

New York City Regional Economic Development Council
2012 PROGRESS REPORT

Presentation to the New York State Strategic Implementation Assessment Team
Friday, December 7, 2012



The Challenge: A City of Extremes



New York City is a global capital of business and finance:

- ▶ Nation's health-care, fashion, and retail capital and No. 1 tourist destination
- ▶ Largest aggregation of top medical research institutions, universities, and cultural facilities
- ▶ Global technology center, with growing concentration of entrepreneurs, scientists, engineers, and innovators

New York City also has the highest degree of income inequality in the country:

- ▶ 21% of population —1.7 million people — lives below federal poverty line
- ▶ Just 29% of public high school graduates are deemed ready for college or career
- ▶ Highest costs of living and doing business in the country; difficult regulatory environment; tax base not growing commensurate with need for investment in public infrastructure and services



The New York City Regional Economic Development Council's Strategic Vision

- ▶ Business, labor, government, and community interests are united in support of both accelerated economic growth and expanded economic opportunity.
- ▶ Our strategic plan, adopted unanimously by a diverse council after substantial public input, spells out what we need to do to build a stronger, more inclusive

economy:

- Reinforce the historic strengths of our anchor industries
- Enhance the livability of the city in order to attract and retain talent
- Invest in infrastructure and human capital development
- Encourage high-tech innovation clusters





Key Updates to the Strategic Plan

Workforce Development

- ▶ The plan adds a focus on workforce development and career and technical education to ensure that the benefits of growth and globalization are accessible to all New Yorkers and that the city's labor pool is prepared for the jobs we want employers to create here.

Interregional Cooperation

- ▶ The council's plan has been updated to prioritize how the city can promote growth across the state and benefit from resources of other regions.

Leveraging Private Investment

- ▶ The council sought to prioritize projects that have attracted substantial engagement by businesses and/or private-sector employers.



Focus on Implementation of Opportunity Zones



The Opportunity Zone concept continues to energize the council's work. In 2012, significant progress was made on the 15 areas of the city which, since 2002, have been rezoned to catalyze economic growth and provide room for new businesses and housing.

Rezoning and considerable public investment have positioned these underdeveloped and economically distressed communities for accelerated growth. Opportunity zones have a pipeline of housing, commercial, industrial, and public infrastructure projects that will create tens of thousands of jobs once their development

potential is unleashed. In many cases, a relatively modest state investment will trigger a significant multiplier response from the private sector.



Opportunity Zones

Bronx



Hunts Point – The area is home to the 330-acre Hunts Point Food Distribution Center and the site of the Hunts Point Terminal meat, fish, and produce markets and other private food-related companies

South Bronx – The area was rezoned in 2009 with a vision for transforming the waning industrial waterfront area and the lower Grand Concourse into a vibrant, mixed-use, mixed-income community with new housing, waterfront open space, and retail





Brooklyn

Brooklyn Navy Yard – The Navy Yard is a national model for sustainable industrial parks, urban green manufacturing, and local job creation

Coney Island – Coney Island, an iconic New York City attraction, continues to be a major entertainment and recreational destination, with amusement parks and attractions

Downtown Brooklyn – The area has doubled its population over the last decade and is poised to be one of the city’s most active central business districts

Southwest Brooklyn – The area presents an opportunity for multi-modal transportation through extensive waterfront and existing freight rail infrastructure

Greenpoint-Williamsburg – A 2005 rezoning created new opportunities for affordable housing, local commercial development, and new public open spaces





Manhattan

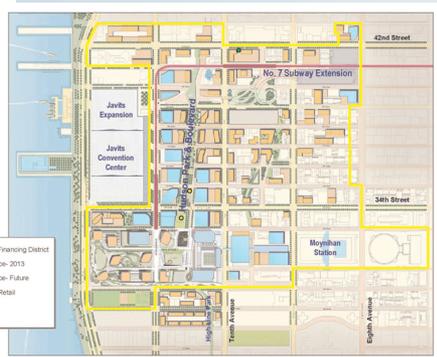


125th Street – Harlem’s “Main Street” was rezoned to ensure its historic status as a world-class arts and entertainment destination and its importance as a regional business district

Lower Manhattan – The redevelopment of the World Trade Center will add more than 10 million square feet of Class A office space



Hudson Yards – The area could become one of the largest commercial and residential districts in the city, with four times the office space of Rockefeller Center



February 2010



Queens

Long Island City – The area has experienced significant population growth, and the Cornell-Technton applied sciences campus is expected to spur substantial economic growth



Jamaica/Southeastern Queens – The area has a thriving downtown commercial district and a vibrant transit hub served by the AirTrain, LIRR, and two subway lines

Flushing/Willets Point – With the sixth largest central business district in the city, as well as world-class transit access, the area offers great potential for further development





Staten Island



North Shore – The North Shore is twice as densely populated as the rest of Staten Island, and underutilized land creates significant potential for future growth

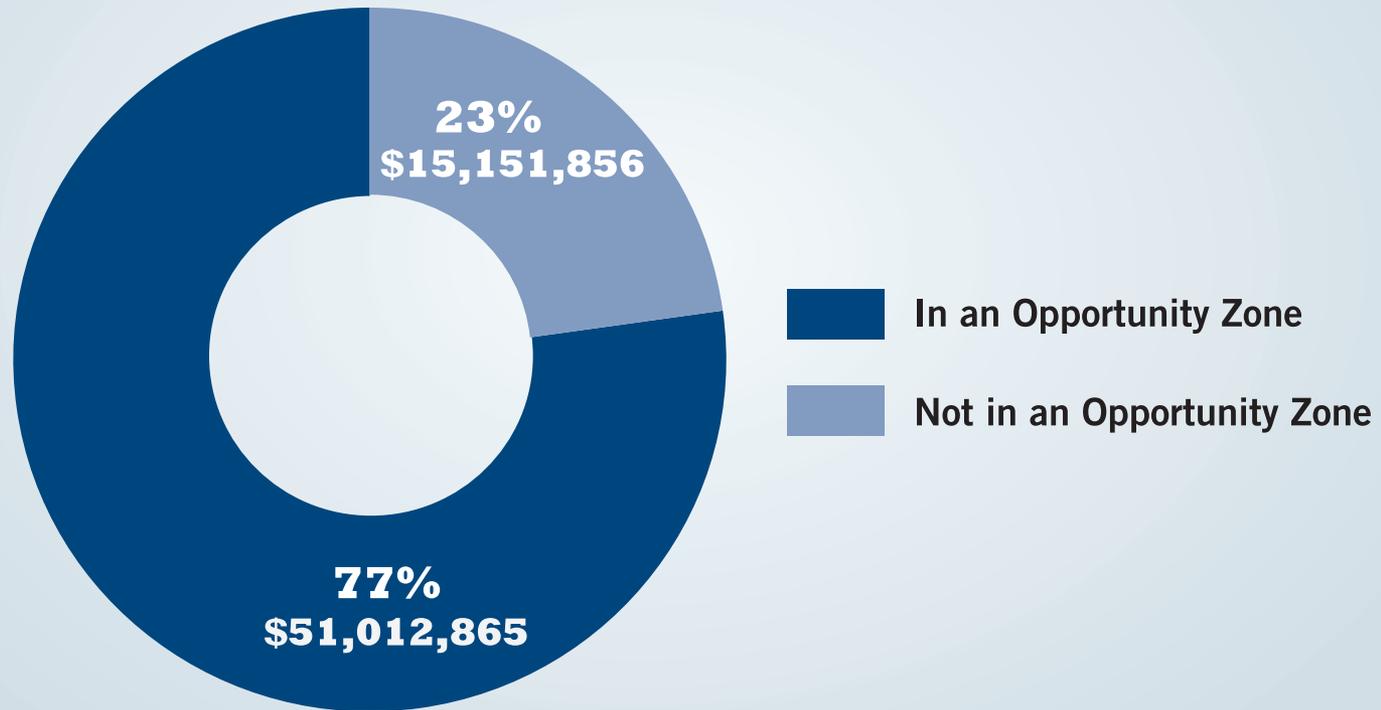
West Shore – The West Shore of Staten Island offers more than 1,000 acres of properties for development and has potential for significant maritime and industrial job creation





CFA Funding to Opportunity Zones

CFA Awards in NYC Total: \$66,164,721





Progress on Implementation of 2011 Priority Projects

As described earlier, **priority projects** identified in the New York City Regional Economic Development's strategic plan were chosen for their strong potential to meet the council's criteria for accelerating economic growth and job creation across the five boroughs.





Brooklyn Navy Yard Green Manufacturing Center

Strategic objective: Catalyst for sustainable industrial urban job creation and adaptive reuse of vacant and deteriorating historic structure



- ▶ **Project:** Adaptive reuse of 220,000-square-foot building, creating 300 jobs; multi-tenant building targeting green manufacturers; funding from federal, state and city; balance from private funding through the EB-5 Program
- ▶ **Progress:** Completed asbestos abatement; demolition and structural stabilization ongoing; design modified to qualify for historic rehabilitation tax credits; grants and tax credits received; construction permits received
- ▶ **Priorities:** Construction began in September 2012; lease signed with anchor tenants: Crye American, the premier manufacturer of defensive gear and apparel for the U.S. military, and Macro Sea, which will lease space to New Lab, a facility that will promote design and manufacturing innovation



Hunts Point Terminal Produce Market

Strategic objective: Expansion of growth industry that has multi-regional impact while addressing economically distressed area



- ▶ **Project:** Redevelopment of Hunts Point Terminal Produce Market in order to modernize the market's facility to improve storage capacity, traffic congestion, limited food quality protections, and deficient site infrastructure
- ▶ **Progress:** All federal, state, and city funding identified, including increased commitment by ESD and a TIGER grant from the U.S. Department of Transportation
- ▶ **Priorities:** The agreement to advance the project should be finalized by the end of 2012.



Taystee Bakery/CREATE@Harlem Green

Strategic objective: Revitalization of abandoned property and low-income area through investment in manufacturing, commercial, and retail growth



- ▶ **Project:** Redevelopment of former Taystee Bakery complex into CREATE@Harlem Green, with manufacturing, office, retail, and community space; creation of 440 jobs and 510 construction jobs
- ▶ **Progress:** Sale of Taystee Bakery property to private developer; an incentive proposal was signed by the developer; construction must begin by July 2013; negotiating lease for food distribution center (serving mid-Hudson farmers)
- ▶ **Priorities:** Completion of financing agreements with ESD; pre-development timeline extended into 2013, which will impact completion date



NYC SeedStart

Strategic objective: Advance high-tech, innovation industry clusters throughout the state by catalyzing partnerships among entrepreneurs, investors, and universities



▶ **Project:** Expansion of 12-week summer program for high-tech startup entrepreneurs, offering seed funding, workspace, and extensive mentorship in order to translate investment in universities to investment in businesses and jobs

- ▶ **Progress:** Program website launched and accepting applications; marketing to upstate New York; six New York-based venture capital funds committed to funding; discussions under way with several corporate partners
- ▶ **Priorities:** Review of applications for program to start in late 2012 or early 2013



New York Container Terminal at Howland Hook

Strategic objective: Enhance competitiveness of key regional growth industry with broad economic impact; rehabilitation of brownfield site



- ▶ **Project:** Expansion of container terminal to increase capacity, meet the demand for large vessels, and ensure its economic competitiveness in the region
- ▶ **Progress:** Agreement reached in principle with New York Container Terminal on a long-term lease extension with the Port Authority
- ▶ **Priorities:** NYCT will work with the Port Authority, which has committed to over \$35 million in capital investments to ensure the facility's competitiveness



Applied Sciences NYC

Strategic objective: Expand growth industries in science, engineering, and technology research by encouraging commercialization and accelerating higher education-business partnerships

- ▶ **Project:** Two projects announced as part of city's Applied Sciences NYC initiative will more than double the number of engineering faculty and graduate students in NYC, creating 48,000 jobs, 1,000 new companies, \$30 billion of economic activity over 30 years



- **CornellNYC Tech:** Partnership between Cornell University and the Technion-Israel Institute of Technology to create science and engineering campus on Roosevelt Island; city to provide \$100 million in funding
- **NYU Center for Urban Science and Progress:** Partnership of several educational institutions, including NYU and CUNY, and companies (IBM and Cisco) to create research center in downtown Brooklyn that addresses challenges facing cities

continued ▶



Applied Sciences NYC *(continued)*

► Progress:



- **CornellNYC Tech:** Project selected for city funding; held town hall and public scoping session; project will utilize space at Google's NYC headquarters free of charge for five years or until completion of Roosevelt Island campus
- **NYU CUSP:** Project selected for city funding; identified 370 Jay Street as preferred location; named Steven Koonin, former undersecretary of energy, as director

► Priorities:

- **CornellNYC Tech:** Proceeding with design and planning; will begin city's ULURP process; has begun holding classes in Google space; Roosevelt Island campus to open 2017
- **NYU CUSP:** Leasing space in downtown Brooklyn so classes can begin September 2013; relocation to 370 Jay Street to begin fall 2012; first phase of construction to begin fall 2014



Staten Island Green Zone

Strategic objective: Expand manufacturing and green industry through development of brownfields and unused waterfront



► **Project:** Creation of an economic development zone with clean and green standards, focusing on a freight village, materials recycling, a thermal energy zone, renewable energy strategies, and a storm water management program

- **Progress:** First new construction has begun (warehouse for NY Fragrance); Visy Paper Recycle Mill received funding incentives from National Grid; and BID is being created within the green zone
- **Priorities:** Approval of legislation to incentivize green zone development; approval for expansion of Port Authority Foreign Trade Zone to encompass Green Zone; attract target industries to area



Additional Progress on Implementation

In the 10 months since the completion of its strategic plan, the council has:

- ▶ Updated its strategies
- ▶ Adopted additional criteria
- ▶ Utilized council committees to streamline decision-making and engage the entire council
- ▶ Strengthened the public participation process
- ▶ Updated its strategies
- ▶ Developed a process to monitor progress of priority projects



Proposed Priority Projects for 2012

The council carefully considered its criteria — those originally created, as well as three new components — in advancing new projects for priority recommendation. In 2012, the council scored 256 applications for funding through the Consolidated Funding Application process.

Key Evaluation Criteria for Priority Projects

- ▶ **Multi-region economic impact:** Address the fact that growth industries will increasingly be multifaceted clusters of activities.
- ▶ **Relief of conditions of economic distress:** Provide opportunities for meaningful training and good jobs.
- ▶ **Transformative role:** Catalysts for growth-industry clusters and/or contributors to the resurgence of economically distressed communities.
- ▶ **Feasibility:** Demonstrate committed financing, a clear time frame, and long-term economic sustainability.
- ▶ **Measureable impact:** Demonstrate job creation, investment, and business revenue generation.

continued ▶



Key Evaluation Criteria for Priority Projects *(continued)*

- ▶ **Leveraging:** Public funds must leverage private and other public contributions.
- ▶ **Job creation:** Create or retain jobs, with special consideration for the quality of jobs.
- ▶ **Innovation:** Build on innovation assets, including research universities, industry pioneers, early-stage investors, and entrepreneurial networks.
- ▶ **Interregional cooperation:** Contribute toward building industry clusters across multiple regions of the state.
- ▶ **Partnerships between business and institutions of higher education:** Capitalize on the state's higher education assets to create jobs and develop new businesses.
- ▶ **Private sector investment and engagement:** Demonstrate substantive business partnership and investment.

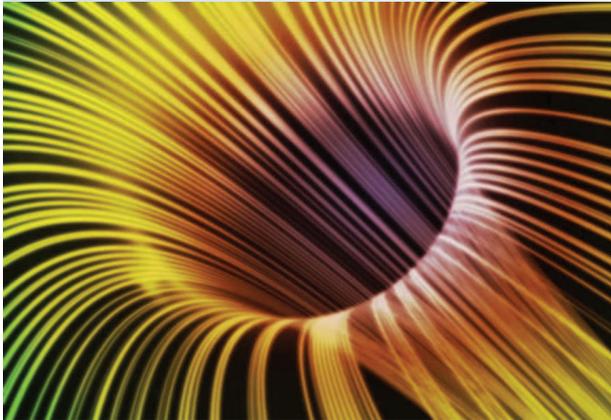




Projects Proposed for Capital Funding/ESD Grants

Connect NYC Broadband

Strategic objective: Support development of high-tech industry clusters in economically distressed areas of the five boroughs

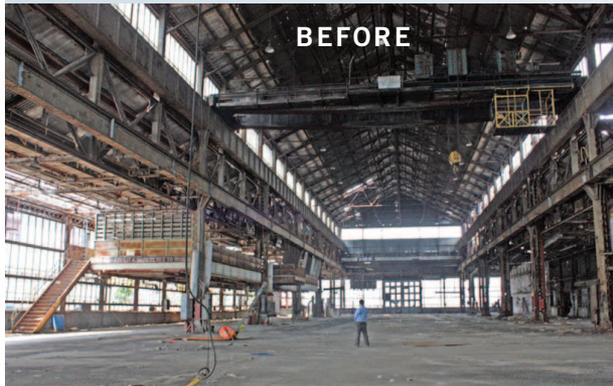


- ▶ **Project:** Address digital deserts in Industrial Business Zones in the Bronx, Brooklyn, Staten Island, and Queens by building out fiber optic networks, consistent with the New York State's Connect NY Broadband Grant Program
- ▶ **Cost:** \$13,000,000
- ▶ **Jobs:** 78 construction jobs; 270 permanent jobs
- ▶ **Timeline:** Utility Interconnection Application: 8/1/2012



New Lab

Strategic objective: Generate high-tech manufacturing jobs; contribute to development of innovation industry clusters



- ▶ **Project:** Macro Sea, Inc.'s conversion of two wings of a former shipbuilding factory at the Brooklyn Navy Yard into New Lab, a high-tech design and prototyping center
- ▶ **Cost:** \$23,178,447
- ▶ **Jobs:** 150 construction jobs; 30 existing jobs; 410 new permanent jobs
- ▶ **Timeline:** Construction to begin spring 2013; completion within 14 months





New York City Wetlands Mitigation Bank

Strategic objective: Reclamation and redevelopment of underutilized waterfront assets across the five boroughs, contributing to sustainability and job creation



- ▶ **Project:** Establish a mitigation bank to facilitate waterfront development and restoration of 10 acres of targeted wetlands in NY harbor, to develop projects such as ferry landings, waterfront esplanades, and rehabilitated roads
- ▶ **Cost:** \$10,000,000
- ▶ **Jobs:** 120 construction jobs; 3,500 permanent jobs over 5 to 7 years from private and public development
- ▶ **Timeline:** Construction of pilot site completed in mid-2015, and 2017-19 for remainder of pipeline projects



REDC Brownfield Cleanup and Development Grants

Strategic objective: Relieve economic distress through cleanup and redevelopment of distressed properties; generate new tax revenue; create new jobs and affordable housing units



- ▶ **Project:** Fund cleanup activities on approximately 60 brownfield projects in low-income and underserved communities throughout all five boroughs, leading to redevelopment, new jobs, and new housing units
- ▶ **Cost:** \$8,000,000 to \$9,000,000
- ▶ **Jobs:** 3,250 permanent new jobs; 7,205 construction jobs
- ▶ **Timeline:** Two-year duration, with construction to take up to 18 months after cleanup grants awarded



Brooklyn Navy Yard Steiner Studios Media Campus Phase III

Strategic objective: Generate jobs through partnerships between businesses and universities; advance technology-driven growth sectors

- ▶ **Project:** Construction of new soundstages to meet demand for space to shoot television programming, as well as new space for academic partners and media companies
- ▶ **Cost:** \$110,250,000



- ▶ **Jobs:** 600 full-time permanent jobs, 751 construction jobs. Phases 4 and 5 to generate 1,949 full-time jobs and 1,871 construction jobs
- ▶ **Timeline:** 2013: design engineering, site preparation, structure stabilization' 2014: infrastructure improvements, construction of soundstages; 2015: construction of pedestrian passage from Naval Campus



Projects Proposed for Excelsior Tax Credits

Duggal Visual Solutions Brooklyn Navy Yard Expansion – Transform abandoned buildings at Brooklyn Navy Yard to expand space for manufacturing

Electric Energy Storage Research – Construct energy storage devices manufacturing facility in Harlem to produce battery systems

Wonton Food Manufacturing Expansion – Expand manufacturing capacity of large, specialized food manufacturer at locations in Brooklyn, Queens, and Long Island

Gotham Greens Farms LLC – Construct high-tech rooftop hydroponic facility on roof of existing manufacturing building in Queens

Just Bagels Baking LLC – Expand operations of a privately owned baking company located in Hunts Point

M-Fried Store Fixtures & Sturdy Store Displays, Inc. – Renovate vacant building in industrial area of Brooklyn to serve as manufacturing and distribution hub





The New York City Regional Economic Development Council has made significant progress in achieving its objectives since the release of its strategic plan:



- ▶ Established operating protocol to ensure community engagement
- ▶ Provided a forum enabling all stakeholders to work together
- ▶ Effectively focused public and private resources
- ▶ Established the basis for inter-regional cooperation and business-university partnerships