



The City of New York

Manhattan Community Board 1

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Comments on The Lower Manhattan Development Corporation's Partial Action Plan S-2

Submitted by
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Community Board One strongly supports the Lower Manhattan Development Corporation's Amendment to Partial Action Plan S-2, which could enable the allocation of approximately \$200 million in unused funds for critically needed purposes in Lower Manhattan such as affordable housing, education, small business and economic development, cultural enrichment, and other community uses.

We at Community Board #1 called for a full accounting of funds spent and unspent by the Lower Manhattan Development Corporation (LMDC) several months ago, and in subsequent meetings we learned that some \$275 million has yet to be spent. In particular, we were astonished to learn that at least \$150 of \$170 million allocated for utility expenses remains in the LMDC's coffers eight years after Congress appropriated the funds for the revitalization of Lower Manhattan. We therefore raised the question: if these funds have not been spent after this period of time, are they still needed for the purposes for which they were initially assigned, or can they be reallocated to meet other clear and compelling needs in our community?

Con Edison has expressed strong, public opposition to the reallocation of these funds. They have claimed that the \$783 million appropriated by Congress in 2002 was intended in its entirety as reimbursement for work performed after 9/11 to restore infrastructure for utilities. They have further claimed that if these funds are allocated elsewhere, they would be required to raise customer rates.

However, we have reviewed the Congressional Record, and not only were we unable to find language specifically dedicating these funds to reimburse utility companies, but the language appeared to imply that the funds were intended to be spent more generally to redevelop Lower Manhattan. In particular, Public Law 107-206 states that "such funds may be used for assistance for properties and businesses (including the restoration of utility infrastructure) damaged by, and for economic revitalization directly related to, the terrorist attacks on the United States that occurred on September 11, 2001." Given this language and other public discussions about the purpose of the funds in the Congressional Record, it does not appear to us that Congress truly intended to allocate the entire \$783 million appropriation to compensate utilities for work performed after 9/11. Moreover, Con Edison has not pointed to any specific language to substantiate their claim to all of these funds.

Congress appropriated these funds to rebuild and revitalize Lower Manhattan, and the need for them in our communities remains great. Particularly at a time when the city unemployment rate hovers at 9.5%, it is imperative that this money be used to create new jobs. Our small retail and service businesses, devastated by the loss of the tens of thousands of jobs that were based at the World Trade Center, must survive the disruptions caused by major

reconstruction projects underway throughout the district if they are to remain when those jobs return.

Lower Manhattan is the fastest growing residential community in New York City and our population has far outpaced the development of community infrastructure and facilities. Our schools are tremendously overcrowded, and statistics point to the need for a new K-8 school in our district to relieve pressure on existing schools. We lack a community center on the east side of our district – the Financial District and Seaport – where most of the extraordinary population growth has occurred. There is an urgent need for affordable housing throughout the LMDC catchment area to preserve the demographic diversity that characterized our community prior to 9/11.

In addition, there has been virtually no forward movement with the Performing Arts Center, an essential component of the World Trade Center master plan that is needed to ensure that the site remains active and vital on evenings and weekends as well as business days. Moreover, important cultural organizations that have moved to Lower Manhattan are struggling in this period of rebuilding and reconstruction. There is a need to bolster new and existing small and mid-sized cultural organizations as well as to jump-start the development of a world-class Performing Arts Center.

These needs must be addressed on an urgent basis, or we will put at risk the economic revitalization and rebuilding of Lower Manhattan. Given these outstanding needs, the LMDC must move expeditiously to put unallocated funds to use to meet immediate and clearly identifiable needs. Community Board #1 applauds the LMDC for issuing this amendment to its Partial Action Plan and we urge that the funds be reallocated to meet community needs as quickly as possible.