

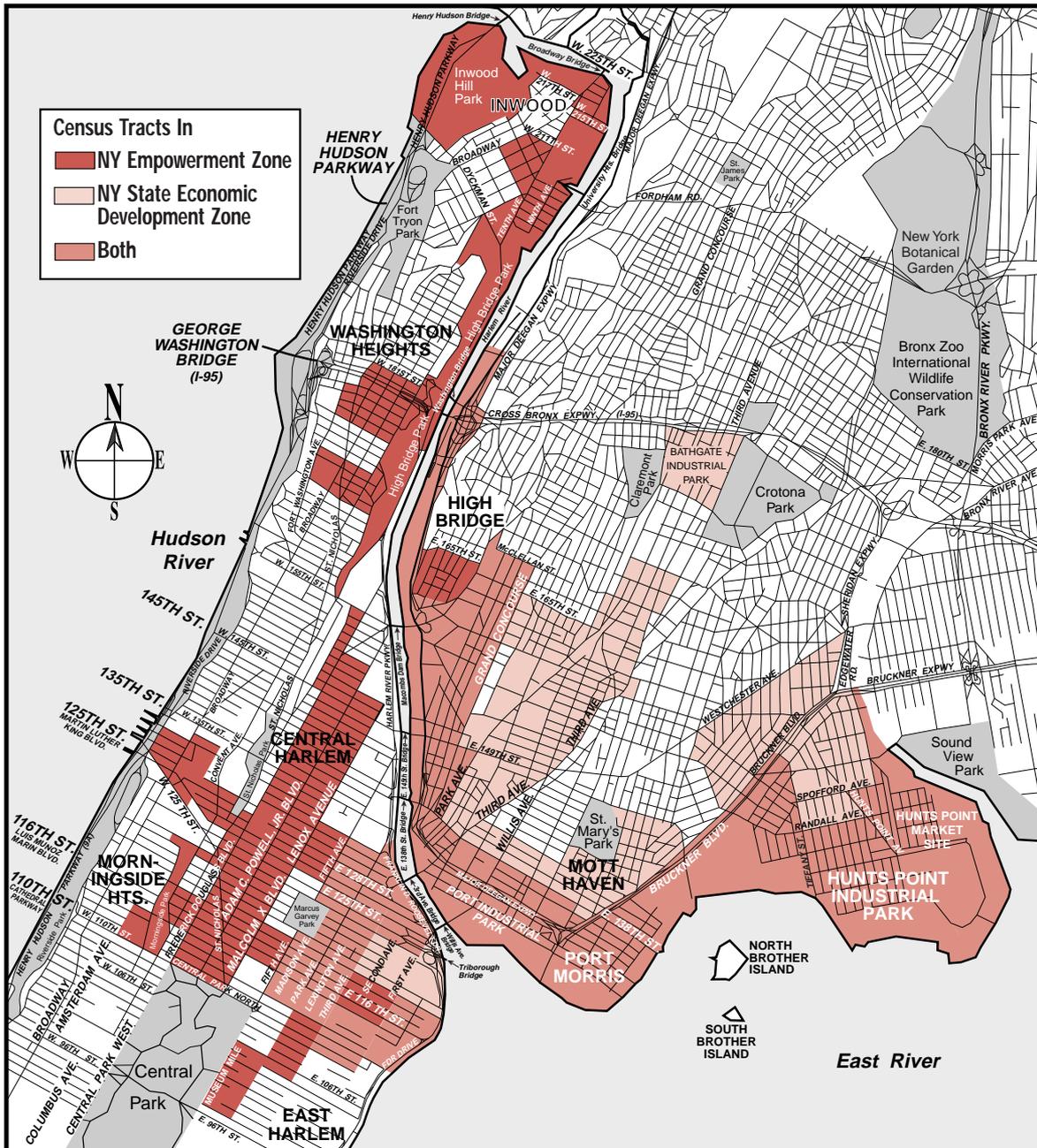
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# *New York Empowerment Zone*



# New York Empowerment Zone & Corresponding New York State Economic Development Zones

## Upper Manhattan & The South Bronx



City of New York  
Rudolph W. Giuliani, Mayor



New York Empowerment Zone Corp.

Sources: DCP Empowerment Zone Census Tract Files, July 1995  
NYC Empowerment Zone Office  
NYC Department of City Planning

DCP 8-97  
Graphics Division

To see if a property is located within the Empowerment Zone, visit the HUD web site at [www.hud.gov/ezec/locator/](http://www.hud.gov/ezec/locator/)

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**T**he New York Empowerment Zone (NYEZ), created to revitalize Upper Manhattan and the South Bronx, is an economic development initiative which uses public funds and tax incentives to encourage private investments in these areas. The NYEZ is the only corporate entity of its kind in the nation with a public investment pool of \$300 million equally contributed from the city, state and federal governments.

The Upper Manhattan Empowerment Zone Development Corporation (UMEZDC) and the Bronx Overall Economic Development Corporation (BOEDC) are nonprofit organizations that administer the initiatives in the Empowerment Zone. Their mission is to expand the range and scope of economic activity, enhance capital opportunity for local businesses and institutions and improve the quality of life for residents, workers and visitors.

Businesses of all sizes in the Empowerment Zone can benefit from the available resources. Most small businesses currently located in the Empowerment Zone automatically qualify for many of the NYEZ tax benefits, particularly if they employ local residents. In addition, various local investment funds are available to aid entrepreneurs in starting, improving or expanding their businesses.

Many large, national retail companies have also recently found success in the Empowerment Zone. For example, Rite Aid fills more prescriptions at its Harlem location than at any of its other stores in New York City; Foot Locker's Harlem store is among the company's top stores in the nation, and by moving to the Empowerment Zone in the Bronx, Bazzini Nut Company reduced its energy expenses by more than \$100,000 and cut its rent by more than half.

*The Audubon Biomedical Science and Technology Park is a leading national and international center for biomedical research, ranking among the top ten nationally*

*Photographs on this page courtesy of NY Convention and Visitors Bureau and Jonathan Torgovnik.*



## *The Empowerment Zone:*

*A Dynamic Place to Live and Build a Business.*

### ► **Upper Manhattan**

Upper Manhattan, long known as a cultural capital, is once again thriving. Economic opportunities, business activities and a flourishing cultural life have attracted worldwide attention.

When people talk about Upper Manhattan, conversation has historically revolved around renowned jazz musicians and composers, great writers and cultural places like the Apollo and the Cotton Club. Today, people also see Upper Manhattan for the enormous business opportunities it offers. Many residents are skilled and talented workers who would like to help restore the area to its glory days of the early 1900s. With the help of the New York Empowerment Zone Corporation, Upper Manhattan has the opportunity to once again become a symbol of great economic and cultural success.

### ► **The Bronx**

The Bronx is well on its way to restoring the economic success it once had. Acknowledgment came in 1997 when The Bronx won the prestigious **All-American City Award**, presented by the National Civic League in a national competition among America's most improved communities. The Bronx's resurgence was proclaimed by local, national and international media outlets. Among them was *Smithsonian* magazine, which wrote, "Few are aware of the dramatic turn-around. Welcome to the good-news Bronx!" Already a number of businesses have relocated to, or expanded in The Bronx Empowerment Zone, taking advantage of tax benefits and low interest loans.

## *Which communities are part of the Empowerment Zone?*

The Upper Manhattan portion of the New York Empowerment Zone includes Central, East and West Harlem; Inwood; and Washington Heights. The South Bronx portion of the New York Empowerment Zone includes Hunts Point, Port Morris, Mott Haven and Highbridge. A detailed map is provided on page two of this brochure or visit the HUD web site at [www.hud.ezec.gov](http://www.hud.ezec.gov).

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## *How can your company apply for capital funding?*

Businesses – for- and not-for-profit – should contact the local development corporation (LDC) in their area for a grant or a loan to fund a project within the Empowerment Zone.

Businesses in Upper Manhattan should request an application from the Upper Manhattan Empowerment Zone Development Corporation by calling (212) 932-1902, visiting their web site at [www.umez.org](http://www.umez.org) or writing to:

The Upper Manhattan Empowerment Zone  
Development Corporation  
290 Lenox Avenue  
3rd floor  
New York, NY 10027

Businesses in the Bronx should request an application from the Bronx Overall Economic Development Corporation by calling (718) 590-6202, visiting their web site at [www.ci.nyc.ny.us/nyez](http://www.ci.nyc.ny.us/nyez) or writing to:

The Bronx Overall Economic Development Corporation  
198 East 161st Street  
Suite 201  
Bronx, NY 10451

It is essential that businesses follow proper procedures and submit proposals directly to the appropriate local development corporation.

*La Marqueta is  
a famous public  
market that  
serves the East  
Harlem  
community.*



## *What kinds of businesses are eligible to receive financial assistance?*

The New York Empowerment Zone will fund businesses that:

- ▶ directly benefit the local community, by either providing jobs and services or by attracting private capital to the Empowerment Zone.
- ▶ have an effective business plan that demonstrates a solid financial proposal, managerial capacity, experience, successful track record and the ability to implement the business plan.
- ▶ have a project that will be able to support itself (even after financial assistance funds are depleted).
- ▶ can ensure accountability and deliver measurable results.

## *What types of financial assistance programs are available for businesses in the Empowerment Zone?*

Businesses may receive capital funding by the following means:

- ▶ grants to non-profits
- ▶ loans
- ▶ loan guarantees
- ▶ equity investments



*Everlast Sports Manufacturing has been producing boxing equipment in the Bronx since 1932. This is the kind of company thriving in the Empowerment Zone.*

Photos on this page: H.L. Delgado





*Forty-nine states and 35 countries ship or receive the millions of tons of food that pass through the Hunts Point Food Distribution Center each year.*

## *What services and resources are available to assist businesses in the Empowerment Zone?*

The New York Empowerment Zone funded the Business Resource and Investment Service Center (BRISC) to provide the following services in the Upper Manhattan portion of the Empowerment Zone:

- ▶ technical advice to new and expanding businesses.
- ▶ business financing, including loans of \$25,000 to \$200,000 to qualifying small businesses.
- ▶ guidance on how to start a business, prepare a business plan, develop marketing strategies and create financial statements.
- ▶ access to a resource library equipped with the latest computers and software.
- ▶ access to mainstream capital funders.

## *Business benefits in the Empowerment Zone*

In addition to \$300 million of public funds, the federal, state and city governments also provide tax benefits and credits to businesses. Below is an illustration of how a business could benefit by relocating to the NYEZ.

### FIVE-YEAR ANALYSIS

#### A MEDIUM SIZE BUSINESS...

Total employees.....	100
Number of EZ and EDZ resident employees <sup>(1) (2)</sup> .....	35
<i>(Full-time EZ and targeted Economic Development Zone employees)</i>	
Equipment purchase.....	\$200,000
<i>(Based on qualified property placed in service in year 1)</i>	
Financing needs.....	\$500,000
<i>(Construction cost and equipment purchases financed by the EZ)</i>	
EZ borrowing rate.....	6.00%
<i>(Illustrative EZ tax exempt bond financing rate)</i>	
Borrowing rate.....	10.00%
<i>(Based on current borrowing rate)</i>	
Property development investment.....	\$1,500,000
<i>(Estimated development cost of a new facility)</i>	
Cost of building materials.....	\$500,000
<i>(Based on qualifying materials used for property development)</i>	
Assessed value of property.....	\$1,000,000
Property tax rate.....	4.53%
Discount rate.....	10.00%
Annual electricity bill.....	\$60,000
Annual gas bill.....	\$60,000

#### WOULD HAVE THESE POTENTIAL SAVINGS

Benefits	1998	1999	2000	2001	2002	Total Cash
Federal wage tax credit <sup>(1)</sup>	\$69,300	\$69,300	\$69,300	\$69,300	\$51,975	\$329,175
Section 179 early deduction	13,200	0	0	0	0	13,200
Access to lower cost financing <sup>(3)</sup>	12,274	12,274	12,274	12,274	12,274	61,370
State wage tax credit <sup>(2)</sup>	34,650	34,650	34,650	34,650	34,650	173,250
State tax refund on building materials <sup>(2)</sup>	12,692	0	0	0	0	12,692
Savings under ICIP	59,828	59,828	59,828	59,828	56,836	296,148
Energy savings from Con Ed <sup>(4)</sup>	19,800	19,800	19,800	19,800	19,800	99,000
Total annual cash value of EZ incentives <sup>(5)</sup>	\$221,744	\$195,852	\$195,852	\$195,852	\$175,535	\$984,835
Discounted value	\$221,744	\$178,047	\$161,861	\$147,146	\$119,893	\$828,691
<b>Total Impact of Incentives Over 5 Years</b>						<b>\$984,835</b>
<b>5 Year PV<sup>(6)</sup></b>						<b>\$828,691</b>

<sup>(1)</sup> Assumes wages of at least \$15,000/annum.

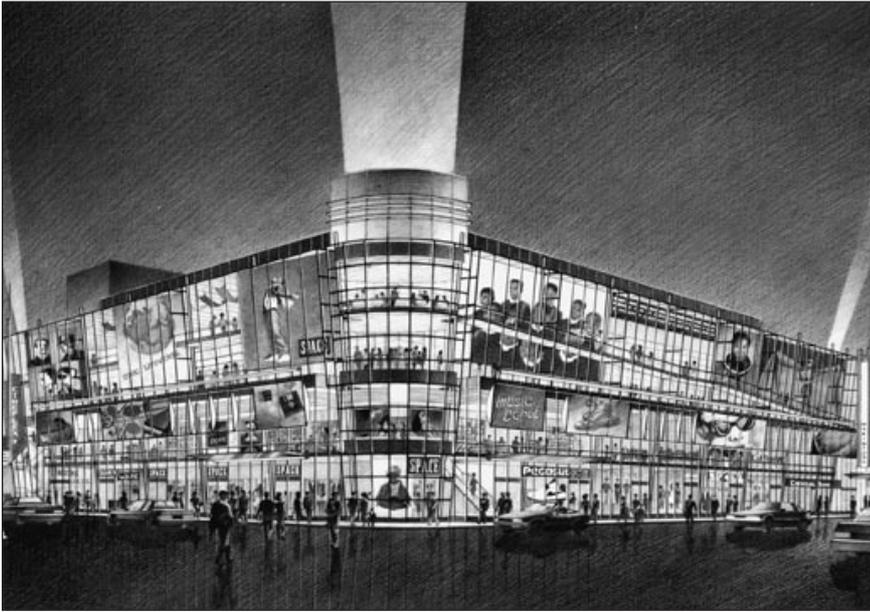
<sup>(2)</sup> Assumes company is a certified State Economic Development Zone business.

<sup>(3)</sup> Based on 10 year amortization, semi-annual payments.

<sup>(4)</sup> Based on full 30% electricity cost reduction and full 20% gas cost reduction of usage estimates as provided by the Company.

<sup>(5)</sup> Totals are rounded.

<sup>(6)</sup> Discount rate of 11% based on current borrowing rate.



*Harlem USA, a vast entertainment and retail complex, has taken advantage of the Empowerment Zone benefits and has sparked the redevelopment of 125th Street. The complex will include a variety of stores from Gap to Disney as well as a Cineplex Odeon theater.*

## TAX BENEFITS

### FEDERAL BENEFITS

#### ▶ Wage Tax Credit

Up to \$3,000 per part- or full-time employee who lives in the Empowerment Zone (20% for the first \$15,000 in eligible wages through the year 2001, 15% in 2002, 10% in 2003, 5% in 2004).

#### ▶ Section 179 Increased Deduction

Deduct up to \$18,000 the first year of service for eligible properties (buildings excluded instead of recovering through depreciation). Increase to \$38,000 for qualified zone property.

### STATE BENEFITS

#### ▶ EDZ Wage Tax Credit

Up to \$1,500 wage tax credit for each targeted employee paid at least 135% of the minimum wage and a \$750 credit for other individuals employed. Ten jobs and 30 percent must live in qualifying census tract (credits apply for five years, unused credits are carried forward until the tenth year).

#### ▶ EDZ Investment Tax Credit (EDZ-ITC)

Available for investments on manufacturing property, industrial waste treatment facilities or air pollution control facilities in the Economic Development Zone. Corporate businesses receive 10% investment tax credit and sole proprietorships receive 8%.

#### ▶ EDZ Employment Incentive Credit (EDZ-EIC) – in conjunction with EDZ-ITC

Provides an additional 3% credit (or 30% of EDZ investment credit) for firms that continue to expand EDZ employment.

# NEW YORK CITY BUSINESS ASSISTANCE PROGRAMS

## ▶ **Financing Programs**

Increase your working capital for day-to-day operations, business expansion and equipment purchases through such programs as the Nonprofit Facilities Fund Loan Program, New York City Capital Access and the Regional Economic Development Assistance Corporation Mini Loan Program. These programs offer attractive tax benefits and other incentives.

## ▶ **Real Estate & Relocation Programs**

Benefit from being located in specific, targeted areas in the five boroughs. The New York City Industrial Development Agency Small Industry Incentive Program is one of several programs that can help you reduce costs when you develop a private site or purchase city-owned land.

## ▶ **Tax Abatements**

Discover how your business might profit by expanding, relocating or renovating within New York City. Your tax burden can be reduced with the Commercial Rent and Occupancy Tax Exemption and the Industrial and Commercial Incentive Program.

## ▶ **Energy-cost Reductions**

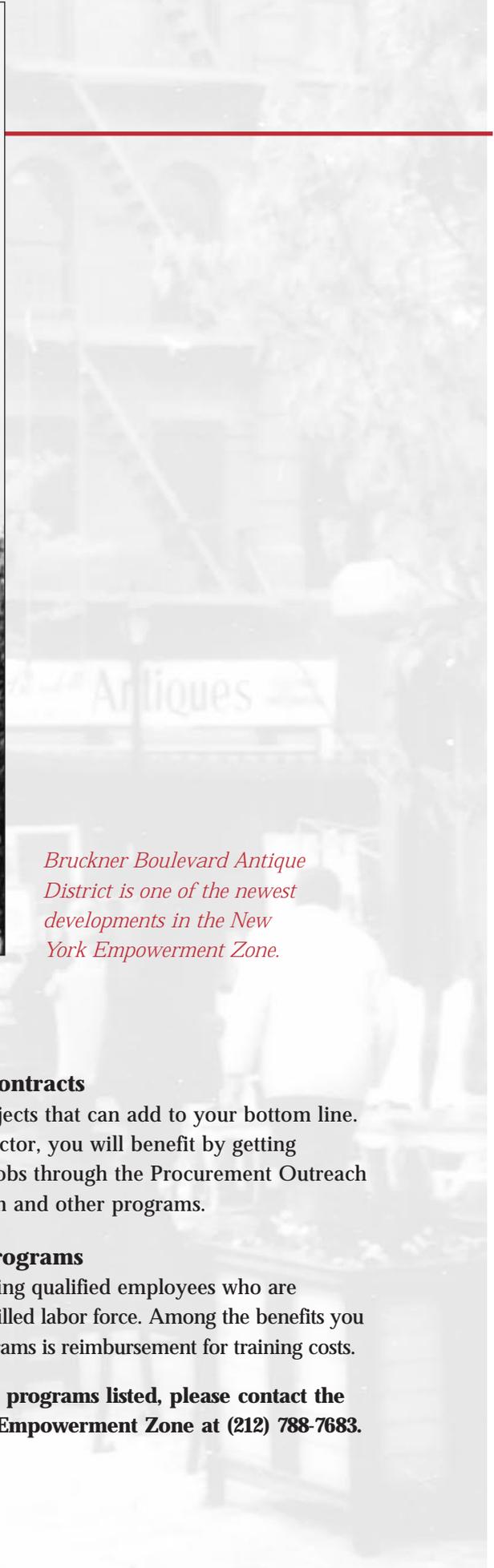
Cut energy costs and operate more efficiently by taking advantage of programs offered by the City of New York, the State of New York and the area's leading utility companies. The City of New York offers tax exemptions on energy used by large companies. Con Edison and Brooklyn Union offer reduced rates in certain service areas.

## ▶ **Business Assistance Programs**

Learn how to improve your business from experts at the Business Action Center, the Executive Volunteer Corps, the New York City Industrial Technology Assistance Corporation and other New York City organizations. In most cases, these services are provided for free.

## ▶ **International Assistance Programs**

Get your products distributed around the world with the help of international export programs offered by the Empire State Development Corporation. You can also cut import costs by doing business in one of New York City's foreign-trade zones.



*Bruckner Boulevard Antique District is one of the newest developments in the New York Empowerment Zone.*

▶ **Assistance in Obtaining Contracts**

Bid on more contracts and projects that can add to your bottom line. If you are a vendor or a contractor, you will benefit by getting information on potential new jobs through the Procurement Outreach Program, the Bid-Match System and other programs.

▶ **Employment Assistance Programs**

Get assistance finding and training qualified employees who are part of New York City's large, skilled labor force. Among the benefits you can receive from these city programs is reimbursement for training costs.

**For information about any of the programs listed, please contact the Mayor's Office of the New York Empowerment Zone at (212) 788-7683.**



**City of New York**

**Rudolph W. Giuliani, Mayor**  
**Rudy Washington, Deputy Mayor for**  
**Community Development and**  
**Business Services**

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**(212) 788-7683**  
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