

Develop— don't destroy.

BROOKLYN

Press Contact:
Daniel Goldstein
917-701-3056
press@dddb.net
www.developdontdestroy.org

FOR RELEASE: Monday, June 28th, 2004

**Independent Economic Analysis of Ratner Nets Arena Plan
Shows Project Will Lose \$500 Million in Public Funds**
*DDDB Releases Study Monday to Debunk Ratner's Bogus Claims
and Warn Potential Investors and Taxpayers of "Sucking Sinkhole"*

MANHATTAN — Develop Don't Destroy Brooklyn today released a new independent economic analysis that shows taxpayers will lose a whopping half billion dollars on Bruce Ratner's Nets Arena and Development Plan in Brooklyn.

The study was done by two local researchers – Jung Kim and Dr. Gustav Peebles – who were troubled by the lofty claims Ratner has been making about the proposal's supposed economic benefits for the community. Those claims were based on an economic analysis that Forest City Ratner (FCR) paid economist Andrew Zimbalist to perform.

Using much of the developer's own data, Peebles and Kim found that – far from making over \$800 million, as FCR's report stated – Ratner's arena and hi-rise project would in fact lose \$500 million in taxpayer dollars, and potentially more.

“This confirms in the most damning way possible what we've been saying for months – that Bruce Ratner is feeding the people of Brooklyn phony promises and bogus numbers to sell this boondoggle,” said DDDDB spokesperson Daniel Goldstein. “We now know that the Ratner Credibility Gap comes with a price tag – \$1.3 billion.”

DDDB released the Kim/Peebles study in front of the headquarters of JP Morgan Chase, and following the press conference distributed copies of the report to several leading investment banks.

“Every potential investor and every New York taxpayer should know the truth – that this project, in its present form, is a sucking sinkhole. We are *all* going to get stuck with the bill if we do not stand up and hold Bruce Ratner accountable,” Goldstein said.

The Kim/Peebles report – which, unlike the FCR study, is fully transparent and provides all relevant citations – benefited from the review and feedback of several leading sports economists prior to publication. Its findings show that Ratner has been vastly overstating his project's supposed benefits on a number of fronts.

Among the key findings:

- **NEW JOBS:** FCR's jobs promises are empty rhetoric – and, according to FCR's own numbers, any jobs that *do* locate in this project will have been subsidized by taxpayers to the tune of **at least \$45,000 per job**. (Kim/Peebles shows that the per-job subsidy could easily reach six figures.)
- **AFFORDABLE HOUSING:** FCR's own report predicts that the housing it constructs will be geared toward people who (a) are new to Brooklyn (60% of them will be new to all of New York City) and (b) make TRIPLE the median income of current residents in the area.
- **CITY SERVICES:** The costs of standard city services, such as police, school and fire have been woefully undervalued by the developer. In fact, FCR even makes the bizarre claim that there will be NO NEED for additional police and fire services in the neighborhood, even with them adding a 20,000 seat arena, office space equal to the Empire State Building and housing for 4500 new families.

(NOTE: The full Kim/Peebles report can be viewed at

www.dddb.net/public/EconReport.pdf

The FCR report can be found at www.dddb.net/public/ZimbalistReport.pdf)

DDDB's Daniel Goldstein said, "Bruce Ratner keeps saying this project is a slam dunk, but once you crunch the numbers it's clear that his plan is an economic airball."

"His claims are so far off that they are almost laughable – except it's not funny to think about throwing away \$500 million on a sweetheart deal for a billionaire developer when that money could go to improving our public schools, making health care more available and making housing more affordable."

DDDB also demanded a formal economic analysis of the Ratner Plan by the city government. As Dr. Peebles' stated, "Taxpayers should be asking, why is our government providing large quantities of money but no quantity of oversight?"

Saying that the Kim/Peebles report underscores the danger of putting blind faith in the developer's promises, Goldstein added, "With the enormous public resources at stake here, our elected leaders have a fundamental responsibility to closely scrutinize this proposal and protect the public interest. The bottom line: we as taxpayers deserve to know all the facts about what we're getting for our investment – not just what Bruce Ratner chooses to tell us."

DEVELOP DON'T DESTROY BROOKLYN is a broad-based community coalition fighting for development that will unite our communities instead of dividing and destroying them.