



Summary: Myth-Busting the Board of Trustees Election – April 2019

During the recent election for Board of Trustees, there were a number of false or misleading statements made by candidates concerning community benefits, union labor and affordable housing. This is a summary of the report we released to address some of these statements in an attempt to set the record straight. For more details, see the full report.

Myth: Community Benefits Agreements Are Too Expensive for Developers in Port Chester

Trustee Ferrara: “I have never been supportive of [a community benefits agreement] because it would basically stop development in its tracks.”

Reality: Developers, like other corporations, sometimes make empty threats.

Some developers may be telling Ferrara they’ll stop developing in Port Chester if the Village requires community benefits. But developers, like other corporations, have a long history of making empty threats to prevent any measures that will limit their profits. It is more likely that real estate developers would adjust to community benefits policies in Port Chester, just as they have adjusted in Newark, NJ, which has strong labor standards and affordable housing requirements and is currently experiencing a building boom.

Reality: Cheaper land costs in Westchester leave more money for community benefits.

Trustee Ferrara is also ignoring one of the most critical factors in development: land prices. The cost of land in Port Chester is dramatically cheaper than in NYC, leaving developers in a much better position to afford union labor and affordable housing in Port Chester and still generate large profits.

Myth: Union labor wildly drives up construction project costs

Trustee Ferrara: “The Port Chester IDA did an entire labor study... And we found out that labor mandates on a project increase the cost of that project – not the cost of labor but the cost of the project – by 20 to 30 percent.”

Reality: Trustee Ferrara is using flawed studies of labor costs

Trustee Ferrara’s claim that union labor drives up construction costs by 20-30 percent has been put forth in a series of debunked studies, some of which he sent to the IDA board in October 2016. One respected economist called this claim “a logical leap.” Other labor economists wrote that the methodology used to reach this type of conclusion “violates the laws of economics.”

Reputable studies have found that union wages and benefits increase *labor costs* by 10 to 20 percent, but that is solely labor costs, not all of the construction costs for a project. Part of the reason union labor is more expensive is that there is widespread wage theft and corner-cutting on safety in the nonunion industry. But some of the difference in costs is made up by the greater productivity of union labor.

Myth: The Village can’t require that new affordable housing be reserved for Port Chester residents

Trustee Didden: “We need more affordable housing for our own people. That flies against the ideas of fair housing. Everybody should have every opportunity. You can’t say Port Chester first. It doesn’t work that way.”

Trustee Ferrara: “[Port Chester] can’t build affordable housing for [its] own. You can’t have a residency requirement.”

Reality: Trustee Ferrara and Didden’s assertions are simply false, and these trustees have been corrected on this issue repeatedly.

In 2016, Mark Chertok, special counsel to the village on the United Hospital redevelopment, went out of his way to explain that requiring that newly constructed affordable housing in the village be reserved for Port Chester

residents is perfectly legal as long as there isn't a requirement for residents to show they have lived in the village for a certain period of time. The Alliance has repeatedly reminded the trustees of [Chertok's opinion](#), but Trustees Ferrara and Didden, neither of them lawyers, are doubling down on their own legal analysis.

Myth: Rent regulation is a bad idea in Port Chester because it will discourage development

Trustee Ferrara: *"I'm sure the concept of rent control would come up. To me, it's never a good idea. New York City's had rent control since 1947, and they have nothing but an ongoing affordability crisis. Rent control tends to discourage building without massive, massive subsidies."*

Reality: Port Chester already has rent regulation, and no, it doesn't discourage development.

Trustee Ferrara seems to have used "rent control" as a shorthand for rent regulation, which is primarily through *rent-stabilization* in the U.S. Port Chester already has *rent-stabilization*, which is also the primary form of rent regulation in New York City. The overwhelming majority of rent-regulated apartments in New York City are what is called *rent-stabilized*, meaning the City's rent guidelines board determines how much landlords are allowed to raise rent each year. (Very few apartments in NYC, only about 2%, are "rent controlled.")

Thought it affects a smaller proportion of all homes in the village, Port Chester's *rent-stabilization* program looks a lot like New York City's. With some exceptions, in Port Chester, apartments in buildings with 12 or more units that were built before 1974 are rent-stabilized under the state Emergency Tenant Protection Act and rents for these apartments can only be increased by amounts set each year by Westchester County's rent guidelines board. These are very similar policies!

Trustee Ferrara's claim that rent regulation discourages development is also a myth. Most moderate rent-stabilization in the United States applies only to housing already built at the time of its passage, not to new units built after rent-stabilization was instituted, so there is little effect on new development.

Myth: Supply and demand are the most important factors in determining housing affordability

Trustee Ferrara: *"The fact is that there hasn't been a lot of building throughout Westchester County and especially in Port Chester over the last 25 years. If the number of people that want to live here increases...and you're not expanding supply, the price has only one way to go [up]. This is the reason why we have so much makeshift, unsafe housing. That has become, very sadly, Port Chester's affordable housing."*

Trustee Didden: *"I fail to see how we can section off Port Chester from the market forces. It is supply and demand."*

Reality: Rents don't follow simple free market models. But they do get driven up by speculation from real estate investors.

A number of economists and housing analysts have been challenging the idea behind Trustees Ferrara and Didden's remarks -- that housing prices and conditions are merely a result of the interaction of supply and demand. These scholars have been pointing out that there is little evidence that increases in housing costs result from a limited supply of housing units.

What certainly does drive prices up is ***speculation*** by real estate investors. When a real estate market gets hot in a community, as it could in Port Chester following the village-wide rezoning, investors get into a race to see who can make bigger profits by redeveloping "underdeveloped" real estate -- meaning not just empty properties, but also existing housing and stores that don't already generate high rents. As a result, of course, rents rise. Tenants who live in a community experiencing this phenomenon need protections -- like the kinds we propose in our [Blueprint for a Fair Rezoning](#) -- or they may find themselves no longer able to afford to live in their homes.