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[The Living Wage Fallacy](#)

When the city gives a private developer public subsidies, the surrounding community should benefit from the deal. In the Bronx, community residents are fighting to ensure that a new retail development, which is receiving tens of millions in public subsidies, provides [true economic opportunity for local residents](#).

Related Companies was selected by the city to redevelop the historic Kingsbridge Armory in the Bronx into a retail mall. To assist with the redevelopment, [Related will receive](#) city tax subsidies equal to \$17.8 million, plus \$50 million in tax credits from the state and federal government. But as part of the deal, local residents demand that future retail tenants at the Armory pay their employees a living wage. Related Companies insists that if it forces future retail tenants to pay a living wage, the development will ultimately fail.

But this statement must be confusing to those that live in Santa Fe, New Mexico. They have lots of national retailers like Target, Home Depot, Bed Bath and Beyond, The Gap, and Banana Republic. But they also have [a living wage law](#) that covers every single employee in the city: \$9.85 an hour.

The residents of San Francisco must be equally confused. The city has many national retailers and also has a city-wide minimum wage of [\\$9.79 an hour](#). Plus, San Francisco workers get paid sick time and mandated employer contributions to health care. And somehow Barnes and Noble can still manage to get by.

I'll admit, the wages in Santa Fe and San Francisco are not as high as \$11.50 an hour -- the wage that the local community is demanding in the Bronx -- but I'm willing to bet that most, if not all of the retail developments in these cities didn't get any public subsidies.

Mayor Bloomberg is [reported to oppose](#) a living wage requirement for this development. According to the *Daily News*, "The Bloomberg camp fears a \$10 an hour/and benefits wage deal would harm retail development citywide." But this isn't about retail projects city-wide, it is about a project that is receiving tens of millions in public subsidies.

But perhaps the statement from the mayor is telling. Perhaps developers are afraid if one living-wage project goes through and is successful, they won't be able to rely on the living wage fallacy

any longer. Unlucky for them, if we look at Santa Fe and San Francisco, the cat is already out of the bag.