

# Reconstruction Watch

**Promoting Fair and Effective Use of New York City's  
Economic Development Resources  
After September 11<sup>th</sup>**

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Publication #2 — March 6, 2002

An Analysis of the  
“Draft Assistance Plan for  
Individuals”

How Will Lower Manhattan Residents Benefit?

*A project of Good Jobs New York*

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What is Reconstruction Watch?

Reconstruction Watch is intended to assist low and moderate income New Yorkers in understanding and influencing the reconstruction process. Through its research and publications, Reconstruction Watch will provide these New Yorkers and the organizations that assist and represent them with timely information that they can use to participate effectively in the reconstruction process.

Reconstruction Watch will:

- Provide useful information on the key players in the reconstruction process.
- Analyze, in plain English, the subsidy proposals being advanced at the federal, state and city levels to foster economic development in New York City in the wake of the September 11<sup>th</sup> attacks. Do the proposed subsidies have quality job standards? Are there safeguards for taxpayers for companies who don't keep their agreements? What are the benefits and drawbacks of each proposed subsidy?
- Report on subsidies targeted to specific firms including the estimated dollar value of the deal, the company's job creation and retention performance, its compliance with environmental and labor standards, and previous subsidies received.

Feedback from members of the public is crucial to this project. Please contact us with questions or suggestions.

Good Jobs New York is funded by the Rockefeller Family Fund, the New York Foundation, The New York Community Trust and The Rockefeller Foundation. Funding for Reconstruction Watch has been provided by The Rockefeller Foundation.

For additional information visit [www.reconstructionwatch.net](http://www.reconstructionwatch.net)

Good Jobs New York is a joint project of the Fiscal Policy Institute and Good Jobs First

## ***Reconstruction Watch – An Analysis of the “Draft Assistance Plan for Individuals”***

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### **Executive Summary:**

On February 22<sup>nd</sup> the Empire State Development Corporation released “Draft Assistance Plan for Individuals.” The plan suggests how the Lower Manhattan Development Corporation (LMDC) wants to allocate about \$230 million from the U.S. Department of Housing and Urban Development to assist residents in Lower Manhattan. The majority of funds would be directed to tenants and homeowners living below Canal Street with \$10 million being granted to businesses south of 14<sup>th</sup> Street. You can read the five page draft plan on our website [www.reconstructionwatch.net](http://www.reconstructionwatch.net).

In this report, Reconstruction Watch describes the draft plan and the proposed benefits and eligibility requirements. Then, we provide comments and recommendations. Highlights include:

- By providing financial incentives through the **Housing Assistance Grant**, the LMDC is overshadowing the valid concerns people have about living in the area; many residents and public officials believe the area is not a healthy one. Instead of spending hundreds of millions of dollars on luring people to an area that may be detrimental to their health, there should be a more concerted effort to determine what the health risks are, specifically the quality of the air. Should the LMDC continue with the plan to provide incentives to people living in Lower Manhattan, low-income residents should receive priority for these funds.
- The **Employment Training Assistance** would provide grants to businesses for job training opportunities. The plan proposes these funds be used for “training or retraining for skills specific to ...businesses’ and employees’ needs.” However, with the grants going directly to the business, not the worker, and with no mention of any reporting requirements, there is no guarantee these funds will benefit any workers. A voucher system that lets workers determine their own needs would be prone to less waste or abuse.

### ***The LMDC is seeking public comment on this project until March 13<sup>th</sup>***

We encourage you to provide comments concerning how the allocation of these funds affect you or your constituency or other ways you think the funds would be better allocated. Send your comments to:

e-mail: [LMDC@empire.state.ny.us](mailto:LMDC@empire.state.ny.us)


-or-

Lower Manhattan Development Corporation  
Invitation for Public Comment  
Draft Assistance Plan for Individuals  
C/O Empire State Development Corporation  
P.O. Box 4438, Grand Central Station  
New York, NY 10017


Acknowledgements: Doug Hoffer, on behalf of Good Jobs New York, developed the analysis of the Empire State Development Corporation’s “Draft Plan for Individuals.”

To learn more about who runs the LMDC as well as links to other important sources of information about redevelopment, visit our website, [www.reconstructionwatch.net](http://www.reconstructionwatch.net).


**Housing Assistance Grants**  
**Amount to be Allocated: Between \$175 - \$220 million**

Description	This program would provide grants of 30% (maximum and minimum grants apply as described in benefits) of rental and of ownership costs on units for two years. Grants will be made directly to renters and homeowners.
Who is Eligible	<p><b>1) Renters:</b>  <u>Current tenants</u>  Those who <i>entered</i> into at least a two-year lease before this program began and whose lease expires after August 31, 2003, or;  Those whose lease <i>ends</i> prior to August 31, 2003 and who renew their lease for at least a two-year term.  <u>New tenants</u>  Must sign at least a two-year lease after the beginning of this program; lease term may begin any time before August 31, 2003.</p> <p><b>2) Home owners:</b>  <u>Existing owners</u>  Must agree to remain for at least two years after the beginning of this program.  <u>New owners</u>  Must purchase between September 11, 2001 and August 31, 2003 and agree to remain for at least two years.</p> <p><b>3) Units located in one of two zones:</b>  <u>Immediate Impact Zone</u>  South of Chambers Street and west of Broadway, plus all of Battery Park City  <u>Outside the Immediate Impact Zone</u>  South of Canal Street and Rutgers Street</p>
Benefits	<p>Residents in the “Immediate Impact Zone” will be eligible for up to \$12,000 over two years with a minimum grant of \$4,000 over that period.</p> <p>Residents “Outside the Immediate Impact Zone” will be eligible for up to \$6,000 over two years with a minimum grant of \$2,000 over that period.</p> <p>Existing tenants who occupied their apartment as of September 11, 2001 will be eligible for an additional grant of \$1,000.</p>
 Comments	<ul style="list-style-type: none"> <li>The draft plan indicates that the LMDC is proposing to offer “substantial financial incentives” to individuals to make up for the disadvantages of living in Lower Manhattan. Among the most significant of the perceived, and perhaps real disadvantages of living in these zones is the impact on health that exists in the air near Ground Zero. Until these health hazards are either addressed or proven to be unfounded, it is absolutely inappropriate for the State and City governments to be providing financial incentives to encourage people to do something that could be detrimental to their health.</li> <li>The draft plan fails to deliver on its stated (and appropriate) goal: “to provide maximum benefit to lower income individuals in the area,” by proposing minimum and maximum grants. However, this provision is of no benefit to households regardless of how low their income is unless their rent is below \$556</li> </ul>

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<p>Housing Assistance Grants <i>Continued</i></p>	<p>per month in the Immediate Impact Zone or below \$278 per month in the Outside Immediate Impact Zone. Also, the additional “benefit” is available to anyone with rents below these levels regardless of how high or low their income may be.</p> <ul style="list-style-type: none"><li>• The plan makes it clear that rents for rent stabilized and rent controlled units cannot be raised, outside existing regulations. However, for other types of rental units, it is unclear about whether and for whom landlords may or may not raise rents.</li><li>• The zones encompass a large number of non-English speaking residents. Yet, no effort appears to have been made to circulate the draft plan in other languages or in largely immigrant communities. Nor, does the draft plan propose making the applications available in other languages or to publicize the availability of assistance in other languages.</li></ul>
 <p>Recommendations</p>	<ul style="list-style-type: none"><li>• The government should not provide financial incentives to residents until the concerns regarding the quality of the air and earth affected by the September 11<sup>th</sup> attacks are either adequately addressed or proven unfounded.</li><li>• To deliver on the plan’s promise to assist lower income residents, the plan should be calculated on the basis of household income, or on the basis of rent as a percentage of household income.</li><li>• As mentioned, the plan clearly defines the rates for rent stabilized and rent controlled units. The rate plan should clarify what, if any impact this plan would have on remaining types of housing units in the zones.</li><li>• The LMDC should work with the many tenant and immigrant groups in the zones to 1) broadly publicize the program, 2) define in what languages information should be published and 3) ensure all residents have access to the application process.</li></ul>

**Employment Training Assistance**  
**Amount to be Awarded: Approximately \$10 million**

Description	The program would provide grants to businesses to train and re-train workers "for skills specific to these businesses' and employees' needs." The program expects to serve 5,000 workers.
Who is Eligible	Businesses south of 14 <sup>th</sup> Street with fewer than 500 employees. Groups of small companies may apply together as a “training consortia.”
Benefits	The maximum grant is 50% of the “eligible training costs.” Groups of small firms may receive a fee of up to 5% of training costs for administration of a “training consortia.”
 Comments	<ul style="list-style-type: none"> <li>• While this program is ostensibly intended to assist workers, they have no control over their training. For example:                         <ul style="list-style-type: none"> <li>⇒ Will “eligible training” include higher education, lifelong skills or other learning that is not a direct benefit from the employer?</li> <li>⇒ Will “eligible training” include training that was already provided and paid by, the company?</li> <li>⇒ Will workers have input regarding their desire to broaden their skills to industries other than where they work currently?</li> </ul> </li> <li>• How will the LMDC define “eligible training costs”?</li> <li>• Employees may face issues of favoritism from employers since management selects who gets training.</li> <li>• There is no guarantee that the training will enable employees to retain their current position or gain access to a career ladder after completing a training program.</li> <li>• Grants to employers during periods of layoffs and relocations are not the most effective use of scarce resources and don’t give workers more freedom to pursue new or emerging opportunities.</li> <li>• There is no coordination between these grants and the LMDC’s recently-approved \$170 million “WTC Job Creation and Retention Program” which focuses on high tech, new media and biotechnology industries.</li> <li>• How does the LMDC justify giving assistance funds intended to individuals directly instead to businesses? Businesses already benefit from the “WTC Job Creation and Retention Program.”</li> <li>• What formula did the LMDC use to estimate that 5,000 workers would benefit from this program?</li> <li>• There is no provision for monitoring the use or outcome of these funds.</li> </ul>

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Employment  
Training Assistance  
*Continued*



Recommendations

- A better approach would be to follow the example of the Workforce Investment Act where *workers* receive vouchers not the businesses, and freely decide which training program best fits their needs.
- An application process should be created where companies agree to how many employees they will train and in what industry.
- A system for reporting outcomes should be established to compare applications against how many workers actually got trained and in what fields.
- The LMDC should define “eligible training costs.”