

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

Doing business as Empire State Development Corporation (ESDC), the Urban Development Corporation (UDC) is a New York State public benefit corporation. Its overall objective is to stimulate economic growth through the creation of jobs by fostering business development, enhancing industrial competitiveness, revitalizing downtown areas, advancing high technology and promoting tourism. It engages in three principal activities: economic and real estate development; State facility financing; and housing portfolio maintenance.

ECONOMIC AND REAL ESTATE DEVELOPMENT

The Corporation provides financial and technical assistance to businesses, local governments, and community-based not-for-profit corporations for economic development and large-scale real estate projects that create and/or retain jobs in New York and reinvigorate distressed areas.

STATE FACILITY FINANCING

The Empire State Development Corporation issues bonds to finance the construction and modernization of correctional facilities and other special projects for the State. Debt service on these bonds is paid from State appropriations.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970s, the Urban Development Corporation built 113 large-scale housing developments for low- to middle-income persons. The Corporation also built non-residential civic and industrial properties, including the Niagara Falls Convention Center, the Wards Island Fire Training Center, the Monroe County Fairgrounds, the Ten Eyck Plaza in Albany, and public school facilities in Buffalo, Manhattan, the Bronx, and Brooklyn. Since the mid-1970s, activity in this area has been limited to the monitoring and loan servicing of projects.

ORGANIZATION AND STAFFING

Historically, State economic development programs have been administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. In addition, the Corporation and Department have worked closely with the Foundation for Science, Technology, and Innovation to foster technology-related job creation. The 2011-12 Executive Budget would reform and reinvent New York's high technology academic research and economic development efforts by fully merging the Foundation into the Corporation. This recommendation will streamline and improve the delivery of economic development services, eliminate duplicative administrative support and save \$1.9 million in State taxpayer dollars.

For 2011-12, ESDC will be overseen by a chairman who will coordinate statewide operations of the newly consolidated entity and collaborate with stakeholders on establishing 10 Regional Economic Development Councils to create a more regionally-based approach to allocating economic development resources.

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OVERSIGHT

The Corporation is governed by a nine-member Board of Directors comprising two ex-officio members and seven members appointed by the Governor with the consent of the Senate. The chairman of the Empire State Development Corporation Board is selected by the Governor. Board members serve without compensation.

SUBSIDIARIES

The Corporation's Board of Directors is authorized to create subsidiaries to manage specific projects or economic development activities. Subsidiaries have been established to: (1) oversee revitalization of Lower Manhattan in the wake of the September 11, 2001 terrorist attacks; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelop Times Square; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; (5) redevelop the U.S. Postal Service facility, known as the Farley Building, in connection with the New York City Amtrak Train Station Redevelopment project; (6) promote economic development and tourism, and leverage private investment in Niagara Falls; (7) oversee conversion of the 300-acre Harriman State Office Building Campus in Albany into a world-class research and development park; and (8) coordinate the development of the former Buffalo Memorial Auditorium and additional projects along the waterfront and inner harbor in downtown Buffalo.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$310.8 million** for the Empire State Development Corporation in 2011-12, an increase of **\$239.9 million (338.4 percent)** from 2010-11. However, this increase for ESDC will not increase overall State spending, since ESDC will assume administration of funding formerly provided through the Foundation and through other existing economic development programs to support the newly created Regional Economic Development Councils and Economic Transformation Program Grants, as well as the continued support of projects in the New York City Empowerment Zone.

In 2011-12, Empire State Development Corporation's activities will be funded through a combination of State General Fund appropriations and corporate revenues generated by corporation-owned residential and non-residential properties and by its financing programs.

Major budget actions include:

- **Regional Economic Development Councils:** \$200 million in existing State resources will be provided to support new and competitively selected regional economic development projects and initiatives. Nearly \$130.6 million will be provided by reprioritizing and redirecting existing economic development funds for competitively determined project grants, and \$70 million will be provided in tax credits through the enhanced Excelsior Jobs Program. Ten newly created Regional Economic Development Councils, which will be chaired by the Lieutenant Governor, will compete for these funds based on the best economic development plans; coordinate all economic development resources from State agencies and authorities; and review all previous economic development commitments to ensure projects demonstrating maximum benefits to the State

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- receive the limited State resources available. These Regional Economic Development Councils will consist of local business, community, academic, municipal, State government, labor and other key regional stakeholders;
- **Economic Transformation Program:** The Budget includes \$100 million for new Economic Transformation Program grants for communities adversely impacted by correctional and youth facility closures. In consultation with the new Regional Councils, those affected communities will be able to fund new economic development projects that create jobs and spur new investments, fostering a re-invention of local economies. This spending will be supported by reprioritizing and redirecting existing economic development funds;
 - **Ongoing Economic Development Programs:** \$43.4 million is provided to support ongoing economic development programs, including: the Empire State Economic Development Fund; Minority - and Women-Owned Business Development and Lending programs; the Urban and Community Development Program; the Entrepreneurial Assistance Program; the retention of professional football in Western New York; and other high technology research centers;
 - **Ongoing High Technology Programs:** \$35.9 million is made available to support ongoing university-based matching grant programs, and other high technology and research and development programs previously administered by the Foundation;
 - **Continued support of specific existing capital projects:** Nearly \$2.4 billion is recommended in reappropriations for continued support of various economic development and regional initiatives including statewide competitive grant programs administered by the Corporation, specific downstate regional initiatives, upstate city-by-city projects, and other economic development projects administered by the Corporation and Dormitory Authority of the State of New York. Any new commitments from these resources will be reviewed by the Regional Councils; and
 - **Operations:** The Budget includes \$1 million to support the Empire State Development Corporation's administration and continued development of New York's efforts to support high technology academic research and economic growth.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2010-11	Appropriations Recommended 2011-12	Change	Reappropriations Recommended 2011-12
State Operations	0	0	0	0
Aid To Localities	45,896,000	55,239,000	9,343,000	380,798,000
Capital Projects	25,000,000	255,550,000	230,550,000	2,449,675,000
Total	<u>70,896,000</u>	<u>310,789,000</u>	<u>239,893,000</u>	<u>2,830,473,000</u>

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2010-11	Recommended 2011-12	Change
General Fund	45,896,000	55,239,000	9,343,000
Total	<u>45,896,000</u>	<u>55,239,000</u>	<u>9,343,000</u>

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AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2010-11	Recommended 2011-12	Change
Economic Development			
General Fund	45,896,000	19,378,000	(26,518,000)
High Technology Program			
General Fund	0	34,048,000	34,048,000
Research Development Program			
General Fund	0	343,000	343,000
Training and Business Assistance Program			
General Fund	0	1,470,000	1,470,000
Total	<u>45,896,000</u>	<u>55,239,000</u>	<u>9,343,000</u>

CAPITAL PROJECTS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Comprehensive Construction Program	Available 2010-11	Recommended 2011-12	Change	Reappropriations 2011-12
Regional Development				
Capital Projects Fund - Authority Bonds	0	0	0	666,861,000
Cap Proj Fund - CEFAP (Direct Auth Bonds)	0	0	0	59,898,000
Economic Development				
Capital Projects Fund - Authority Bonds	25,000,000	255,550,000	230,550,000	1,449,927,000
Cap Proj Fund - Downtown Buffalo (Auth Bonds)	0	0	0	22,989,000
Misc. Capital Projects	0	0	0	250,000,000
Total	<u>25,000,000</u>	<u>255,550,000</u>	<u>230,550,000</u>	<u>2,449,675,000</u>