

March 13, 2002

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

Dear Board Members:

Below are comments on behalf of Good Jobs New York, regarding your February 22, 2002 "Draft Assistance Plan for Individuals."

Good Jobs New York is a project of the Fiscal Policy Institute, with offices in Albany and New York City and Good Jobs First, based in Washington, DC. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies.

We have reviewed the draft plan and offer these comments and suggestions.

Housing Assistance Grants:

No one will argue that the residents of Lower Manhattan dealt with an unprecedented crisis on September 11th and continue to tackle challenges today. Your efforts to provide residents with financial compensation are laudable. However, the \$175-\$220 million plan does little to address the true concerns for residents in the area.

- The draft plan indicates that the LMDC is proposing to offer "substantial financial incentives" to individual "to offset the perceived and real disadvantages of a Lower Manhattan location." The purpose of these funds is to encourage residents to remain in the area and create an incentive for people to move to the area. Yet, there is no discussion about what the real disadvantage is – the great uncertainty regarding the impact of the air quality on human health.
 - Until these health hazards are addressed or proven to be unfounded, it is absolutely inappropriate for New York State and

City to provide financial incentives to encourage people to move to an area that may be detrimental to their health.

- If and when these health concerns are addressed or proven unfounded, the draft plan fails to deliver on its goal to “provide maximum benefit to lower income individuals.” The only mechanism that the LMDC proposes to use to accomplish this goal is to “provide a minimum grant (over two years) of \$4,000 per assisted unit” in the Immediate Impact Zone and a “minimum grant (over two years) of \$2,000 per assisted unit” in Outside Immediate Impact Zone. Based on our calculations, a households receiving the minimum grant would have to have a rent \$556 per month in the Immediate Impact Zone or below \$278 per month in the Outside the Immediate Impact Zone. These monthly rents are unrealistically low and seem to have been chosen arbitrarily.
 - To deliver on the draft plan’s promise “to provide maximum benefit to lower income individuals in the area,” the benefits under the plan should be calibrated on the basis of household income, or rent as a percentage of income and should be based on more realistic assumptions regarding rental rates in the zones.
- While the plan indicates that incentives will only be available for units for which rents are “no more than the pre-9/11/01 rates for the same rental unit, plus applicable increases for rent-stabilized and rent controlled unit,” it also includes the ambiguous and problematic statement: “Going forward, these rents may be adjusted to reflected market conditions.” The intended meaning of the latter statement and its impact of the former requirements -- keeping rents at or below their pre September 11, 2001 levels – is anything but clear. This provision also has the strange result of placing a tighter cap on the rental rate of units that are neither rent-stabilized nor rent-controlled than on units that are.
 - The meaning of the phrase “Going forward, these rates may be adjusted to reflect market conditions” must be clarified. It should be made clear that this phrase does not preclude the requirement that building owners cannot qualify their units for these incentives unless their rents are “no more than the pre-9/11/01 rates” and does not apply to rent-stabilized and rent-controlled units.
 - The requirement that building owners cannot qualify their units for these incentives unless their rents are “not more than the pre-9/11/01 rates” should apply to rent-stabilized and rent-controlled units as well as to units that are not covered by either rent stabilization or rent control.
- The targeted areas include a large number of non-English speaking residents. However, it seems there was no effort to circulate the draft plan

in languages prominent in the diverse communities that make up the zones. Nor does the plan propose to make the application process available in other languages.

- We suggest that the LMDC reach out to the numerous immigrant groups in the zone 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.

Employment Training Assistance Grants

The draft plan allocates \$10 million to local businesses to assist workers affected by the attacks on September 11th. Job training for individuals is a necessary proposal that will benefit workers and the business community. However, the draft plan is greatly flawed in its effort to assist workers because it provides the grants to businesses. The emphasis of the employment training grants must be with the employee.

- The plan states that the maximum grant would be 50% of the “eligible training costs.” It should be clarified if these costs will include on the job training for workers who are currently working for the company or give low-wage employees meaning skills that will allow workers to advance themselves within an industry?
 - To ensure these funds are best used, employers must: pay employees a New York City living wage (\$8.10 an hour); provide employer-paid health benefits; and ensure employees are trained in certified training programs that will allow them access to career ladder opportunities.
- The LMDC’s objective to assist workers to gain lifelong employable skills is welcomed. However, if the true aim is to assist workers, the grants should be directed to workers. The current proposal to provide grants to businesses creates an opportunity for funds to be abused by dishonest employers.
 - To guarantee New Yorkers get the benefit of these funds, LMDC should duplicate the current practice used under the Federal government’s Workforce Investment Act, which provides vouchers directly to workers.
 - Additionally, as noted in the recently approved \$170 million “WTC Job Creation and Retention Program” these funds should focus on particular industries that need a new workforce or a retrained workforce.
- The draft plan is void of any reporting requirement that would assure these funds are being used in a way that will make a trained workforce available to business and improved working opportunities for New Yorkers.

Comments from Good Jobs New York on the Draft Assistance Plan for Individuals

- It is of utmost importance that the LMDC create a transparent system of reporting that tracks an employee's skill level, employment status, wage and benefits so the program expenditures can be accurately evaluated.

Good Jobs New York has paid close attention to New York City and State's allocation of economic development resources. We would be pleased to meet with at your convenience to explain any of our comments and recommendations.

Best regards,

Bettina Damiani,
Project Director