



## Oversight Hearing on the BQX

Testimony before the New York City Council's BQX Task Force

By Paula Crespo, Senior Planner  
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Good morning Chair Menchaca, Council Members; thank you for creating this opportunity to publicly examine the BQX project. I am Paula Crespo, Senior Planner at the Pratt Center for Community Development, and as an organization working to address socioeconomic inequity in New York City, we place special focus on the ways that public actions can either exacerbate or alleviate that inequity.

“Value capture” is a broad term that refers to a wide range of land use and development tools. In the past year, we launched the Public Value Recovery policy project to examine whether and how these tools can be used to advance social justice and how to distinguish when these tools instead exacerbate inequality. To do that, we have identified criteria for an equity framework, and today we apply some of these criteria to the BQX project.

### **Criterion 1**

*From whom will the public sector recover the economic value created as a result of the BQX?*

Those who own land near the proposed route will see their property values rise as a result of the amenity and in turn will pay higher property taxes that will indirectly finance the BQX. However, the low-income households and many small businesses near the BQX will either be forced to pay for this increased value in the form of higher rents or be displaced.

### **Criterion 2**

*Who will receive the economic value created as a result of the BQX?*

While there may be a diffuse benefit to the public at large, landowners near the route will most directly receive the economic value that the BQX may create because living near a new transit mode will create a greater demand for housing. This will put even more upward pressures on rents while exacerbating the displacement pressure on low-income residents and small businesses. This has been the case with low-income areas near Atlanta’s Beltline, a 22-mile corridor of trails, bike paths, and eventually transit that is funded by value capture.

### **Criterion 3**

*Who bears the financial risks of depending on future tax revenues to fund the BQX upfront?*

As Neil deMause wrote in the Village Voice, “...claims of the BQX paying its own way rely on untenably optimistic assumptions and creative bookkeeping.” EDC’s 2016 study presumes that the BQX will spur an increase in property values but does not quantify how much property values would have risen even if the BQX *weren’t* built. If property values don’t rise significantly

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more than they would have anyway without the BQX, the City will have to siphon off tax revenues that should have been spent on other things. This means the general public bears the financial risk for a project that has been falsely touted as self-financing. In all likelihood, the BQX will **not** be self-financing – and Council members should not let such claims divert their attention from the project's real financial and opportunity costs .

#### **Criterion 4 and 5**

*Who is involved in governing, and how does this affect the budgeting and decision-making process?*

If the Council approves the BQX, it will fall under the jurisdiction of a special-purpose entity, and you, our elected decision-makers, will have limited oversight. The revenue generated through value capture will be governed by others, and you will not be able to consider other ways of using it that might create more broad-based transportation benefits, or benefits designed to reach people negatively affected by rising housing costs.

#### **More information about an equity framework for evaluating value capture**

More detail about this framework, including how the criteria apply to Atlanta's Beltline project (which has a lot in common with BQX) was published earlier this week in Metropolitiques, available [here](#).<sup>1</sup>

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NOTE: This testimony was prepared by the Pratt Center for Community Development.  
It does not necessarily reflect the official position of Pratt Institute.

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<sup>1</sup> <https://www.metropolitiques.eu/Reclaim-Value-Capture-for-Equitable-Urban-Development.html>