

Economic Development

Slow economic growth, diminished job creation, and instability in financial markets has raised significant concerns for wage earners and families across New York State. During difficult economic times, programs that improve the economic security of working families are a major focus of the Assembly.

Subprime Mortgages

Keeping families in their homes is not only a moral imperative for the Assembly, but is also a vehicle to maintain economic security and stability for these families and the State. In 2007, home foreclosure rates across the United States hit an all-time high; 1 out of every 100 homes in New York is in the process of foreclosure. In his recent remarks to the New York Society of Securities Analysts, United States Treasury Secretary Henry Paulson noted that the “housing downturn remains the greatest risk to our economy”, with the rates of 1.8 million subprime mortgages throughout the nation scheduled to reset over the course of the next two years.

While the Bush administration has offered proposals to mitigate the impact of subprime mortgage resets across the Nation—through refinancing options and the freezing of interest rates—it remains unclear just how many homeowners would actually benefit from those proposals. New York, where a higher percentage of subprime mortgages appears in economically disadvantaged communities, must take immediate action to mitigate the effects of the crisis. In addition to any federal relief strategies, New York should provide financial, legal

and educational assistance so that New York families may remain in their homes. It is also important to enact a statutory framework to ensure that prospective homeowners do not fall prey to unscrupulous lenders in the future.

In addition to pushing for decisive actions to limit the impact of the subprime crisis, the Assembly Majority will continue its longstanding commitment toward creating affordable housing options for working families and underserved populations throughout the state. In the Executive Budget, the Governor signals his commitment to this cause by proposing a new “Housing Opportunity Fund” which would provide an unprecedented \$400 million to create affordable and supportive housing options throughout the state. Financed with mortgage reserve funds and the reinvestment of proceeds from the sale of state land, the Housing Opportunity Fund would allocate \$300 million to downstate housing efforts and \$100 million for upstate housing needs.

Strengthening The Upstate Economy

The importance of a vibrant and prosperous upstate to the overall economic health of the State is clear. In the Executive Budget, the Governor has proposed a \$1 billion Upstate Revitalization Fund to spur development.

A \$350 million Regional Blueprint Fund is the centerpiece of the Governor’s proposal, and mirrors the Assembly’s strategy to support projects that build on regional strengths and characteristics. This

fund will lead to investments for the construction of development-ready sites and give small business loans for machinery and equipment. The Executive proposal would fund \$100 million of these expenses using proceeds from the sale of State mental hygiene facilities located in Manhattan and Brooklyn. The Executive proposes \$115 million in city by city projects. The Revitalization Fund also includes \$100 million for the creation of a Housing Opportunity Fund: projects for housing rehabilitation; projects for people with disabilities; affordable housing; market-rate housing; and other community needs. Emphasis will be placed on housing projects that promote community development, stabilization of neighborhoods and

economic security of its residents. The fund also contains funding for Upstate infrastructure initiatives, including \$100 million for State and local bridges, \$30 million for railway improvements and \$50 million for agribusiness.

In addition to the \$1 billion Upstate Revitalization Plan, the Executive proposal also continues support for the RESTORE NY. Developed by the Assembly in the 2006-07 budget, the program provides funding to revitalize blighted and aging neighborhoods in distressed communities. In 2008-09 an additional \$150 million in grants is to be disbursed across New York State to local municipalities (Figure 8).

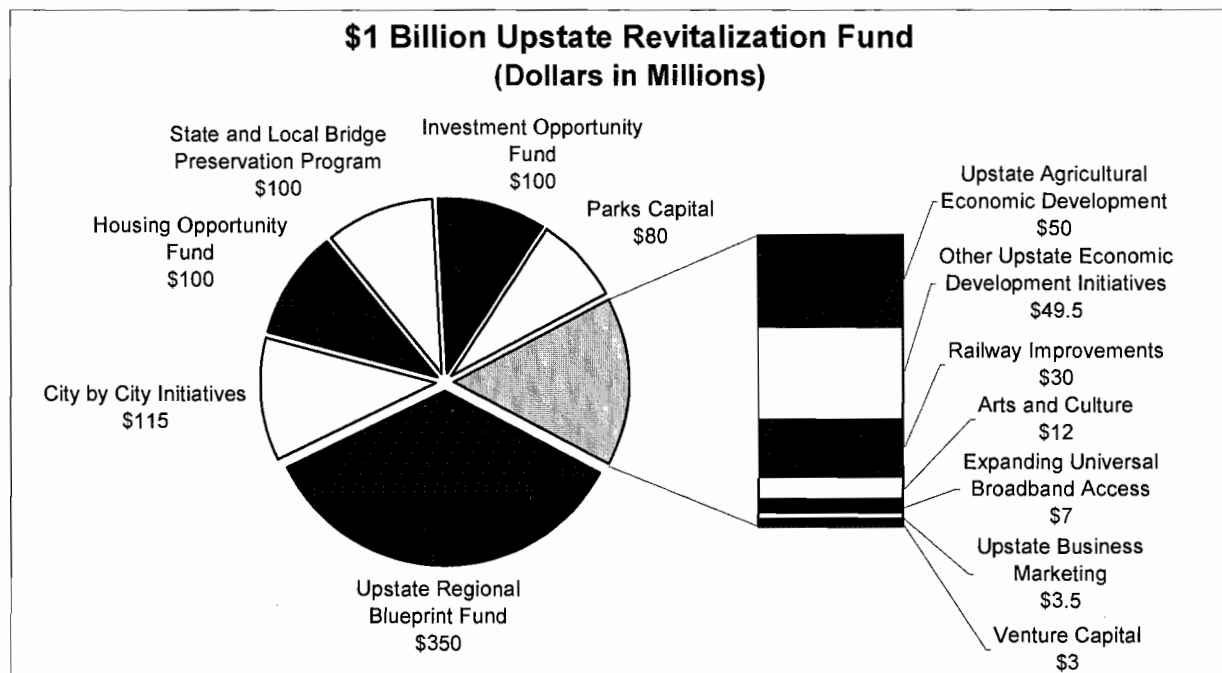


Figure 8

Maintaining a Vibrant Downstate

The Executive budget also contains initiatives to assist Downstate. The Governor proposes a \$200 million Downstate Revitalization Fund which will assist distressed communities in the Downstate regions in the same manner that Regional Blueprint Fund is used for upstate. The Governor also proposes \$300 million for a Downstate Housing Opportunity Fund that will be focused on the unique housing concerns of Downstate residents. The Executive proposal lines out \$35 million in capital projects for Downstate that will coincide with the Assembly's position of linking innovation and job creation.

The Executive proposal also recommends providing support for Downstate projects by using proceeds from the sale of properties previously designated for the expansion of the Jacob Javits Convention Center.