

LOWER MANHATTAN DEVELOPMENT CORPORATION

Proposed Amendment to Partial Action Plan 2

Overview

Lower Manhattan Development Corporation (LMDC) is the recipient of a \$2 billion federal grant for the World Trade Center (WTC) disaster recovery and rebuilding efforts for Lower Manhattan. LMDC received \$783 million in additional federal funds for damaged properties and businesses (including the restoration of utility infrastructure) as well as economic revitalization related to the terrorist attacks at the WTC Site. Both of these federal grants are administered by the United States Department of Housing and Urban Development (HUD).

Twelve LMDC Partial Actions Plans (PAPs) and one Final Action Plan (FAP) allocate the entire \$2 billion grant towards remembrance, rebuilding, and renewal initiatives in Lower Manhattan, defined by LMDC as the entire area of Manhattan below Houston Street. All funds within the \$783 million grant were allocated through Partial Action Plans S1 and S-2. To date, HUD has approved 15 Partial Action Plans totaling the entire \$2.783 billion allocation:

The current versions of PAP 2 as well as other PAPs are available on LMDC's website, www.renewyc.com, at http://www.renewnyc.com/FundingInitiatives/partialact_plans.asp

Any change greater than 5% in the funding committed to a certain program, the addition or deletion of any program, or change in the designated beneficiaries of a program constitutes a substantial amendment and such amendment will be available for public review and approval by HUD.

An initial Partial Action Plan 2 was approved by HUD on November 22, 2002 with an allocation of \$350 million. An amendment to the plan was approved by HUD on September 27, 2006 with an allocation of \$329 million and a second amendment to the plan was approved by HUD on July 11, 2007 with an allocation of \$322 million. The table below shows the programs allocated by this \$322 million.

<i>Partial Action Plan 2 Categories</i>	<i>Original Allocation from \$2 billion</i>	<i>LMDC Amended Plan Approved 9/27/06</i>	<i>LMDC Amended Plan Approved 7/11/07</i>
<i>WTC Business Recovery Grant Program</i>	<i>\$150,000,000</i>	<i>\$150,000,000</i>	<i>\$150,000,000</i>
<i>Small Firm Attraction and Retention Grant Program</i>	<i>\$50,000,000</i>	<i>\$29,000,000</i>	<i>\$29,000,000</i>
<i>Job Creation and Retention Program</i>	<i>\$150,000,000</i>	<i>\$150,000,000</i>	<i>\$143,000,000</i>
<i>Total</i>	<i>\$350,000,000</i>	<i>\$329,000,000</i>	<i>\$322,000,000</i>

Public Comment

The proposed amendment is a substantial amendment that is open to public comment as required by HUD through April.

Public comment must be made in writing and may be delivered to LMDC either by posted mail or by electronic mail as follows:

By post to: Empire State Development Corporation
Attention: JCRP Comment
633 Third Avenue
New York, NY 10017

By email to: JCRPComment@empire.state.ny.us

The deadline for receipt of public comments is April 30, 2009 at 5 P.M. [EST]. Comments delivered by fax or telephone cannot be considered.

Proposed Amendments to Partial Action Plan 2

The Job Creation and Retention Program (“the Program”) assists firms displaced from their workplace for at least one month, as well as other affected firms and firms willing to create new jobs in the downtown area. The Program has offered assistance to those businesses that made commitments of at least 200 full-time jobs in Lower Manhattan and who requested assistance no later than December 31, 2009. However, there is still a need for assistance to encourage firms to relocate to downtown New York, and funds are still available in the Program. Consequently, this Partial Action Plan amends the application deadline for the Program to offer assistance to eligible businesses that request assistance no later than December 31, 2011.

This amendment also broadens the eligibility for the Program. The minimum employment threshold for job creation projects is being lowered from 200 to 75 full-time jobs subject to the Program’s other requirements. The 200 full-time jobs requirement for job retention projects will remain in place.

Finally, grant recipients will be required to maintain the jobs covered by Program grants for at least 10 years instead of the original Program requirement of 7 years in initial Partial Action Plan 2. This amendment recognizes that the average grant commitment ESD has obtained from grant recipients to date is nearly 10 years.

These program enhancements are essential to Lower Manhattan’s continued recovery in light of ongoing transportation and construction disruptions and the effects of the current economic crisis. In addition, lowering the Program’s job creation requirements will encourage the expansion of business operations in Lower Manhattan that had not been eligible for Business Recovery assistance since the termination of the Small Firm Attraction & Retention Grant program a few years earlier.

Please refer to Partial Action Plan 2 on the LMDC website (<http://www.renewnyc.com/FundingInitiatives/PartialActionPlans.aspx>) for the full text of the partial action plan as approved prior to this proposed amendment.

No Reallocation of Funds

In addition to the \$143 million provided by LMDC's Partial Action Plan 2, the Empire State Development Corporation has allocated \$170 million towards this program. This amendment does not involve any reallocation of program funds.