (4) the financial assistance will include a full abatement of building taxes during the financial assistance term, regardless of whether additional improvements are made on Project land during the term." See the [November 2025 board meeting minutes](#) (pdf page 21).

# NYCIDA's tax incentive programs have steadily expanded in scale and scope

Most NYCIDA projects receive three types of tax [incentives](#):<sup>2</sup>

- [Payment in Lieu of Taxes](#) (PILOT) agreements: under a PILOT agreement, a project site's land and building taxes are partially or fully abated for up to 25 years, and the business instead pays a lesser amount (the PILOT) to the New York City Department of Finance.<sup>3</sup>
- Sales tax waiver: NYCIDA projects can receive an exemption from City and State sales tax on purchases of construction materials and equipment related to the project. Mortgage recording tax (MRT) reduction: both New York City and the State charge a one-time tax when mortgages for property in the City are recorded. NYCIDA offers a significantly reduced MRT.

NYCIDA has provided assistance to nearly 300 new projects since FY 2006 (the year comprehensive project data first became available), and at least 200 other projects that had already been approved in earlier years and were still receiving benefits in FY 2006. NYCIDA has generally taken on fewer new projects each year since the early 2010s, as shown in the chart below. NYCIDA attributes this decline to several market factors, including “general macroeconomic uncertainty, higher interest rates, and the slowdown in new commercial development post-pandemic.” The City also offers an alternative as-of-right property tax abatement program, the [Industrial and Commercial Abatement Program \(ICAP\)](#), which firms and developers sometimes choose over NYCIDA incentive programs because it can offer sufficient benefits with a lower administrative burden. It should be noted

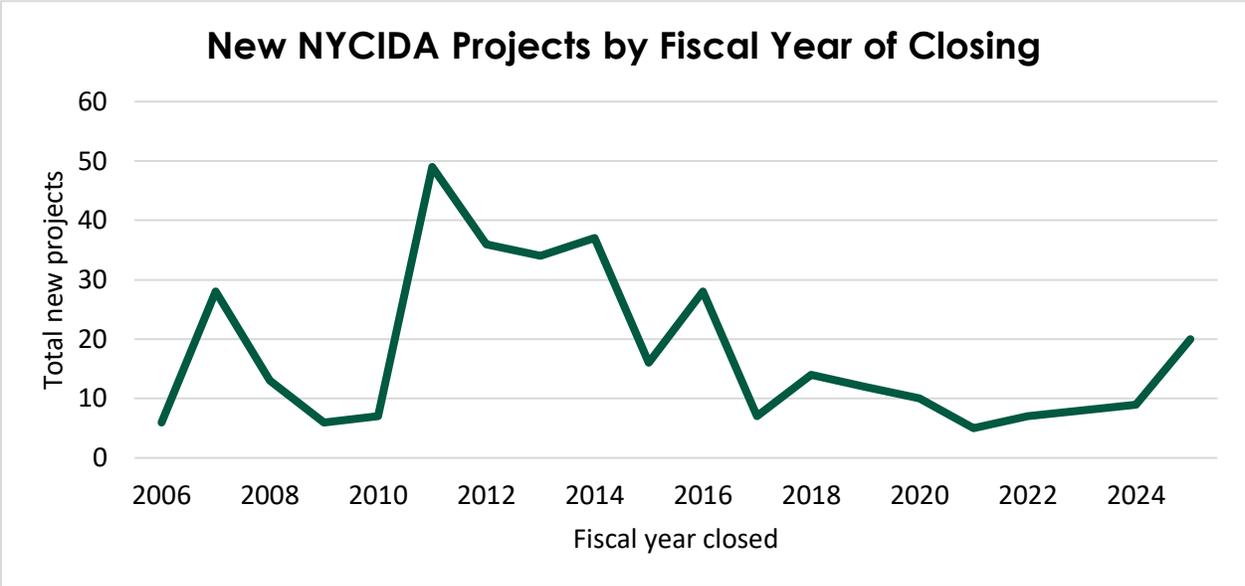
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<sup>2</sup> NYCIDA originally [issued tax-exempt bonds](#) to nonprofits as one of its incentives. However, in 2008, New York State failed to renew the legislation that allowed IDAs to be a conduit for tax-exempt private activity bonds. In 2011, the City created the Build NYC Resource Corporation for this purpose. NYCIDA continues to be able to refinance outstanding bonds (such was recently the case for the [Yankee Stadium](#) and for [Citi Fields](#)). Because NYCIDA stopped issuing bonds in 2008, this report focuses only on NYCIDA's other incentives.

<sup>3</sup> The rate of savings varies case by case and its calculation has changed over time. Originally, the size of the discount was determined by the firm's number of full-time employees in the city at the time it applied for the benefit (or if the firm was new, by the number of employees the firm planned to hire at the project site after construction was completed). But in 2017, NYCIDA [changed the calculation](#) so that now the firm's PILOT amount is reduced if it increases its capital investment in the property. Typically, the reduction lasts 25 years, phasing out in the last four.

that projects may have been discussed or approved in FY 2024 and FY 2025 but have not yet closed, so the true number of recent projects in Chart 1 below could be understated. The uptick in FY 2025 is driven almost entirely by new battery storage projects, which have negligible employment impacts and do not receive PILOT benefits.

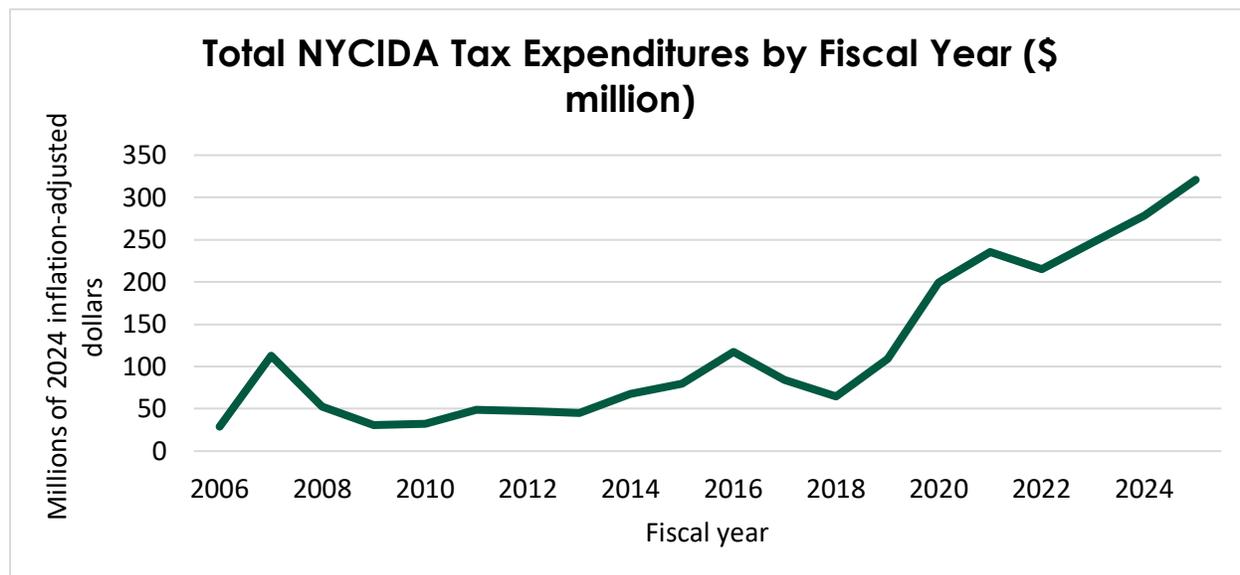
### Chart 1



Source: NYCEDC, Office of the NYC Comptroller analysis

Because most projects receive benefits for decades following an agreement with NYCIDA, the total savings to firms (or put another way, the amount the City loses in foregone tax revenue) has grown significantly over time, especially since 2018. As of FY 2025, 246 firms saved over \$320 million in annual property taxes from PILOT agreements with NYCIDA, as shown in Chart 2. The FY 2007 spike in tax expenditures was driven by an MRT reduction for the Queens Ballpark Company's lease of what would become Citi Field.

## Chart 2



Source: NYCEDC, Office of the NYC Comptroller analysis

As mentioned, projects that were proposed and approved do not immediately appear in NYCEDC's [project dataset](#), so the total expenditures for FY 2024 and FY 2025 may be understated. NYCIDA starts tracking projects when it closes them, and projects must file reports on employment and benefit usage by the end of each fiscal year.

Per-firm savings have followed a similar trajectory; in 2006, the median NYCIDA-assisted firm saved about \$24,000 per year from PILOT agreements, but by 2025, that figure rose to \$102,000. This increase is at least partially the result of property value inflation in New York City. However, there is significant variation amongst firms, with the largest contracts providing firms with millions in annual tax exemptions.

NYCIDA has assisted more projects in the manufacturing sector than in any other, totaling over 30 percent of all projects. The other sectors with the most NYCIDA projects are wholesale trade (19 percent) and retail trade (12 percent). These three sectors have consistently made up the majority of NYCIDA's new projects. The most notable changes in NYCIDA's project composition over time have been an increase in real estate sector projects—from 6 percent in 2006 to 11 percent in 2025, largely driven by developments in Hudson Yards—and a decrease in finance and insurance projects—from 6 percent to 1 percent over the same period).

NYCIDA's projects have changed in scope and focus depending on mayoral priorities. The Giuliani administration (1994-2001) created NYCIDA's [Industrial Program](#) in 1995, which aimed to spur industrial development. The Industrial Program still exists, but it accepted the most new projects in the late 1990s and has declined since. However, as new energy storage projects are subsidized under the Industrial Program, we will likely see a large volume increase as they close and enter NYCEDC's annual investment projects reports.

Mayor Bloomberg's administration (2002-2013) prioritized creating [Industrial Business Zones](#) to protect existing manufacturing districts and encourage industrial. In collaboration with City Council and the Department of City Planning, the Bloomberg administration also created the [FRESH Program](#) (Food Retail Expansion to Support Health) in 2009, through which NYCIDA incentivizes grocery stores to locate in low-income neighborhoods. The program is still in effect and has made up 18 percent of NYCIDA's projects since its inception (though only 7 percent of NYCIDA's total tax expenditures).

Bill de Blasio (2014-2021) used NYCEDC and NYCIDA to prioritize investment in [life sciences](#), [offshore wind](#), and [film production facilities](#). And under Mayor Adams (2022-2025), NYCIDA incentivized the renovation of commercial office buildings through the [M-CORE](#) (Manhattan Commercial Revitalization) program. NYCIDA also began offering benefits to energy storage providers as part of the Adams administration's [Green Economy Action Plan](#).

## II. Policy Objectives and Evaluation Challenges

### NYCIDA's newly-expanded mission statement uses ambiguous language

NYCIDA's [mission statement](#) through fiscal year 2025 was short: "...to encourage economic development throughout the five boroughs, and to assist in the retention of existing jobs, and the creation and attraction of new ones." However, on November 18 of last year, NYCIDA adopted a [new mission statement](#) with significant additions:

The mission of the New York City Industrial Development Agency (NYCIDA) is to drive economic development across the five boroughs **by catalyzing capital investment and encouraging private sector partnership**. Our goals are to **support industry**, create and retain jobs, **diversify and strengthen the tax base**, and **foster sustainable infrastructure development, ensuring a vibrant and resilient economy for all New Yorkers**.

-NYCIDA Authority Mission Statement, adopted November 18, 2025

NYCIDA stated that it expanded the statement's scope to better align with other New York State IDAs and reflect the broad public benefits it supports. The mission statement is broad by design, as it aims to outline NYCIDA's goals at a high level without getting into granular detail.

The newly adopted Mission Statement is certainly more specific than the previous statement and does attempt to capture a broader description of the IDA's intended focus. However, the new mission statement contains several areas of potential ambiguity that make understanding NYCIDA's goals and measuring how projects can meet them challenging. For example, it does not specify which industries are supported or which outcomes are used to measure the efficacy of that support. "Create and retain jobs" is more straightforward, but, as will be discussed later, projects do not have a clear net effect on employment. "Diversifying the tax base" can be evaluated by several metrics and depends on City priorities, while "strengthening the tax base" is difficult to evaluate because it requires a correct estimate of firm behavior in the absence of incentive agreements. "Fostering sustainable infrastructure development" refers to both environmental and economic impacts, but NYCIDA does not collect any benchmarks related to environmental sustainability. Again, this level of detail is not expected in a mission statement, but these issues should be clarified in the UTEP, which will be discussed later in the section.

Another point of ambiguity arises because NYCIDA does not state the relative importance of these goals. In many cases, a project may align closely with one goal but not another: for instance, an energy storage facility strengthens the city's infrastructure but does not create jobs *per se*. Without knowing how NYCIDA prioritizes its goals, it can be difficult to evaluate its success in meeting them.

## NYCIDA's UTEP offers greater detail, but still presents measurability challenges

NYCIDA outlines more details of its operations and policy objectives in its Uniform Tax Exemption Policy (UTEP). Almost all NYCIDA projects fall into one of three programs: the Industrial Program, FRESH, and the Commercial Program. Because this office has already [extensively discussed the FRESH Program](#), this section focuses only on the Industrial Program and Commercial Program.

As stated in NYCIDA's UTEP, Industrial Program's objective is to "diversify the City's economy, help support advanced manufacturers, incentivize and spark innovation, and create pathways to the middle class for City residents with the goal of maximizing job creation relative to the amount of Financial Assistance provided." The program works towards this goal by "preserving, enhancing, and building industrial space throughout the five boroughs," supporting projects "intended for use in the pursuit of manufacturing, assembling, processing, recycling, disposing, warehousing and/or distributing of tangible property; and/or the creation of an intangible asset."

While the Commercial Program also works towards the same job creation goal, its primary focus is "commercial office development that will assist in new construction or major renovation of commercial office facilities primarily targeted for use by high-growth industries, including but not limited to, technology, advertisement, media, information technology, engineering, life sciences and fashion" outside of Manhattan's commercial core.

Both programs' goals expand on the mission statement by specifying types of eligible projects. The Industrial Program emphasizes the preservation and expansion of the city's industrial space, while the Commercial Program prioritizes commercial office development in certain areas and sectors. Still, to a reader of the UTEP who lacks information on NYCIDA's internal operations, it is unclear what metrics, if any, might be used to evaluate progress towards these policy objectives.

Additionally, the goals mentioned in the mission statement are not always clarified in the UTEP. For example, sustainable infrastructure development is mentioned in the mission statement, but sustainability is not mentioned in the UTEP. The UTEP also does not mention how NYCIDA defines a diverse tax base or the number of jobs that each program aims to create (whether in total or on a per-project basis).

# III. Data and Accountability Gaps

Although NYCIDA collects and publishes some data on active projects, such as current employment and capital investment, more data as well as new accountability measures would help policymakers and the public assess the extent to which each project and program is helping the City meet the economic development goals outlined in the UTEP. These include the addition of project-specific performance measurements, stricter recapture triggers, and clearer explanations of how NYCIDA estimates benefits and feasibility.

## NYCIDA publishes performance measures, but no accompanying benchmarks

NYCIDA reports projects' aggregate performance measurements in its board meetings. These can be adjusted annually, and in FY 2025, consisted of [ten measurements](#) including total private investment leveraged, total City tax revenue generated, current total jobs, and percentage of projects that are in good standing (i.e., did not default on their compliance requirements).

Although these performance measurements form a basis for evaluating NYCIDA's projects, no benchmarks accompany these figures. NYCIDA publishes year-over-year numbers, which are informative (for example, the total square footage of buildings or improvements receiving benefits was 3.3 million in 2025, up from only 858 thousand in 2024), but beyond the general idea that more is better, the performance measurements can be hard to interpret. It's also unclear what impact, if any, the performance measurements have on NYCIDA's operations and decision-making.

## NYCIDA can terminate and recapture project benefits, but does so only in extreme cases

In some cases, NYCIDA will terminate future benefits to a firm, and may require the firm to repay benefits already received. Benefit recapture triggers are outlined in [NYCIDA's UTEP](#). The triggers are fairly extreme: recapture generally only occurs in cases where the firm fails to complete the project, moves out of New York, or significantly changes the project's scope.

Although NYCIDA collects a variety of data on post-acceptance project performance, such as job creation totals, failure to create jobs is not a recapture trigger. A 2021 report from the New York City [Independent Budget Office](#) noted that this is a deliberate omission because NYCIDA does not want to penalize small businesses during business cycle downturns or in declining industries. In practice, however, this means that a firm could apply for NYCIDA benefits with the expectation that it will create or retain jobs, but it is not under any financial obligation to follow through. As noted in the next section, many economic development agencies nationwide use recapture triggers to ensure funds are being used effectively for each project, and some incentives are paid only after certain performance metrics are achieved. The existence and enforcement of these accountability mechanisms are a critical tool for optimizing a city's economic development spending.

## NYCIDA may overestimate its projects' economic impacts

NYCEDC and NYCIDA estimate the economic impact of prospective projects using a [city-specific](#) version of [RIMS II](#) (Regional Input-Output Modeling System), a set of multipliers created by the Bureau of Economic Analysis. RIMS II multipliers have faced criticism on several fronts: a [2010 report](#) from the World Intellectual Property Organization noted that RIMS multipliers assume if a project creates new jobs, no jobs would have been created in its absence, an unlikely assumption as discussed above. [A 2020 paper](#) on multiplier effects argued that economic multipliers overstate project impacts because they don't account for displacement in economic activity (i.e., an increase in one industry's activity likely results in a decline in other industries because consumers are spending their dollars elsewhere). Overall, these concerns suggest that the RIMS II multipliers are an unreliable and inaccurate model for assessing the economic impact of any project or development.

NYCIDA may also overstate the impact of its investments in cases where its tax incentives are very minor relative to a project's size and, therefore, not pivotal to it taking place. For instance, between FY 2007 and FY 2022, NYCIDA took credit for the entire redevelopment of the Goldman Sachs headquarters (see the [FY 2022 Annual Investment Projects Report](#), LL62 ID 93238, p.205) on the premise that the agency awarded a [Business Incentive Rate](#) benefit that lowered electric delivery charges. To wit, NYCIDA's data credits an electricity discount of \$415,000

with creating total tax revenues of \$2.6 billion (amounts in present value terms).<sup>4</sup> Overstatement of benefits can make it difficult to evaluate which programs and projects are providing the most benefit to the City. A more realistic analysis of benefits would help maximize the effectiveness of taxpayer funds for economic development.

All firms receiving benefits from NYCIDA must demonstrate that the proposed project could not occur without assistance and that they can sustain the project over time while meeting their debt obligations. However, a 2024 audit from the New York State Comptroller's Office found that NYCIDA either failed to complete or incorrectly completed its financial feasibility assessment for 17 of 23 projects reviewed, even though the projects were approved. NYCIDA's response to this audit argued that the mistakes were made several years earlier and the process has since been improved. Nonetheless, the City still pays benefits to these improperly approved projects.

Evaluating whether or not a project would have been completed *but for* NYCIDA subsidies remains an ongoing challenge. A recently launched program shows this point clearly. The Manhattan Commercial Revitalization (M-CORE) was launched by NYC IDA in 2023 and is intended to spur the renovation of office space in Manhattan. To date, only three projects have been authorized for M-CORE benefits and two more fell off after being noticed for public hearing but immediately before a Board vote. Despite being fully vetted and deemed not feasible but for IDA's financial assistance, one of the two projects ([522 5<sup>th</sup> Avenue](#)) was eventually [sold in May 2025 to Amazon](#), who will occupy it. The other project at [695 6<sup>th</sup> Avenue](#) has been in planning stages [since at least 2019](#), and it is unclear how IDA assistance would have made it feasible. Of the three authorized projects, the [WSA Building](#) at 175 Water Street [stirred some controversy](#). The Office of the Comptroller voted against awarding tax benefits on the premise that the building was purchased and slated for renovation before M-CORE was launched. In a validation for this logic, at the [November 18 Board Meeting](#) IDA staff disclosed that the 175 Water Street deal had fallen through, but the renovation would nonetheless take place. (The project may not be fully

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<sup>4</sup> Goldman Sach's [own press release](#) states list a portfolio of more substantial incentives: "The project will be partially financed with up to \$1.65 billion in Liberty Bonds which were made available by the Federal Government after September 11th, 2001 to spur construction projects Downtown. Goldman Sachs is also eligible for up to \$25 million in Job Creation and Retention Program funds. Under the Lower Manhattan incentives legislation and the ground lease with Battery Park City Authority, a sales tax exemption on construction costs, initial fit-out expenses and equipment purchases is also available."

taxable as it will likely qualify for as-of-right property tax benefits through the Industrial and Commercial Abatement Program).

## IV. Recommendations

While NYCIDA does have some mechanisms in place to evaluate the benefits of a given project, the agency can and should adopt several best practices to increase the transparency, accountability, and efficacy of its economic development programs. Improving NYCIDA's tools and policies will enable it to work more effectively, ultimately helping to drive the City's economic growth. The recommendations in this section are made with that goal in mind. First and foremost, NYCIDA should focus on the creation and retention of high-quality jobs. It should also be clear and specific about the types of projects it supports and why those projects benefit New York City, and should set measurable goals for each project that vary depending on the firm's size and industry. Finally, NYCIDA should implement more comprehensive ongoing evaluation of its accepted projects, which can inform sunset provisions and stricter recapture requirements. Ideally, each of these policies should be codified in some way in an updated UTEP.

### Prioritize job quality and worker protections

#### Wages and Benefits

NYCIDA already states that job retention and creation is one of its core goals, although, as mentioned, it does not impose recapture requirements based on the number of jobs a project creates. But more than the quantity of jobs retained or added, NYCIDA should prioritize projects and firms that create genuinely high-quality jobs. The agency does technically require prospective firms to pay a living wage (although this is not a recapture trigger, so in theory, a firm could apply for benefits while overstating the wages it intends to offer new employees). However, [New York City minimum wage](#) increased to \$16.50 in 2025, which is now equal to [the living wage rate](#), rendering the living wage requirement meaningless unless the amount is increased.

Many economic development programs across the country require or incentivize the creation of well-paying jobs: [Philadelphia](#), [Louisiana](#), [Oklahoma](#), [Iowa](#), and

[Georgia](#) are just a few jurisdictions that offer payroll rebates, tax credits, and other incentives to businesses that create jobs with above-average wages and health insurance benefits.

As recommended in this office's October 2024 [report](#) on NYCIDA's FRESH program (an initiative to improve food access in underserved areas), NYCIDA should prioritize applicants whose wages are competitive relative to their industry's average. This allows wage standards to vary by industry and incentivizes the creation of high-paying jobs. Across all industries, NYCIDA should also prioritize applicants who will offer health insurance to both full- and part-time employees. As an alternative, NYCIDA could keep its existing set of job retention and creation goals, but implement steeper PILOT benefits for projects that offer above-market wages and benefits, so that firms are rewarded for creating high-quality jobs.

## **Collective Bargaining**

[New York City law](#) requires certain food and retail service establishments that receive at least \$500,000 in City financial assistance to sign labor peace agreements with unions, which require employers not to interfere with union organizing and unions not to engage in work stoppages or other economic interferences. However, other economic development programs support collective bargaining more broadly, such as New Jersey's [Food Desert Relief Program](#), which is similar to New York's FRESH program but offers additional tax credits for developers who pledge that their workers will be covered by a labor harmony agreement or collective bargaining agreement.

As recommended in a prior Comptroller's Office [report](#) on the FRESH program, NYCIDA should prioritize projects which commit that workers will be covered by a collective bargaining agreement (acknowledging that some sectors supported by NYCIDA do not typically have union representation). This would help ensure that the program does not inadvertently subsidize non-union firms at the expense of union labor, and that NYCIDA-subsidized projects create jobs that protect their workers.

## **Clarify program and project goals to provide transparency and maximize project impact**

As discussed in the first section of this report, most of NYCIDA's stated goals have some degree of ambiguity, and its project portfolio makes clear that individual

projects can be taken on in service of some goals but not others. This level of flexibility is not in itself unreasonable. However, for the sake of public transparency and accountability, NYCIDA should offer a publicly available, forward-looking explanation of its priorities when deciding which industries and projects to assist, and how those choices benefit New Yorkers.

Individual project outcomes should also be held up to industry- or program-level performance benchmarks. For instance, within the Industrial Program, NYCIDA should specify the number of new high-quality jobs that a given project creates per \$100,000 received in overall tax exemptions. “High-quality” jobs would be defined by criteria such as above-market wages, health insurance benefits, and/or collective bargaining rights, depending on the program goals and industry. The specific benchmark numbers could vary depending on the firm’s industry and the city’s economic conditions, and they should be created with input from industry experts and firms themselves, to ensure that the goals are relevant and realistic.

## Enact stricter recapture provisions that hold firms accountable for their promises

Most states have stricter provisions for recapture of benefits than New York. [Minnesota's](#) economic development subsidy laws require firms collecting subsidies to set specific job and wage goals, and if those goals are not met, assistance must be repaid. Other states with similar recapture provisions include [Ohio](#) and [North Carolina](#). [Vermont](#) and [Texas](#) take accountability in the opposite direction: instead of recapturing benefits if a firm fails to meet its goals, they only pay benefits *after* a firm has successfully met its job creation goals.

NYCIDA’s recapture is triggered only in extreme cases—such as project abandonment, firm shutdown or relocation, sublease violations, or major changes to the project’s scope—and is not tied to whether projects actually deliver the jobs or outcomes promised in their applications. NYCIDA does follow up with projects; in FY 2025, it reported site visits for 24 percent of firms. This is a useful practice, but it could be expanded to collect data on firms’ progress towards their goals and ensure that their operations are still relevant to NYCIDA’s agenda. Tying individual firms’ benefits to their progress in meeting NYCIDA goals would ensure that projects continue to benefit the city in the years after their applications.

NYCIDA could implement several recapture trigger standards, most notably job creation and the quality of these jobs. The standards could be flexible based on the size of the firm and its industry, but there should be some threshold in place to ensure that projects are making progress towards creating and retaining high-quality jobs.

## Create ongoing reevaluation requirements and sunset provisions to ensure programs meet the City's needs and goals

NYCIDA programs tend to have long lifespans: nearly 70 percent of its projects have received benefits under the Industrial Program, which began in 1996. [Washington](#), [Oregon](#), and [Illinois](#), among other states, include default expiration dates for any new tax exemption program that takes effect, ranging from six to ten years after the program's start date. In each case, the date can be extended if the legislature determines the program is worth continuing.

NYCIDA could add similar provisions to its own UTEP, requiring a periodic evaluation and reapproval process for each of its programs to ensure that they are still necessary to and beneficial for the city<sup>5</sup>. However, the states mentioned above created sunset provisions as a matter of state law, rather than being at the discretion of individual economic development agencies. Similar legislation could be pursued in Albany to require all IDAs in the state to build in default sunset periods into each new tax exemption program. In the absence of a State reauthorization requirement, the City could require regular evaluations to be conducted, with reports and recommendations sent to the State legislature, and the results of a recent evaluation before the renewal decision is made.

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<sup>5</sup> [Local Law 18](#) already assigns this responsibility to the Independent Budget Office, although it applies to any economic development tax expenditures rather than NYCIDA specifically. IBO reviews and evaluates expenditures on a schedule set by the City Council, and reports are made publicly available, but the City Council is not obligated to use them.

# V. Conclusion

The original question this report sought to answer was “How successful have NYCIDA’s projects been?” but ultimately, it has addressed the roadblocks impeding a clear answer to that question. Because of shifts in the types of projects it has incentivized over time, there is no clear and measurable definition of what constitutes “success.”

Several aspects of NYCIDA’s operational and transparency policies could be expanded to help evaluate individual projects’ performance and the entire agency’s progress toward its economic development goals. NYCIDA can adjust its goals and policies to ensure that it is supporting economic development as effectively as possible in the City: it should expand its job creation goal to focus on job quality in addition to quantity, and it should set clearer priorities that can be evaluated via project-specific benchmarks. Following policies used in other states’ economic development programs, NYCIDA should strengthen the requirements for firms to avoid benefit recapture and introduce sunset provisions that require programs to be periodically reevaluated in order to continue accepting new projects.

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