

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

The Empire State Development Corporation (ESDC) — formerly the Urban Development Corporation (UDC) — is a New York State public benefit corporation. It engages in four principal activities: economic and real estate development; State facility financing; housing portfolio maintenance; and privatization initiatives.

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 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 appropriations by the State.

HOUSING PORTFOLIO MAINTENANCE

In the early 1970's, 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-1970's, activity in this area has been limited to the monitoring and loan servicing of projects.

PRIVATIZATION INITIATIVES

The Corporation is charged with facilitating efforts by State agencies and authorities to privatize State functions and assets.

ORGANIZATION AND STAFFING

State economic development programs are administered by the Empire State Development Corporation working in conjunction with the Department of Economic Development. The Corporation and Department are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Corporation and Department will work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation. The Corporation will have a workforce of 249 in 2002-03. From the Corporation's central office in New York City, a Chief Operating Officer is responsible for day-to-day operations. The Corporation and Department of Economic Development share ten regional offices and two satellite offices.

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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 Chair of the Empire State Development Corporation Board is selected by the Governor and also serves as the Commissioner of Economic Development. 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 attack on the World Trade Center; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelop Times Square, including the condemnation and acquisition of blighted properties and recruitment of prospective tenants; (4) plan and oversee a mixed-use development on 74.5 acres on the East River in Queens County; and (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.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

- The Empire State Development Corporation's activities are funded from State General Fund appropriations and corporate revenues generated by Corporation-owned residential and non-residential properties and by its financing programs. The Corporation's operating budget will be entirely supported by corporate revenues in 2002-03.
- The Executive Budget will provide \$70.5 million in support for economic development initiatives, including: the JOBS NOW program for large-scale projects which will create new jobs; the Empire State Economic Development Fund for projects that create or retain jobs; the Urban and Community Development and Minority- and Women-Owned Business Development and Lending programs; and military base retention initiatives.
- The Executive Budget will also include \$250 million for initial funding of high tech, biotech initiatives.
- Billions of dollars in development assistance, as well as substantial tax incentives, will be available from the Federal government for redevelopment of Lower Manhattan and New York City in the wake of the September 11, 2001 terrorist attacks.
- \$10 million in Port Authority of New York and New Jersey Regional Development funds will be made available to support projects in the Upper Manhattan/South Bronx Empowerment Zone.
- Initial funding of \$50 million will be provided for the "Empire Opportunity Fund". This funding will provide bridge financing until revenues that accrue to the State from up to six new casinos become available to support major economic development and infrastructure projects in areas outside of the City of New York. The casino revenues are expected to support \$750 million of State bonding to support projects beginning as early as 2004.

PROGRAM HIGHLIGHTS

The Empire State Development Corporation administers economic development programs which:

- Provide low-cost loans and grants to businesses to help cover the cost of machinery and equipment purchases, factory improvements, training and business incubator development;

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- Provide financial assistance for projects ranging from development of or improvements to commercial or retail facilities, tourism destinations, child care facilities, and commercial centers;
- Assist minority- and women-owned businesses, including programs administered in cooperation with local development organizations and community-based financial institutions;
- Provide funding for the economic development initiatives in distressed urban communities; and
- Provide funding for military base retention and redevelopment efforts.

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2001-02	Appropriations Recommended 2002-03	Change	Reappropriations Recommended 2002-03
State Operations	0	0	0	0
Aid To Localities	89,504,100	95,504,100	6,000,000	208,156,000
Capital Projects	0	275,000,000	275,000,000	351,755,000
Total	<u>89,504,100</u>	<u>370,504,100</u>	<u>281,000,000</u>	<u>559,911,000</u>

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

Fund Type	Available 2001-02	Recommended 2002-03	Change
General Fund	89,504,100	95,504,100	6,000,000
Total	<u>89,504,100</u>	<u>95,504,100</u>	<u>6,000,000</u>

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

Program	Available 2001-02	Recommended 2002-03	Change
Economic Development			
General Fund	89,500,000	95,500,000	6,000,000
Payments to Municipalities			
General Fund	4,100	4,100	0
Total	<u>89,504,100</u>	<u>95,504,100</u>	<u>6,000,000</u>

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

Comprehensive Construction Program	Available 2001-02	Recommended 2002-03	Change	Reappropriations 2002-03
Regional Development				
Community Enhancement Facilities Assistance Fund	0	0	0	336,755,000
Economic Development				
Capital Projects Fund	0	275,000,000	275,000,000	15,000,000
Total	<u>0</u>	<u>275,000,000</u>	<u>275,000,000</u>	<u>351,755,000</u>