

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. 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 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.

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. In addition, the Corporation and Department work closely with the Foundation for Science, Technology, and Innovation to foster technology-related job creation.

For 2008-09, ESDC will continue to be overseen by Downstate and Upstate co-chairpersons. The Downstate Chair operates out of the New York City office, while the Upstate Chair operates out of the Upstate headquarters in Buffalo.

EMPIRE STATE DEVELOPMENT

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 Downstate and Upstate co-chairs of the Empire State Development Corporation Board are 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 September 11; (2) formulate policies and initiatives to promote economic growth in Harlem; (3) redevelopment of 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; (8) coordinate the development of the former Buffalo Memorial Auditorium and additional projects along the waterfront and inner harbor in downtown Buffalo; and (9) redevelop Governor's Island to create new civic spaces enhanced with educational, historical, artistic and cultural uses that benefit the island's rich history and harbor setting.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$981.1 million** for Empire State Development Corporation in 2008-09, an increase of \$545.3 million from 2007-08. This net change primarily reflects the resources necessary to implement the \$1 billion Upstate Revitalization Fund.

In 2008-09, the 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. The Corporation will have a **workforce of 256** in 2008-09, an increase of 15 from the 2007-08 Budget. This primarily reflects actions to expand statewide economic development efforts, including additional staff for the Upstate headquarters in Buffalo.

Major budget actions include:

- **Economic Development Initiatives:** \$77.0 million in support for economic development initiatives, 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; military base retention; the operation and development of the Centers of Excellence or other high technology research centers; and a new Venture Capital Program to provide seed stage assistance to entrepreneurs and start-up firms in targeted industries;
- **Operations:** \$4.1 million to support the Empire State Development Corporation's administration and expansion of various State economic development programs;

- **Economic Development Capital:** \$400 million for various economic development and regional initiatives including a statewide competitive grant program administered by the Empire State Development Corporation, specific downstate regional initiatives and Upstate city by city projects. Portions of which shall be made available to support the \$1 billion Upstate Revitalization Fund;
- **Upstate Regional Blueprint Fund:** \$250 million to enable ESDC to work with Upstate municipalities to identify targeted investments that capitalize on each region's unique assets and potential to spur economic development. An additional \$100 million will be made available through the sale of surplus state property;
- **Downstate Revitalization Fund:** \$200 million to support investments in distressed communities in the Downstate region to encourage business and community development;
- **Upstate Agricultural Economic Development Fund:** \$50 million to support the continued growth of the food and agricultural industry by encouraging investments that promote the development of alternative fuels products, access to markets, and in farm and agricultural infrastructure; and
- **Continued support of specific projects:** Over \$2.5 billion for economic development, cultural facilities, university development, environmental, and energy projects administered by the Empire State Development Corporation and Dormitory Authority of the State of New York, including \$300 million for the development of an international computer chip research and development center; \$50 million to support capital improvement projects at Governor's and Roosevelt Islands in New York City, as well as redevelopment initiatives at the Harriman Research and Technology Park in Albany and in Niagara Falls; \$650 million for the development of a semiconductor manufacturing facility and \$300 million for the Restore New York Communities initiative.

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;
- 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.

EMPIRE STATE DEVELOPMENT

ALL FUNDS APPROPRIATIONS (dollars)

| Category | Available 2007-08 | Appropriations Recommended 2008-09 | Change | Reappropriations Recommended 2008-09 |
|-------------------|----------------------|--|-------------|--|
| State Operations | 0 | 0 | 0 | 0 |
| Aid To Localities | 85,364,000 | 81,121,000 | (4,243,000) | 421,098,000 |
| Capital Projects | 350,450,000 | 900,000,000 | 549,550,000 | 3,061,783,000 |
| Total | 435,814,000 | 981,121,000 | 545,307,000 | 3,482,881,000 |

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

| Fund Type | Available 2007-08 | Recommended 2008-09 | Change |
|--------------|----------------------|------------------------|-------------|
| General Fund | 85,364,000 | 81,121,000 | (4,243,000) |
| Total | 85,364,000 | 81,121,000 | (4,243,000) |

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

| Program | Available 2007-08 | Recommended 2008-09 | Change |
|----------------------|----------------------|------------------------|-------------|
| Economic Development | | | |
| General Fund | 84,948,000 | 81,121,000 | (3,827,000) |
| Community Projects | | | |
| General Fund | 416,000 | 0 | (416,000) |
| Total | 85,364,000 | 81,121,000 | (4,243,000) |

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

| Comprehensive Construction Program | Available 2007-08 | Recommended 2008-09 | Change | Reappropriations 2008-09 |
|---|----------------------|------------------------|-------------|-----------------------------|
| Regional Development | | | | |
| Capital Projects Fund - Authority Bonds | 0 | 0 | 0 | 1,175,543,000 |
| Cap Proj Fund - CEFAP (Direct Auth Bonds) | 0 | 0 | 0 | 425,000,000 |
| AMD Direct (Direct Auth Bonds) | 0 | 0 | 0 | 150,000,000 |
| Economic Development | | | | |
| Capital Projects Fund - Authority Bonds | 350,450,000 | 900,000,000 | 549,550,000 | 650,390,000 |
| Cap Proj Fund - Stadium (Auth Bonds) | 0 | 0 | 0 | 119,400,000 |
| Cap Proj Fund - Downtown Buffalo (Auth Bonds) | 0 | 0 | 0 | 41,450,000 |
| AMD Direct (Direct Auth Bonds) | 0 | 0 | 0 | 500,000,000 |
| Total | 350,450,000 | 900,000,000 | 549,550,000 | 3,061,783,000 |