

NEW YORK STATE ACTION PLAN AMENDMENT

Empire State Development

in cooperation with

New York City Economic Development Corporation

World Trade Center Disaster

Amended Plan for New York Business Recovery and Economic Revitalization

May 18, 2009

Action Plan History

Congress appropriated an initial \$700 million to New York State for economic recovery and revitalization, administered by Empire State Development (ESD). ESD, in cooperation with the New York City Economic Development Corp. (EDC) published a draft Action Plan for the \$700 million on December 26, 2001, for public comment. The Action Plan was modified to reflect comment and published in final version on January 30, 2002. The Plan was accepted by the federal Dept. of Housing and Urban Development (HUD).

The Action Plan was formally amended through a public comment process, to modify some terms of the Small Firm Attraction & Retention Grant (SFARG) program and to reallocate \$25 million from Infrastructure Rebuilding to augment the SFARG budget. The Amended Action Plan was published on June 7, 2002, and accepted by HUD in July 2002.

The \$700 Million Amended Action Plan was further augmented by a supplemental allocation of \$350 Million from the Lower Manhattan Development Corp. (LMDC) \$2 Billion Community Development Block Grant (CDBG) disaster recovery award. The supplemental \$350 Million was allocated to three business recovery programs, established in the \$700 Million Action Plan: the Business Recovery Grant program, the Small Firm Attraction & Retention Grant program, and the Job Creation & Retention program. HUD accepted the LMDC \$350 million Partial Action Plan in October 2002.

The Action Plan was further amended in March 2003, to reallocate funds from the Business Recovery Loan Fund (BLRF) to the Business Recovery Grant (BRG) program; and from the Bridge Loan Program (BLP) to the Business Recovery Grant program, to address areas of need and demand that were under-funded at the time

The plan was further amended on July 21, 2004 to move \$1,498,500 from the Bridge Loan Program (BLP) and reallocated to the Business Recovery Loan Fund (BLRF) to address unmet needs. Most recently, the plan was amended on October 20, 2004 to offer assistance to eligible businesses that request assistance through the Job Creation and Retention Program until December 31st, 2005.

On December 21, 2007, the Action Plan was amended to enable eligible businesses to request assistance through the Job Creation and Retention Program through December 31, 2009.

Action Plan Amendment Implemented Here

The World Trade Center Disaster Action Plan for New York Business Recovery and Economic Revitalization (January 30, 2002), as subsequently revised and amended, created the World Trade Center Job Creation and Retention Program (“the Program”). The Program assists firms displaced from their workplace for at least one month, as well as other affected firms and firms willing to create new jobs in the downtown area. The Program offered assistance only to those businesses that made commitments of at least 200 full-time jobs in Lower Manhattan and who requested assistance no later than December 31st, 2009. However, there is still a need for assistance to encourage firms to relocate to downtown New York, and funds are still available for projects assisted through the Program. Consequently, this Action Plan amends the Job Creation and Retention program to offer assistance to eligible businesses that request assistance no later than December 31st, 2011.

This amendment also broadens the eligibility for Program assistance. The minimum employment threshold for job creation projects is being lowered from 200 to 75 full-time jobs subject to the program’s other existing requirements. The 200 full-time job requirement for job retention projects will remain in place.

Finally, grant recipients will be required to maintain the jobs covered by Program grants for at least 10 years instead of the original Action Plan’s 7 year minimum requirement. This amendment recognizes that the average JCRP grant commitment to date is nearly 10 years.

These program enhancements are essential to Lower Manhattan’s continued recovery in light of ongoing transportation and construction disruptions and the effects of the current economic crisis. In addition, lowering the Program’s job creation requirements will encourage the expansion of business operations in Lower Manhattan that had not been eligible for Business Recovery assistance since the termination of the Small Firm Attraction & Retention Grant program a few years earlier.

No Reallocation of Funds

This amendment does not involve any reallocation of Program funds.

Public Comments

Outreach

The proposed Program modifications were subjected to a 30 day public comment period commencing April 1, 2009. ESD placed advertisements regarding the public comment period in four publications whose market includes both small and large businesses (*The New York Post, Crains New York Business, The New York Times and Business Insurance*). LMDC placed similar advertisements in two wide circulation community newspapers (*El Diario and World Journal*). An example of the ESD advertisement is attached.

The advertisements included a link to the section on ESD's website with the proposed Action Plan amendment and details on the proposed Program changes (example attached).

ESD's homepage included two links to the section with the Proposed Action Plan amendment.

ESD set up an e-mail address and mailing instructions for entities wishing to submit comments.

In addition, ESD appeared before New York City Community Board 1's ("CB1") April 13 meeting of the Board's World Trade Center Redevelopment Committee. CB1 publicized its meeting to the public. At the meeting, ESD presented the proposed program changes and provided responses to questions by members of CB1's committee members. CB1's comments are reflected below. On April 29th CB1 issued ESDC and LMDC a letter of support for the proposed Action Plan amendment (attached).

Summary of Public Comments

Based on a review of the comments received during the 30 day public comment period, ESDC did not find that the comments necessitated further modification to the proposed Action Plan amendment.

Five comments were received regarding questions about the Program changes and how to access grant funds. *ESD responded to each inquiry with Program information.*

Two comments were received inquiring about the Program's accomplishments to date and which grant recipients did not reach their job goals. *ESD provided Program statistics and a list of grant recipients that were subject to a recapture of grant funds.*

One Comment was received from a business seeking financial assistance. *ESD directed this entity to a variety of local resources for assistance.*

One comment questioned the effectiveness of using “tax breaks” to attract companies to Lower Manhattan. *While JCRP is not a tax incentive, we believe it has been an effective tool in retaining and attracting jobs to Lower Manhattan.*

One comment received from a community paper asked whether a public hearing would be held. *ESD responded that the public comment period was now in effect and provided information to the inquirer about how to submit comments (no subsequent comments were received from this entity).*