

Public Comment on LMDC Partial Action Plan No. 3  
Lower Manhattan Development Corporation  
One Liberty Plaza 20th Floor  
New York, NY 10006

March 31, 2003

Dear Members of the board of the Lower Manhattan Development Corporation:

We appreciate this opportunity to comment on the Proposed Partial Action Plan No. 3. Of the \$2 billion in Community Development Block Grant (CDBG) funds allocated by United States Department of Housing and Urban Development to the Lower Manhattan Development Corporation (LMDC), only \$1.344 billion remains. The current proposal contemplates spending another \$24 million, bringing the remainder down to approximately \$1.32 billion.

We are writing to express our concern about the lack of a comprehensive plan for using the CDBG money to address two urgent and growing crises in New York City's economic revitalization: joblessness and lack of affordable housing. The programs currently under review (the renovation in Columbus Park, History and Heritage, and Administrative costs) have the potential to be part of a plan for jobs and housing. But they should do so in the context of an overall strategy for using the CDBG money to maximize the benefits for jobs and housing.

For example, if CDBG funds help with the renovation of the Columbus Park pavilion it would be an ideal way the LMDC could assist in creating jobs and establishing job-training programs. The rehabilitation of the pavilion should provide jobs to the unemployed in Chinatown and throughout the city. This would have a direct impact not only those New Yorkers who are out of work, but the local economy as well.

There are nearly 310,000 New Yorkers currently unemployed. Of those, at least 110,000 lost their jobs as a result of the terrorist attacks. The level of unemployment is putting a serious strain on City social services, on local neighborhood economies like Chinatown and on other businesses as they lose customers and suppliers. Corresponding signs of economic distress for New York's working families are mounting: mortgage delinquencies and personal bankruptcies are on the rise, record numbers of families are homeless and the numbers of people turning to soup kitchens and food pantries are skyrocketing.

High levels of unemployment are also greatly exacerbating the affordable housing crisis, a problem which pre-dates the attacks, but which has grown sharply worse since then. The LMDC has made a commitment to rebuilding Lower Manhattan better than ever, as a "vibrant, 24/7 community." The best way to stimulate an exciting neighborhood is to provide for a diverse range of residents. But so far, all the reconstruction funds allocated to housing have gone to support high-end, market rate developments far out of the reach of ordinary New Yorkers, including the firefighters and police officers who risked and gave their lives to rescue people during the terrorist attack. Only fifty out of the approximately 900 units so far approved by the New York State Housing Finance Agency to be built using Liberty Bonds have been set aside as non-market rentals. Even these 50 units are affordable to only a small minority of New Yorkers

who would need an income close to \$94,000 for a family of four, or 150% of the Area Median Income.

CDBG funds can be used to help provide both jobs and housing, giving the revitalization of downtown and the rest of the city a crucial boost. Two proposals have been developed and put forward regarding jobs and housing by the Labor Community Advocacy Network (LCAN), a coalition of over 60 city-based organizations. We urge the LMDC to review these proposals and factor jobs and housing into any future allocation of CDBG funds. Highlights from the (enclosed) proposals include:

#### Jobs:

- Liberty Jobs: Create 60,000 jobs using \$1.1 billion of the CDBG money, roughly half as public service jobs, the other half by stimulating private-sector job-growth.
- Make Rebuilding a High-Road Process: accelerate transportation and other infrastructure construction that will put people to work now, and create binding agreements to ensure that jobs in places that receive public funding are good jobs at livable wages.
- Establish Sector Groups: Use a sector-group strategy -- identifying and investing in high growth potential sectors -- to diversify the downtown economy and help it grow.

#### Housing:

- Work with the New York State Housing Finance Agency and in particular the New York City Housing Development Corporation, and Department of Housing Preservation and Development to establish a significant affordability component and guarantee the city receives at least \$293 million in cash incentives, as outlined by Mayor Bloomberg in December of 2002<sup>[1]</sup> as a way to leverage a range of low and middle-income housing units financed with Liberty Bonds.
- In order to provide sufficient subsidies to make mixed-income, affordable housing financially feasible, work with nonprofit housing developers, the Governor, and the Mayor to assemble low income housing tax credits, CDBG subsidies, building code and zone changes, and low cost developable land in the Liberty Zone.
- Work with HUD and the New York Congressional delegation to introduce technical amendments to the Job Creation and Worker Assistance Act of 2002 that would allow 25% of Liberty Bonds for housing to mirror the commercial portion of the Liberty Bonds and be transferable to sites throughout the five boroughs, where housing can be constructed in a more cost-effective manner.
- Work with current residents and public officials in the Liberty Zone to preserve the nearly 5,000 units of publicly subsidized affordable housing that are in danger of being lost. Should these units turn into market rate housing over the next few years, the permanent affordable housing currently available to the people of Lower Manhattan, many of them seniors and working New Yorkers, will be lost. Considering rebuilding resources currently available to build housing in Lower Manhattan have not built any truly affordable housing, to lose current long standing affordable housing would be counterproductive to rebuilding a vibrant neighborhood.

Thank you very much for considering our comments. We look forward to staying in communication with you about these important issues.

Sincerely,

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Coalition & Project

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<sup>[1]</sup> Appendix of Mayor Bloomberg's "New York City's Vision for Lower Manhattan" released in December 2002. Although the Mayor didn't specify, one obvious source for some of these funds would be from CDBG.