

FY 2020 Borough Budget Consultations

Manhattan - Economic Development Corporation

Meeting Date 9/7/2018

AGENDA ITEM 1 : General Agency Funding Discussion

The purpose of holding the Borough Budget Consultations is to provide Community Boards with important information to assist in drafting their statement of District Needs and Budget Priorities for the upcoming fiscal year. As you know, Community Board Members are volunteers who may not be familiar with the budget process and how agencies' programs are funded. At the same time, Community Board members are very knowledgeable about local service needs.

This year's Manhattan agendas have three sections:

I. Agencies begin the consultation with a presentation of their goals, funding decision process, and highlights of their funding needs.

II. Then, the agenda continues with Community Boards asking about specific program funding.

III. Lastly, the agendas include Boards' requests on district-specific budget questions. We request that the agency respond in writing, but have any further discussions on these items with the Community Boards outside of the consultation.

For the first section, please present on the four topics below for 10-15 minutes at the beginning of our Consultation. Also, please provide written responses or even a PowerPoint presentation that we can use to fully and accurately educate our Board Members.

1. What are your priorities and operational goals for FY19 and projected priorities and operational goals for FY20?
2. What are the current proposed FY19 and FY20 service and operational goals and proposed funding?
3. Which programs is the agency adding, dropping, or changing for FY19 and projected for FY20?
4. What are your benchmarks for new and existing programs and what are your benchmarks/key performance indicators for measuring success?

AGENCY RESPONSE:

Thank you for your time. We look forward to speaking with you today about EDC, answering any questions you have about our agencies, and working with Community Boards on aligning EDC projects with key community priorities. NYCEDC consists of teams of skilled and dedicated individuals with knowhow and expertise across many fields including community/neighborhood development, workforce development, real estate, industry and sector analysis, design, urban planning, marketing, engineering, financial analysis and more. We are a mix of a city agency and a private entity that uses both these resources to build strong neighborhoods and build good jobs.

Several key land use projects this year that EDC has worked or will work on in the borough of Manhattan include two ULURPs with InwoodNYC and the Tech Training Center, a landmark IDA deal with the Garment Center, and upcoming projects such as the Manhattan Waterfront Greenway and Slaughterhouse.

MEETING NOTES:

COMMENTS:

FOLLOW-UP:

AGENDA ITEM 2 : Affordable Housing

1. What funds were allocated in FY19 for potential affordable housing projects on City-owned land as part of the Housing New York Plan? What amount of this funding does EDC anticipate will be used for sites in Manhattan? Will there be funding available for community engagement related to these projects in FY19?

Please provide a list of projects by community district. What are the projected levels of funding in FY20?

2. Are capital subsidies available for the development of affordable housing? Can the subsidies be broken down by borough? If so, please list the amount of available subsidy by borough.

AGENCY RESPONSE:

The City is committed to creating a significant amount of affordable housing as part of Housing New York. Our city partners at HPD can speak to funds allocated in FY19 for potential affordable housing projects on city land. EDC has two development projects in Manhattan with affordable housing components, including the East 126th Street Bus Depot (Community District 8, CB 11) and Slaughterhouse (District 3, CB 4). Both projects have involved an extensive amount of community engagement with local stakeholders and electeds, and EDC has a department dedicated to community engagement for these projects. We anticipate that a healthy level of community involvement/input into these projects will continue through ULURP and RFP release.

MEETING NOTES:

COMMENTS:

Question: Please clarify the type of community engagement that EDC has carried out on the affordable housing projects.

Agency response: EDC engages community stakeholders at all levels: public hearings, meetings with CB staff or relevant committees to assure initiatives line up with district needs. They also stakeholders relevant to specific project. For example, if the programmatic scope includes workforce development, EDC engaged neighborhood organizations already addressing employment and training. All outreach is used to identify and improve engagement model.

Question: Will there be additional funding for community engagement?

Agency response: No. Not at this time. HPD sometimes pools resources with EDC to support outreach.

Question: Explain why there are only two projects cited in written response for affordable housing.

Agency response: EDC is usually not the sole director of projects with an affordable housing component although they do partner with HPD on development projects.

Question: Will EDC expand housing development projects in the future?

Agency response: Not sure.

FOLLOW-UP:

AGENDA ITEM 3 : Business Investment and Incentives for Diversity

1. What is the current budget for the NYC Food and Beverage and Manufacturers Growth Fund in FY19? What is the forecasted budget for FY20?

2. What is the current budget for the Futureworks NYC in FY19? What is the forecasted budget for FY20? Is this program's funding based solely on private monies?

3. What other programs are being applied by EDC to provide incentives for diverse business investments and entrepreneurship? What is the funding for these programs in FY19 and planned for FY20?

What benchmarks do you use to measure the success of these programs? How well did these programs perform in FY18 according to those benchmarks?

AGENCY RESPONSE:

(1)

The NYC Food and Beverage and Manufacturers Growth Fund, which was renamed to the Industrial Neighborhood Business Fund, expired at the end of December 2017 and the contract was not renewed. EDC continues to support entrepreneurs, most notably women, through its partnership with SBS in the WE NYC Initiative. There are currently two active programs under the initiative:

1. WE Fund: Crowd - A program that helps expand access to capital for entrepreneurs through crowdfunded loans. EDC funds 10% of the total loan request from borrowers, up to a maximum of \$1,000. After the remainder of the loan is fully crowdfunded through its program partner, Kiva Microfunds, EDC's contribution is disbursed to the borrower. EDC's total contribution towards the program is up to \$250,000 over four years and has budgeted \$50,000 for FY 2019 and \$50,000 for FY 2020. The program launch in Fall 2017 and has enrolled 100 loans to date.

2. WE Fund: Growth - A sub-program under EDC's Neighborhood Credit Fund created to enable community development financing institutions (CDFIs) to originate and service loans they typically experience challenges supporting. The program provides select CDFIs with access to a loan loss reserve fund, incentivizing them to lend in amounts that closely match their borrower's needs. EDC's total contribution towards the program is up to \$2.5 million for five years and has budgeted that amount for FY 2019 and FY 2020.

The program launched in April 2018 and to date, 20 loans have been enrolled.

(2)

Another program is Futureworks NYC, a network of partnerships, services, and spaces dedicated to increasing local production and supporting advanced manufacturing. The initiative helps support the creation of over 3000 jobs through four programs, outlined below. EDC has committed \$9M to Futureworks NYC.

- Futureworks Incubator is a virtual program comprised of workshops, showcases, all day summits, and access to mentors.
- Futureworks Ops21 helps traditional manufacturers adopt new technologies through workshop

(3)

EDC has a department that focuses on this area called the Strategic Investment Group (SIG). The Strategic Investments Group (SIG) can develop customized plans to lower real estate costs; access capital; and help companies grow, relocate to, or expand within New York City. Through the use of tax incentives, bond financing, and a portfolio of investment funds, SIG negotiates deal structures and provides financing opportunities to foster growth across a variety of sectors, including: industrial; technology; bioscience; nonprofit; infrastructure and energy; and certain commercial and retail activities. Whatever your sector or your need, we will work to connect you to solutions that will help you prosper in New York City. Innovative financing solutions from SIG include the following:

Tax Incentives

The New York City Industrial Development Agency (NYCIDA) lowers the costs of real estate projects for developers, tenants, and business owners using a mixture of property, mortgage, and sales tax reductions.

Bond Financing

501(c)3 organizations and other exempt facilities such as energy and infrastructure can access affordable debt through Build NYC Resource Corporation (Build NYC), NYC's tax-exempt and taxable bond financing authority.

New Markets Tax Credits

Through the NYC Neighborhood Capital Corporation, SIG manages an allocation of the federal New Markets Tax Credit program which attracts private capital to finance projects in low-income communities.

Debt and Equity Investments

SIG has the ability to invest capital directly into an array of transactions, including co-investment and public-private partnership structures.

MEETING NOTES:

COMMENTS:

FOLLOW-UP:

AGENDA ITEM 4 : Incubators and Workspaces

1. What budgetary increases or decreases were made by the EDC between FY18 and FY19 for the development of Incubators and Workspaces in Manhattan? What is the budget forecast for FY20?
2. What benchmarks do you use to measure success?
3. What data have you collected regarding job growth as a result of EDC's investment in workspaces and incubators? Please list how many jobs have been created within the range of income brackets. How many firms that have exited the incubator or workspace programs stay in New York City with a long-term commercial lease?

AGENCY RESPONSE:

In the last six years, EDC has helped seed a network of 17 incubators across the five boroughs. We appreciate the role that affordable workspaces and incubators play in facilitating the success of NYC's entrepreneurs. Jobs, capital raised by companies, and other metrics that are program/operator specific is data EDC uses to measure success.

In previous years, NYCEDC played a pivotal role in helping develop a wide variety of incubators from a variety of industries. The private market now has many incubator and workspace programs available across a wide swath of Manhattan, allowing EDC to focus on more sector specific incubator and workspace related initiatives such as LifeSci which focuses on the life science industries in NYC and Made in New York which is focused on the areas of fashion, design, and other creative industries.

After evaluating the market's demand for wet-lab incubator space, the EDC announced a \$5 million investment to Biolabs@NYU Langone for an additional 50,000 square feet of affordable wet-lab space for early-stage NYC life sciences companies.

Similarly, our fashion desk runs a business-to-business focused initiative called the Made in NY Tradeshow Program that offers emerging NYC-based designers free booths at the Designers & Agents show. This program helps emerging designers grow their business by providing access to retail buyers and industry leaders that are otherwise inaccessible.

Another example is the upcoming development of the Tech Training Center located on 14th Street and Irving Place. This space will house an innovative model for tech skills and job training. The space will support high-growth startups with rapidly changing leasing needs, while offering affordable access to 21st century skills training for industries that offer career pathways into the middle class. The food hall on the ground floor will reserve 25% of booths for first-time entrepreneurs. There will also be an events space that can fit up to 400 people for community and trade events as well as flexible, step-up office space that will help small entrepreneurs in the fields of tech set up offices with flexible lease terms to help them succeed in the competitive tech industry. The Center will serve as an internally as an ecosystem for an inclusive tech community and externally as a beacon for the local community and New York City.

MEETING NOTES:

COMMENTS:

Question: [unintelligible regarding metrics in incubator programs]

Agency response: [unintelligible]

FOLLOW-UP:

AGENDA ITEM 5 : City Wide System Ferry

1. How much funding has the EDC added to the operating budget of the Citywide Ferry System from FY18 to FY19?
2. How many routes and landings are planned and what capital infrastructure funding is required in FY19 for additional routes? What funding is being sought for FY20 and future years to support more routes along the east and west sides of Manhattan to other remote parts of the city?
3. What are the performance indicators that EDC tracks for the Citywide Ferry program? How does the EDC measure the effectiveness of the Citywide Ferry System when comparing the per rider subsidy with other transit modes such as buses or express buses?

AGENCY RESPONSE:

Operating costs for the NYC Ferry are paid for by NYCEDC self-funds and we have entered into an agreement with Hornblower for the duration of current contract. This year, we have a total of six routes: Rockaway, South Brooklyn, Astoria, East River, Soundview, and Lower East Side – the latter two launched this past August. There are 21 landings across the entire system, with 10 new landings and 5 landings being upgraded.

The NYC Ferry Lower East Side route launched on August 29, 2018 and was the last and final planned route of the NYC Ferry system. There are currently no plans to expand into further routes. However, in the fall of 2018, NYCEDC is undertaking a new feasibility study to examine sites for possible future landings or ferry routes. NYCEDC will be working with elected officials and community board representatives along the city's waterfront to learn about potential sites to include in the study.

The FY19 budget approved received nearly \$300M in capital funding for vessel and landing upgrades to accommodate the current fleet. This will be spent across various fiscal years.

The expected subsidy per rider is \$6.60 this is calculated as the overall cost of service that EDC pays (\$30M/year) divided by our expected ridership (4.6M trips). This subsidy is based on all routes running in 2018. The NYC Ferry per rider subsidy largely tracks with other mass transit per rider subsidies like the MTA and LIRR.

MEETING NOTES:

COMMENTS:

Question: Are [unintelligible] areas included in the proposed Fall 2018 feasibility study?
Agency response: Not sure. They can circle back.

FOLLOW-UP:

EDC will follow-up with specific areas targeted for the fall 2018 feasibility study.

AGENDA ITEM 6 : Training and Learning for Low Income

1. What budgetary changes were made between FY18 and FY19 for the FRESH program, ConstructNYC, and HireNYC? Has the EDC seen any need to eliminate, reduce, or expand any existing programs?
2. What indicators do you use to evaluate year over year performance?
3. What other programs are funded to link economic development projects to training and earning opportunities for low-income New Yorkers?

AGENCY RESPONSE:

(1)

Our FRESH (Food Retail Expansion to Support Health) program promotes the establishment and retention of supermarkets in underserved communities by providing zoning and financial incentives to eligible operators and developers. FRESH benefits are typically available in distressed neighborhoods and is intended to encourage grocery stores to open in low-income neighborhoods where market incentive is targeted to grocery stores considering opening in a low-income neighborhood where profit potential is low. FRESH has provided 22 stores with financial incentives over the last ten years catalyzing over \$128M in private investment and the creation of over 600 jobs.

ConstructNYC is a MWBE initiative that allows similarly-sized MWBEs to participate in EDC contracts. Pre-qualified firms receive fast tracked payments and access to mobilization capital, as well as six-week capacity-building education to ensure success on site.

The Emerging Developer Loan Fund is a \$30 Million revolving loan fund that assists emerging developers, including MWBE-owned firms that are involved with development projects throughout NYC. The funds for this loan program are a mix of EDC self-funds and Amalgamated bank funding.

Of course, we also have HireNYC that provides no cost recruitment and hiring services to developers and businesses, targeting local, low-income residents for permanent jobs associated with these projects. The program goals are: 50% of new permanent jobs filled by members of the target population, 40% of hired employees retained for at least 9 months, and 30% promoted within a year.

(2)

NYCEDC runs a number of programs to connect low-income residents to jobs in their communities.

NYCEDC provides and facilitates internships in two ways:

1. The Ladders to Leaders Internship program works in the Fashion industry and partners with the New York Center for Youth Engagement, New York City Department of Youth and Community Development and the Mayor's Fund to Advance New York City. Since the program was launched, it has placed 160 interns. In FY18 we allocated nearly \$132K for 50 subsidized internships and training. In FY19 we allocated \$73K for 25 subsidized internships.

2. The LifeSci NYC initiative intends to create a pipeline of diverse talent for the life sciences sector through a \$7.5M investment in internships and skills training over the next decade. The LifeSci NYC Internship Program's 2018 summer cohort consisted of eighty one (81) students placed in paid internships at 41 life sciences companies ranging in stage and size throughout the five boroughs.

MEETING NOTES:

COMMENTS:

Question: Why is funding and capacity of "Ladders to Leaders" Program being cut in half for next fiscal year?

Agency response: The program is not housed in EDC. They can get the answer from community partners.

Question: [unintelligible] expansion of FRESH program funding?

Agency response: [unintelligible]

FOLLOW-UP:

EDC will consult with community partners about the changes in capacity and funding for the "Ladders to Leaders" program.

AGENDA ITEM 7 : Recommended Priorities for CB Support

What budget priorities would EDC want community boards to support?

AGENCY RESPONSE:

Given NYCEDC's unique structure, please provide clear, concise requests associated with the advancement of infrastructure and capital projects associated with NYCEDC managed assets.

MEETING NOTES:

COMMENTS:

EDC asks that boards prioritize and support any initiatives that advance workforce development and infrastructure as in the case of their many greenway and waterfront projects.

FOLLOW-UP:

AGENDA ITEM 8 : Graffiti Removal

EDC is responsible for graffiti removal.

What performance benchmarks does EDC use to judge the effectiveness of the program? Was the program successful over the previous fiscal year?

Please describe the process and the funding for the program in FY19 and FY20.

AGENCY RESPONSE:

Graffiti Free NYC provides graffiti removal services to affected public and private properties throughout the five boroughs of NYC. This is a complaint-based program in which public and property owners can request graffiti removal through 311.

EDC uses the number of properties served, productivity which includes an analysis of contributing factors to the operations of the program such as weather, number of trucks available for use each day. The program was successful over the previous fiscal year. EDC cleaned 11,317 properties and addressed an additional 3,277 properties. These 3,277 properties were visited, but were not able to be cleaned due reasons such as graffiti being located above the second floor, behind a gate, on a construction site, and other various reasons.

The funding for Graffiti Free NYC is \$2M in tax levy and \$ over \$2M in EDC's own-funds. EDC funds the program based upon capacity which is determined by the number of custom engineered trucks that EDC owns in its fleet. In 2018, EDC procured 24 new trucks. In FY19 and FY20, the budget is and will be based on the cost of operating using 24 trucks.

MEETING NOTES:

COMMENTS:

Question: Does graffiti removal require the property owner's permission?

Agency response: Yes. Always.

Question: Is there a special process for removing graffiti from landmarked structures?

Agency response: Not sure. They will circle back.

FOLLOW-UP:

EDC will determine and report back the requirements for removing graffiti from landmarked structures.