State Public Authorities, Local Politics, and Democratic Planning: New York's Empire State Development Corporation

Elizabeth Marie Marcello

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Abstract

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Public authorities supplement routine government functions by building infrastructure, maintaining bridges, building stadiums and convention centers, managing public housing, and running mass transit systems. These special purpose governments are a fixture of urban development and service delivery. Drawing on a framework informed by theories of public authorities and intergovernmental politics, this study examines how statewide public authorities interact with localities and what the implications are for intergovernmental politics and local democratic planning. This research focuses on a state public authority in New York State responsible for economic development: the Empire State Development Corporation. Through archival analysis, interviews, legislative review, and document and project analysis, I show that when a public authority carries out economic development, it can facilitate local economic development planning by overcoming local political inertia, or it can hinder a locality's planning efforts by substituting statewide economic development interests for local interests. In both cases, there is a negative effect on local democratic processes. By overriding local laws, acting in isolation from the public and the legislature, and allowing the businesses community special access to the public authority, the public authority subverts deliberative and inclusive democratic processes. This study concludes by suggesting ways that public authorities can take up democratic planning principles.

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Dedication

I lost my sweet brother, Tom, as I was in the throes of writing the proposal for this dissertation. It is thus no exaggeration to say that the pain and agony of losing him stains these pages.

Even though he was not physically here throughout the researching and writing of this dissertation, Tom's spirit motivated me. He possessed an unparalleled dedication to the pursuit of knowledge and truth. Further, Tom's faith in the ability of public institutions to be stewards for equity, fairness, and justice gives me hope for the future.

It is with both love and sadness that I dedicate this, my first piece of independent academic work, to my dear brother, Thomas Anthony Marcello.

Tom, more than anyone else, I know you would be proud of your little sister's entry into the academic underclass.

May you continue to rest in peace

Preface: Public Authorities for Economic Development

Governments have an incentive to promote economic development within their respective jurisdictions. To satisfy their obligation to provide police protection, water, education, transportation, and parks, governments rely on revenue, with local governments often deriving these revenues from sales, income, property, and other taxes. A strong and diverse economy that supports businesses and jobs and generates tax revenue is necessary for the support of effective government operations (Peterson, 1971; Swanstrom, 1985; Pagano & Bowman, 1995).

The pressure to maintain an adequate revenue stream, however, sometimes results in too narrow a focus on economic development, rather than issues of equity, fairness, and justice (Sanders & Stone, 1987; Fainstein, 2010; Schragger, 2016). An obvious tension exists between governments' commitments to the business-centric needs of economic development on one hand, and a responsibility to create just and inclusive localities on the other. Government officials feel compelled to provide subsidies and regulatory relief to property developers and business interests while at the same time fulfilling their obligations to the public at large. State and local government officials must decide the degree to which they will allow their support of special business interests to serve as a driver of potential gentrification and exclusion.

This tension between the market and the state is, of course, not new. Marx (1932) famously argued that the state serves – and is dependent on – the capitalist class. Polanyi (1944) noted that self-regulating markets harm the poor and thus, government intervention in the market is necessary. This market – government tension becomes particularly challenging at the state level, where economies are composed of numerous regional and local economies with varying levels of human, social, and natural resources. Not only is there uneven development across localities, but those local economies have diverse capacities to respond to the needs of economic development. State governments are faced with serving not only multiple publics as constituencies, but multiple county and municipal governments.

The question for state government becomes: what is the best organizational mechanism for pursuing economic development? Government agencies provide one solution. State government agencies exist for transportation, public health, commerce, and education, as examples. But routine government agencies are often criticized for acting slowly and being caught up in "bureaucratic red tape." Public-private partnerships provide another mechanism, yet these are criticized for narrowly serving the interest of private partners rather than attending to public needs. Special purpose governments, such as public authorities, are a third mechanism. Public authorities supplement routine government functions by building infrastructure, maintaining bridges, building stadiums and convention centers, managing public housing, and running mass transit systems. These governments are a fixture of urban development and service delivery.

In this dissertation, I seek to understand how state public authorities operate and impact localities in pursuit of their goals. I ask how state public authorities interact with localities and what the implications are for politics and planning. To address this question, I focus on a state public authority in New York State responsible for economic development: the Empire State Development Corporation.

The Current Study

There is ample literature debating the benefits and risks of public authorities for urban development and service delivery (Banfield, 1961a; Bourdeaux, 2007; Doig, 1983; Doig and Mitchell, 1992; Sbragia, 1996; Henriques, 1986; Rosenbloom, 2006; Walsh, 1978; Weiner, 2007). Other scholars take into account the role of public authorities in their analyses of urban policy and planning (Fuchs, 1992; Altshuler and Luberoff, 2003; Sanders, 2014; Sagalyn, 2016). But, few studies have focused specifically on one public authority to gain a deep understanding of how it operates to better understand public authority planning more broadly (two exceptions are Brilliant, 1975 and Doig, 2001).

Following the custom of case analysis in planning, (Altshuler, 1965; Flyvbjerg, 1998; Tendler, 1997; Sagalyn, 2001; Buzbee, 2014; Weber, 2015), this dissertation is an embedded case analysis of New York State's Empire State Development Corporation (ESDC). By focusing on how ESDC interacts with localities in pursuit of its economic development goals, we gain an understanding of the authority, the tools it employs, and foremost, how localities react to and manage their relationship with the authority. Taking ESDC's power as a point of departure, this research ultimately argues that when ESDC operates in localities, it subverts democratic and just planning processes.

Outline of the Dissertation

This research relies on an understanding of the landscape in which public authorities operate in the United States and in New York State. Chapter 1 lays this critical groundwork. First, I define what a public authority is and then discuss methodological challenges faced when determining what constitutes a public authority and where they operate. Next, I address the shifting legal and political context for public authority operations in New York State.

The second chapter establishes the theoretical and methodological framework for this research. Through a review of the relevant literature on public authorities and intergovernmental politics, I address whether public authorities are the appropriate mechanism for achieving public service objectives, as well as various theories concerning how governments — including special purpose governments — interact with one another in urban development. The methodology I used to carry out this research — a combination of interviews, archival research, government document and legislation analysis — is the subject of the second half of Chapter 2. The chapter concludes with a discussion of the theoretical frame used to interpret the evidence.

Chapter 3 addresses the rise of the public authority approach to economic development planning in New York State by historically situating Empire State Development's creation and rise to prominence. Beginning with the development of the Erie Canal in the early 19th century, I trace the history of state-led economic development in New York, including Governor Nelson Rockefeller's creation of the Urban Development Corporation in the 1960s to Governor Pataki's creation of the Empire State Development Corporation in the 1990s. This chapter ultimately shows that approaches to economic development have become increasingly entrepreneurial and that the public authority is another mechanism for assuring the support of the business community.

Empire State Development Corporation's operations are the subject of Chapters 4, 5, and 6. In particular, the public authority's creation centralized and isolated economic development planning in the name of depoliticization. Chapter 4 addresses this shift by explaining the authority's formal, legal structure and how it interacts with over bodies of government. Chapters 5 and 6 also address how ESDC works by focusing on two of its projects: Queens West, a real estate development project in Queens, New York City (Chapter 5), and an industrial development grant, Regeneron in East Greenbush, Rensselaer County (Chapter 6). Both chapters explain how ESDC interacts with localities in pursuit of its goals through the eyes of the locality. For these chapters, I did not limit my discussion to ESDC's role in a project; neither of these projects are the result of ESDC actions alone. Rather, ESDC was one of several players. Describing the complete picture of each project was a critical part of contextualizing ESDC involvement in local planning.

In the final chapter, Chapter 7, I return to the theoretical framework established in Chapter 2 to interpret ESDC's history and operations laid out in Chapters 3, 4, 5, and 6. This chapter discusses in detail the core argument of this dissertation: that ESDC does not carry out democratic, deliberative planning in the localities in which it operates but rather favors business interests while subverting other levels of government and the public interest. I arrive at this argument by discussing three themes related to the way ESDC exercises power. First, ESDC engages in intergovernmental politics with localities under an apolitical guise. Second, ESDC is isolated from the public and other governmental entities due to its opacity and lax governmental oversight. Third, the prominent role that ESDC provides businesses in decision making processes leads to a nondecision environment in which the entity does not take responsibility for its planning outcomes.

I conclude the dissertation by making policy recommendations for how ESDC can elevate democratic planning. Then, I discuss the limitations of this research. Namely, I attend to issues I experienced with access to information and challenges that the complexity of ESDC posed for this research. I end by suggesting areas for future research.

Chapter 1: Public Authorities and the Context for Empire State Development Corporation

Public authorities provide vital services and infrastructure throughout the United States. In the period following World War II in particular, states increasingly established public authorities that financed public services and built critical infrastructure (Gerwig, 1961). Public authorities continue to play a role in providing services and enabling the construction of highways, airports, subways, public housing, and power plants (Fehr and Levin, 2017).

The same is true in New York State, where, according to the State Comptroller, there were 1,191 state and local public authorities as of 2016. As examples, the Metropolitan Transportation Authority (MTA) provides subway services for New York City residents, while the Dormitory Authority finances health and public education construction projects. In providing these services, public authorities often interact with local governments.

To better understand the relationship between public authorities and localities, this dissertation asks how Empire State Development Corporation, a statewide public authority in New York, interacts with localities in pursuit of its goals and what the implications are for politics and planning. Investigating this question relies on a thorough understanding of what a public authority is and the context in which public authorities operate in New York State. In this chapter, I address these two bodies of knowledge.

Public Authorities Defined

Public authorities are special purpose governments that supplement routine government services by, for example, building infrastructure, maintaining bridges, managing public housing, and running mass transit systems. Public authorities use revenue bond financing (i.e., a bond in which revenue generated from the operation of a project or facilities is used to service the debt) and are free from the conventional rules and procedures that apply to traditional government agencies (Leigland, 1994). Of critical importance, public authority debt is not included in state and local debt. This allows governments to "get work done" without exceeding debt ceilings or subjecting capital projects and other public services to budgetary and legislative processes (Henriques, 1986, 5).

In many cases, public authorities are empowered to address regional issues that extend beyond the jurisdictional boundaries of a single town, county, or state, lending both financial and managerial benefits to providing public services (Heiman, 1988). This is especially important when siting critical infrastructure such as power plants and waste facilities. At times, these projects face controversy by local municipalities and are rejected. Further, freedom from public scrutiny and influence from elected officials creates the impression that public authorities operate with businesslike efficiency. Toward this end, the structure of public authorities isolates their decision-making processes and projects from the electoral cycle and political influence.

Radford (2013, 4) shows that the most important function of the public authority was initially "to channel credit to parts of the economy such as housing and agriculture identified as inadequately served by private capital markets." Financing was a common justification. In line with Radford, Bunch (1991) argues that states use public authorities because they need to get around constitutional debt limits to provide services and build infrastructure. They are not using public authorities based on their organizational merits.

Similarly, Leigland (1994) shows that access to credit, and not managerial advantages, are the reason that state and local governments create and use public authorities to deliver services.

Frant (1997), however, rejects the notion that public authorities are utilized solely to overcome fiscal challenges. Instead, he finds a relationship between a region's size, population, and level of urbanization and the number of public authorities in use. Bourdeaux (2005) finds a middle ground. While she agrees that finance is a factor in governments' decisions to operate public authorities, she also finds that public authorities are often leveraged to resolve issues in politically competitive environments. For example, Bourdeaux discusses a case in which the siting and management of a landfill became so politically contentious that "political acrimony was taking too much time away from the regulator business of running the county." In response, county legislators created a public authority to manage the operation and shield landfill operations from politics and public scrutiny (455).

Despite these defining characteristics and potential uses, there is little consensus on what exactly constitutes a public authority. According to Walsh and Leigland (1987) and Doig (1983), a public authority is a "corporate entity," while Preston (1960) and Smith (1964) claim that corporate status is *not* a requirement for a public authority as some commissions that resemble public authorities do not have corporate status. Gerwig (1961), highlighting public authorities' unique financing, defines a public authority as "a limited legislative agency… of corporate form intended to accomplish specific purposes… without legally or directly impinging upon the credit of the state" (591).

Mitchell (1992) agrees that finding a precise definition for a public authority is difficult since many are "hybrid organizations embodying features of government agencies, private firms, and nonprofit corporations" (2). But, Mitchell (Ibid.) provides a definition that will be used in this research: "... a corporate entity chartered by one or more governments (national, state, or local), governed by an appointed board, and responsible for various public service functions." This excludes special districts or school districts with elected governing boards.

Counting and Classifying Public Authorities

The ambiguity in defining a public authority makes counting and classifying them problematic. This research has identified two main types of public authorities: those created by state and local governments with only intra-state authority and public authorities that cross state jurisdictional boundaries.

The United States Constitution (art. 1, § 10), mandates that states cannot enter into an agreement or compact with any other state or foreign government unless authorized by the federal government. Therefore, any public authority that crosses state boundaries must be authorized by a federal interstate compact.

The first public authority authorized by the federal government was also the first public authority in the United States. The Port Authority of New York and New Jersey (originally Port of New York Authority), was formed in 1921 following negotiations between the two states. Modeled after the Port of London Authority founded 12 years earlier, the authority was designed to manage the economic vitality of New York Bay. To the dismay of New York City officials (because it would mean ceding some power over its territory), the governors of New York and New Jersey, with support of business leaders from both states, signed the Port Compact establishing the partnership necessary for the authority in April 1921. The compact was then approved by Congress. In its early years, the Port Authority was relatively weak and entangled in local politics (Doig, 2001). However, it eventually emerged as a preeminent institution and became an archetype of public authority administration in the United States (Gerwig, 1961).

At least 16 other interstate compacts in the United States have led to the creation of a public authority, including the Buffalo and Fort Erie Bridge Compact, which currently owns and operates the Peace Bridge between Buffalo and Fort Erie, Canada (NCIC, 2018), and the Delaware River and Bay Authority Compact, which established an authority to manage transportation, terminal, and other commercial facilities in New Jersey and Delaware.

The Federal government also operates government corporations. These entities resemble public authorities in their structure and function but are agencies of the federal government rather than state and local governments. As with public authorities, what constitutes a federal government corporation is not clear. However, the Congressional Research Services defines a government corporation as “a government agency that is established by Congress to provide a market-oriented public service and to produce revenues that meet or approximate its expenditures” (Kosar, 2011). One of the oldest government corporations is the Tennessee Valley Authority (TVA), created in 1933 to improve the navigability and manage the flood control of the Tennessee River. The TVA is often referred to as a public authority.

Public authorities are more common at the state and local level, and are enabled by state legislation. From the beginning of the government in the United States through the 1940s, state and local governments have created special districts that levy taxes to provide a specific service (Smith, 1969). The most common type of special district during this period were those that provided fire protection. For the most part, none of the activities covered by special districts generated revenue (Ibid.).

During the Great Depression, state and local governments faced budget shortfalls and increased demands for infrastructure and services. In response, President Franklin D. Roosevelt (D, 1933-1945) pushed states to create more public authorities to circumvent financing constraints to build sewage plants, housing, or other capital needs. The use of public authorities further expanded following World War II when government officials realized the ease with which they could be created to finance new developments. This expansion fueled suburbanization (Smith, 1969).

By the mid-1960s, the infrastructure, facility, and service needs of cities dwarfed those of the suburbs. In cities, activities such as transit were not generating enough revenue for general purpose governments to effectively and efficiently operate them. Further, metropolitan areas increased in size with suburbanization and many necessary services spanned entire regions and crossed jurisdictional boundaries. Public authorities again provided the ideal mechanism to address these needs because they can be empowered to operate across city, county, or state boundary lines. Since, the number of special districts operating in the United States grew from 21,264 in 1967 to 38,542 in 2017 (US Census Bureau, 2019).

Of course, the increase in special districts does not provide an entirely accurate view of the increase in public authorities, as public authorities are only one type of special district. Although the United States Census Bureau carries out a census of local governments every five years, it does not separate public authorities from special districts. Grouping public authorities with other special purpose governments obscures the true number of public authorities. Leigland notes that public authorities and other special districts operate differently and should not be considered "subcategories of a single species" (1994, 524). The government census is even more problematic given that it includes inactive authorities and "classifies some authorities as traditional executive agencies" (930).

Tallying the number of public authorities is further complicated by the fact that few state and local governments are required to regulate authorities or keep up-to-date records about their operations, and thus do not compile rosters of authorities within their jurisdictions. Further, authorities are constantly created and dissolved (Mitchell, 1990). For example, the New York State Theater Institute was created in 1974 as state public authority to organize theater education programs for youth. The authority was dissolved in 2010 following allegations of misuse of funds (Milstein, 2017).

To deal with the problematic nature of the government census classification, Mitchell proposed an identification and classification system for public authorities (1990, 932). Following a survey in 1990, he identified 6,352 state and local public authorities and classified them based on 10 policy areas, shown in table 1.1.

Table 1.1: Number of Public Authorities in the United States by Activity, 1990

Public Authority Activity	Number	Percent
Housing	2863	46
Environmental Protection	1166	19
Economic Development	869	14
Public Use Facilities	428	7
Multi-Purpose	322	5
Transportation	236	4
Health	210	3
Recreation	157	2
Marine Services	108	2
Utilities	94	2
Education	56	1
Total	6352	100

Source: Mitchell 1990, 932

The US Census Bureau, which groups public authorities with other special districts, also classifies special districts by the number and nature of their functions but identifies more specific areas. For example, libraries and education are separate. Table 1.2 shows the 2012 US Census Bureau data for special district governments in the United States based on their number and type of function.

Table 1.2: Total Number of Special Purpose Governments in the United States by Activity, 2017

Government	Number
Fire Protection	5865
Other Multiple-Function Districts	3626
Water Supply	3522
Housing and Community Development	3438
Drainage and Flood Control	3248
Soil and Water Conservation	2565
Sewerage	1909
Libraries	1705
Cemeteries	1692
Other Natural Resources	1522
Sewerage and Water Supply	1476
Parks and Recreation	1433
Other Single-Function Districts	1243
Highways	1099
Health Services	932
Hospitals	666
Other Utilities	593
Air Transportation	492
Solid Waste Management	462
Industrial Development and Mortgage Credit	223
Education	178
Other Transportation	171
Natural Resources and Water Supply	133
Welfare Services	73
Total Special Purpose Governments	38266

Source: US Census Bureau, 2019, Dataset CG1700ORG08

Public Authorities in New York State

New York State has a reputation for its extensive use of public authorities (Fehr and Levin, 2017). Namely, voter resistance to issuing bonds in New York State, paired with the relative ease with which public authorities can be established, has created the ideal environment for public authorities. Leveraging public authorities to develop and maintain infrastructure is not inherently bad. But, a lack of oversight and accountability in New York

State has caused some to refer to them as an "underground government" (NYS Commission on Government Integrity, 1990).

In New York State, the term "public authority" describes both public benefit corporations and not-for-profit corporations. Public benefit corporations are established by an act of the State Legislature, and the enabling legislation defines the authority's purpose, powers, and how it is governed (Office of the State Comptroller, 2004). There are four types of public benefit corporations: 1) statewide public benefit corporations like ESDC; 2) subsidiary corporations like the Lower Manhattan Development Corporation, which is a subsidiary of ESDC; 3) interstate/international public benefit corporations that are jointly established by the state[1] and another jurisdiction and approved by Congress such as the Port Authority of New York and New Jersey; and 4) local public benefit corporations such as the New York City Transitional Finance Authority, which finances capital construction in the city. There are also corporations established through Not-For-Profit Corporation Law (art 1, § 101) that function as public authorities. These entities, established by state agencies, exist to serve the purposes of government. For example, the SUNY Research Foundation was formed to provide administrative services to the State University of New York.

Early History and Overview

New York State's first constitution, ratified in 1777, provided that "the legislative power of this state shall be vested in the senate and the assembly" (art 3, § 1). The unlimited power of the legislature to borrow and spend led to abuse, prompting a

[1] Throughout this work, "the state" is synonymous with "the state government"

movement for the reform of state borrowing practices (*Schulz, et al. v New York,* 1994). At the time, reformers specifically took issue with state borrowing for Erie Canal construction and with lending to private corporations to develop railroads (Wilson and Eichelberger, 2009). For example, at the beginning of the economic depression in 1837, private railroad corporations defaulted on obligations made based on the faith and strength of state credit. When those liabilities defaulted, the state took them on. By 1845, more than three-fifths of all state debt was the result of such loans, and public works projects were suspended due to the crisis (*Schulz, et al. v New York,* 1994)

In response to the debt crisis, the state constitution of 1846 included a provision requiring voter approval for any new law or measure that created debt. Specifically, the law stated that no law causing state debt "shall take effect until it shall, at a general election, have been submitted to the people, and have received a majority of all the votes cast for it and against it at such election" (art. 7, § 11). Under this provision, long-term debt created in the absence of a public referendum was not a legally-binding obligation of the state. Reflecting the concerns of the 19th century, exceptions were made for necessary borrowing to "repel invasion, suppress insurrection, or defend the state in war, or to suppress forest fires."

Faced with new debt restrictions, the state searched for new ways to provide long-term funding for public works projects throughout the latter half of the 1800s. For example, the state passed town bonding acts that compelled cities to invest borrowed money in railroad company stock. Town bonding acts were challenged in the courts based on whether the state could authorize one of its instrumentalities to take on a debt that it could not. Although the courts upheld the state's ability to do so, restrictions were placed on municipal debt in 1874, 1884, and 1894 (*Schulz, et al. v New York,* 1994) The debt restrictions worked. By 1893, New York State was debt-free (Rosenbloom, 2006).

Debt restrictions slowed infrastructure development. Shortly after the turn of the century, the state devised a new way to fund public works projects that would insulate it from long-term debt: public benefit corporations, known as public authorities. The first of such entities was, as mentioned above, The Port of New York Authority, later renamed the Port Authority of New York and New Jersey, created in 1921 (Doig, 2001).

As the use of public authorities swelled in the following decades, so too did concerns regarding the state's liability for public authority debt. In response, the 1938 Constitutional Convention added controls to the creation and use of public authorities: they could only be formed by an act of the legislature, the state comptroller was authorized to supervise the accounts of public authorities, and, importantly, public authority debts had to be considered an obligation of the state or local governments (Quirk and Wein, 1971). Specifically, administrative and fiscal functions of those entities would be separated from the state to "protect the State from liability and enable public projects to be carried on free from restrictions otherwise applicable" (*Matter of Plumbing Assn. v Thruway Authority*, 1959). Public authorities were meant to be self-sustaining; authorities would pay debt obligations with revenues obtained from public authority assets (e.g., fares, user fees).

Because the 1938 Convention completely separated fiscal functions of public authorities from the state, and the state needed to incur debt to build infrastructure and provide services, lawmakers increasingly relied on them. Specifically, the state leveraged public authorities in new and creative ways. For example, the state began entering into lease-purchasing financing agreements with public authorities beginning with the

Dormitory Authority in 1944. Under the lease-purchase agreement, the Dormitory Authority issues bonds to build college and university dormitories, for example, at a slightly higher rate than other state bonds. Although the bonds are not backed by the full faith and credit of the state, the bonds are considered a "moral" obligation of the state. The state annually appropriates funds to participating entities to make lease payments, and those payments are used by the authority to service the debt. Once the bonds are paid, the title of the properties reverts to the state (Wilson and Eichelberger, 2009). In the event that the reserve fund dips below a certain level, the legislature is committed to pass appropriations that cover the succeeding year's amortization and interest payments (Reilly and Shulman, 1969).

The sale of New York's Attica prison to a state public authority in 1971 represents one example of a lease-purchase agreement. For $200 million, the state sold the prison to the Urban Development Corporation (UDC), allowing the state to meet its budget gap. The UDC issued thirty-year bonds to cover the cost of the prison, and then leased the prison back to the State. The state's lease payments on the prison enabled UDC to pay off the bonds (Hernandez, 1997; Weikart, 2009).

Lease-purchase arrangements grew throughout the 1950s and 1960s. They laid the groundwork for a more widespread shift in the nature and use of public authorities. By 1967, Comptroller Levitt acknowledged a new type of public authority in his annual report: a "financial-type" authority, in which the authority finances the construction of facilities but does not operate the facility. The authority derives its revenue through lease-purchase payments made by the state from earmarked revenue (Wilson and Eichelberger, 2009).

Critics derided the use of "moral" obligation debt; they asserted that it encourages imprudent financial behavior and violates the debt-limiting provisions of the state constitution. But, the courts maintain that public authority fiscal practices do *not* violate the state constitution. Specifically, although the state can choose to honor an authority liability as a moral obligation, it is not legally obligated to that debt. This option is at the discretion of the state. And, although the state cannot give state credit to a public authority, it can give money to a public authority and commit itself to future monetary gifts. The latter is permissible because future gifts do not bind future generations or threaten insolvency the way giving credit away would. *Schulz, et al. v New York* (1994) provided that "a moral obligation does not create debt since it creates no enforceable right on the part of the one to whom the obligation is owed." At the same time, "…the majority of principal and interest on public authority debt is paid from the state general funds through complex leases and contracts," as in the case of the Attica Prison (Rosenbloom, 2006, 853).

Legislation governing public authorities shifted significantly in the late 1930s under the influence of Robert Moses, dubbed a "master builder" in reference to the number of capital projects he completed throughout the New York City Metropolitan Area (Caro, 1974). Moses was responsible for drafting legislation that would allow public authorities to exist in perpetuity. Previously, authorities were statutorily required to dissolve once their bonds had matured. At some point during his career, Moses served as the head of the Jones Beach Parkway Authority, Triborough Bridge and Tunnel Authority, the New York Power Authority, and the Bethpage State Park Authority, in addition to other government entities like the New York City Planning Commission and the New York City Department of Parks (Goldberger, 1981). He held many of these positions simultaneously. With permanent public authorities that generated revenue through user-fees, Moses was able to use surplus revenues from the authority operations as "seed capital" to develop parks, roads, and other capital projects (Ward, 2006, 283). Leveraging public authorities, Moses accomplished what, at the time, many considered impossible. He built the nation's largest state park system, he constructed hundreds of miles of highways, built major bridges, and successfully completed major projects like the United Nations Headquarters, Lincoln Center, and Shea Stadium.

Function and Governance

Public authorities continue to play an essential role in New York State government. Throughout New York, authorities provide essential functions like transportation services, financing for housing, and incentives for growing businesses. Not all authorities function in the same way; some are operational in nature, while others act as financing vehicles and others combine both operational and financing activities. For example, the Thruway Authority operates a system of limited-access highways, most notably, the New York State Thruway that extends for 426 miles from New York City to Buffalo (Thruway Authority, 2018); the New York City Transitional Finance Authority (TFA) acts as a financing vehicle for state and local governments; and the Dormitory Authority (DASNY) provides both financing and construction services to a variety of public and private entities (Office of the State Comptroller, 2017).

Although their functionalities and operations vary, public authorities are all governed by boards of directors whose members are appointed by the governor (Office of the State Comptroller, 2004). Enabling legislation determines the size of the board, as well as the responsibility of board members, both of which differ across authorities. For example, the board of the Metropolitan Transportation Authority is made up of a chairperson and 16 other voting members, two non-voting members, and four alternate non-voting members. In contrast, The Thruway Authority is governed by a three-member board. Notwithstanding board variation, all public authorities are subject to regulations established by the state legislature. The legislation governing how public authorities operate, especially their debt issuance practices, has shifted over time.

Towards Increased Accountability and Oversight

Public authorities are subject to review and oversight by the New York's Moreland Act Commission; the Assembly Corporations, Authorities and Commissions Committee; Senate Committee on Investigations and Taxation; Division of Budget; and Office of the State Comptroller (Office of the State Comptroller, 2004). Despite the many institutional participants, public authority accountability and oversight continues to be a subject of debate. In fact, public authorities have been controversial since they were formed in the early 1920s.

The first major review of public authority use and governance practices came in 1956 with the Hults Report, named for Senator William S. Hults (R-Nassau County) who served as Chairman of Temporary State Commission on Coordination of State Activities. The report referred to public authorities as "one of the most significant developments in modern governmental administration" (Office of the State Comptroller, 2004, 4). Further, the report noted that no one has been able to determine or even come up with an approximate count of the number of public authorities that exist in New York state, where they are, or what they do. Many of the report's final recommendations were introduced as legislation in the 1956 legislative session. Two of nine reform bills became Chapter 215 that strengthened the Governor's review of actions by the Port Authority, and Chapter 557 of the Laws of 1956 that eliminated 13 of the 53 public authorities that had been created.

Despite these reforms, public authorities continued to perform with mixed results. For example, despite charging user fees, many public authorities were still unable to function without state assistance and the use of state-backed moral obligation debt. In 1972, the Comptroller released a report that questioned whether public authorities should be considered a fourth branch of government because the State relies on them so heavily.

More changes were implemented in the mid 1970s. In 1975, the Urban Development Corporation (UDC) was set to default on $105 million in short-term debt seven years after it was formed (Wilson and Eichelberger, 2009). Critics blamed the paradoxical structure of the UDC for its problems: the authority was supposed to do what private developers could and would not do, but still turn a profit and remain self-sustaining. Others blamed its troubles on the range of functions it was meant to undertake, from project inception to completion and operation (Brilliant, 1975). Regardless of the cause, the UDC posed a liability to the state.

The authority's risk of default, paired with an increasing use of short-term borrowing to address cash flow problems at the state and New York City levels, motivated the formation of the 1975 Moreland Act Commission (NYS Moreland Act Commission, 1976).[2] The Commission's work inspired two major reforms. First, bankers and investors

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[2] UDC's default is explained in more detail in Chapter 3.

refused to market the state's short-term notes until the state capped issuances of debt with moral obligation provisions. The state complied. In 1976 limitations were imposed on moral obligation debt, resulting in the creation of "service contract obligation." A service contract obligation is an agreement by the state to pay an authority an amount equal to the authority's debt services for a project or projects. Payments must be appropriated annually and are a contractual (not moral) obligation. Further, the financed asset is not part of the payment guarantee, and the asset always belongs to the State (Wilson & Eichelberger, 2009).

Second, UDC's crisis spearheaded the formation of the Public Authorities Control Board (PACB) which reviews financing and construction of any project proposed by the 11 authorities that fall under its purview.[3] Following review, the PACB must unanimously approve projects before they move forward. The PACB typically approves an application when it determines that enough funds are committed to finance a project. To make this determination, it looks at projections of fees, revenues, and securities (Office of the State Comptroller, 2004). While financing proposals are rarely disapproved, the 2018-2020 Executive Budget, released on April 1, 2019, brought more changes to the PACB. Language governing the PACB was changed to state that failure of board members to vote solely on the basis of financial feasibility "constitutes a violation of the public's trust," and the Governor has the authority to immediately remove a board member who acts — or threatens to act — beyond the scope of that mandate.

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[3] The eleven authorities include: NYS Environmental Facilities Corporation, NYS Housing Finance Agency, NYS Medical Care Facilities Finance Agency, Dormitory Authority, Urban Development Corporation, Jobs Development Authority, Battery Park City Authority, NYS Project Finance Authority, State of New York Mortgage Agency, NYS Energy Research and Development Authority, Long Island Power Authority.

The PACB is made up of one representative from the executive branch as well as a representative from the majority in both the Assembly and the Senate, in addition to a non-voting member for the minority in both houses, bringing total board membership to five (Ward, 2006). Because the vote must be unanimous, the governor and the representatives of two houses effectively have veto power over authority activities. Further, because PACB membership is limited to the three entities who also control debt authorization for public authorities — the executive branch and the majority from the Assembly and the Senate — independent voices and alternative views are excluded from board deliberations (Ward, 2006). Moreover, in early 2019, Governor Andrew Cuomo (D, 2011-) considered blocking the appointment of Senator Michael Gianaris (D-Western Queens) to the PACB due to his opposition to Amazon locating its second headquarters in New York City in exchange for tax breaks. The governor's political involvement in PACB nominations calls into question the ability of the Senate and the Assembly to make appointments without interference of the governor. [4]

PACB's power does not encompass all activities of a public authority. For instance, procurement, hiring, and contracting are *not* subject to review by the PACB. Further, PACB merely "reviews project feasibility rather than programs," and it "rarely turns down financing proposals" (Leigland, 1992, 42), potentially undermining the strength and independence of the board. Finally, because PACB only has oversight over just 11 authorities, its ability to effectively regulate *all* public authority spending and borrowing in

[4] On Senator Gianaris, see Goodman, 2019a; On Amazon's plans to build in NYC, which were later canceled, see Goodman, 2019b.

the state is severely limited. Although the PACB constituted a significant reform to public authority governance, it only impacted a small fraction of the state's authorities.

Another push for public authority reform began in 1990 following a series of corruption scandals implicating government officials at all levels including borough presidents of New York City, political party chairmen, municipal officials, judges, and members of the state legislature. Governor Mario Cuomo (D, 1983-1994) and New York City Mayor Ed Koch (D, 1978-1989) appointed a 16-member state-city Commission on Integrity in Government, also known as the Sovern Commission, to "make recommendations for improving laws related to the prevention of corruption, favoritism, undue influence, and abuse of official position in government" (Feerick, 1991, 157). The Commission recommended the formation of a non-partisan commission with subpoena power. This commission would delve into government impropriety to provide a more complete picture of the inner workings of government.

In line with that recommendation, Governor Mario Cuomo issued Executive Order 88.1, creating the Commission on Government Integrity that same year. With subpoena power and a statewide mandate, the Commission had the authority to investigate departments of state government and also political subdivisions of the state, including public authorities. The goal of the commission was to recommend to the governor any actions that would remedy inadequacies in current laws that allow corruption to exist (Feerick, 1991).

Among the 21 reports issued and public hearings conducted by the commission was the report *Underground Government: Preliminary Report on Authorities and Other Public Corporations* (1990). In it, the Commission acknowledges that although public authorities were established to help governments carry out "complicated" tasks, over time "they have collectively become, in effect, a shadow government, quite powerful but little known and understood" (1). Toward this end, the Commission identifies five crucial problems with public authorities.

First, public authorities have grown in number, size, and influence. Second, public authorities are hard to identify because they are all a little bit different. Third, tracking the financial transactions of public authorities, including those with other branches of government and with one another, is challenging "even for skilled financial analysts with full access to documents" (1). Even the most rudimentary information necessary for a basic analysis is difficult or impossible to obtain. Fourth, authority guidelines with regards to requiring competitive bidding for contracts are unclear. For example, what constitutes a "legal service" that should be bid is ambiguous. The Battery Park City Authority "requires a minimum of three bids from prequalified firms only 'where practicable,'" but what is meant by "practicable" is not defined (14). Finally, those who control, manage, and are employed by public authorities often view public authorities as distinct from routine government, highlighting the fact that laws exempt public authorities and their employees from "the constraints that apply to government" (2).

The Commission on Government Integrity made a number of recommendations for how public authority accountability and oversight could be improved. Among them, the commission asserted that "[d]ecision-makers in all such organizations should be subject to appropriate conflict-of-interest guidelines" and that "[a]ll such entities should adopt effective internal control procedures, and those entities controlling benefits of more than $1 million per year should have an annual outside audit made public." (5-6). They further note that although the Comptroller has auditing authority, it is not comprehensive enough to meet the intent of the statute that established that auditing power (16).

Despite the Commission's in-depth analysis and specific recommendations, the exercise produced no major legislative outcomes related to public authority operations and governance. The same was true for the State Debt Reform Act of 2000, which phased in statutory limitations on state-supported debt (New York State Finance Law, art. 5-B). The act did not include borrowing that is funded with state resources, nor did it apply to public authority borrowing practices.

Allegations of unethical and illegal activities by public authorities spanned decades. For example, in 2002 the Housing Finance Agency (HFA) approved $100 million in tax-free bonds for three luxury housing projects. It was later confirmed that two developers of the projects had donated over $458,000 in campaign contributions to candidates at the state level and $221,000 at the city level (Office of the State Comptroller, 2004). Officials finally took action in 2004, when Comptroller Alan Hevesi, together with Attorney General Elliot Spitzer, proposed the Public Authority Reform Act, which was introduced by Senator Vincent Leibell (R-Putnam County) and Assemblymen Sheldon Silver (D-Lower Manhattan) and Richard Brodsky (D-Westchester). The act aimed to increase accountability, deter misconduct, and reduce inefficiencies and waste at state and local public authorities and subsidiary operations (Office of the State Comptroller, 2004).

Governor George Pataki (Republican, 1995-2006) also recognized a need for reform in 2004. First, he established the Commission on Public Authority Reform tasked with evaluating the operations of state and local authorities, developing principles and policies of effective governance and financial disclosure, and recommending if certain authorities should be dissolved, consolidated, or eliminated (Office of the State Comptroller, 2005). Second, he established a Public Authority Advisory Committee that was responsible for issuing "Model Governance Principles" based on corporate governance best practices (Office of the State Comptroller, 2005; Wilson and Eichelberger, 2009).

The 2004 Public Authority Reform Act was reintroduced in 2005 as part of omnibus legislation that also reflected solutions put forth by the Commission on Public Authority Reform. The new legislation, the Public Authorities Accountability Act, was signed into law by Governor George Pataki in 2006 (Chapter 766 of the Laws of 2005). The act codified several new provisions. Principally, it clearly defined a public authority as state, local, interstate, or international, and defined what constitutes an affiliate or subsidiary of an authority. Classes of public authorities were also established based on their functions and jurisdiction (amended as Public Authorities Law, § 2). The classes are shown in Table 1.3

Table 1.3: Public Authority Classification System As Adopted By The Public Authorities Accountability Act

Class	Description
A	Major authorities with statewide or regional significance and their subsidiaries
B	Entities affiliated with a state agency, or entities created by the state that have limited jurisdiction but a majority of the board appointments are made by the governor or other state officials.
C	Entities affiliated with a state agency, or entities created by the state that have limited jurisdiction but a majority of the board appointments are made by the governor or other state officials.
D	Entities with interstate or international jurisdiction and their subsidiaries

Source: Office of the State Comptroller, 2004, 14

In addition, the Public Authorities Accountability Act codified the Model Governance Principles which stipulated that board members should be independent, cannot accept personal loans from public authorities, and cannot serve in a senior management position while serving on the board of the same authority. Further, the act made explicit the roles and responsibilities of board members in addition to requiring that all officers and employees of a public authority follow a code of ethics (ABO, 2006; Wilson and Eichelberger, 2009).

Concerning oversight, the Act established an independent Inspector General for authorities to ensure greater accountability, in addition to establishing the Authorities Budget Office (ABO). At the time of its formation, the ABO was tasked with three main functions to ensure that public authorities comply with Public Authorities Law: first, it reviews and analyzes authority operations, practices, and reports; second, it makes recommendations to the governor and legislature regarding opportunities to improve performance, structure and oversight of authorities; finally, the ABO maintains a comprehensive inventory of all authorities and subsidiaries.

The 2018 inventory provided by the ABO shows that there are 47 state-level authorities and 531 local authorities (ABO, 2018).[5] (A complete list of public authorities in New York State, as identified by the ABO, is in Appendix A.) Just a few years earlier in September 2016, New York State Comptroller DiNapoli found that there were 324 state-level authorities and subsidiaries, 860 local authorities, and eight established by virtue of interstate or international agreements for a total of 1,192 public authorities. The precise reason for the dramatic discrepancy is unknown. Because authorities are constantly

[5] According to the Authorities Budget Office, local authorities include public authorities with no members appointed by the governor, not-for-profit corporations affiliated with, sponsored by, or created by a municipality; industrial development agencies or authorities; or any affiliate of any local authority.

created and dissolved, or their function becomes defunct, different parts of government may classify or define them differently for their own purpose.

The Public Authorities Accountability Act was signed into law in January 2006, but the Commission on Public Authority Reform, established by Governor Pataki in 2004, continued its work. In its final report, released in May 2006, the Commission acknowledged that the oversight of public authorities has never matched that of state agencies. Therefore, the Commission recommended that legislation be written to establish "explicit fiduciary duties for authority directors, and disclosure requirements for authorities" (NYS Commission on Public Authority Reform Report 2006, 1). The Commission further recommended a restructuring of the newly-established ABO. First, it recommended that the ABO be granted "explicit empowerment… to articulate, oversee and enforce the performance" of authorities and the duties of board members. Second, it recommended that the ABO be "insulated from political influence in its legislated functions," and that an ABO director be appointed by the Governor, for a fixed term and upon approval by the Senate (1). Under this new ABO, responsibility over public authorities would be centralized.

During the 2009 legislative session, the Commission's recommendations were introduced as the Public Authorities Reform Act of 2009 by Senator Bill Perkins (D-Manhattan) and Assemblyman Richard Brodsky (D-Westchester). In 2009, Governor David Paterson (D, 2008-2010) signed the Public Authorities Reform Act into law. When signing the bill, Paterson noted: " … for a very long period of time, [public authorities] have operated really without any oversight and operated very much in the dark, and often have amassed crippling back-door financing that has threatened the stability of our economy" (Confessore, 2009).

The act gave the Comptroller the power of discretion to review certain public authority contracts prior to publication for bid or proposal. More importantly, the act incorporated some of the recommendations of the Commission on Public Authority Reform and restructured the ABO. This independent office, with assistance and support from the Department of State, aims to "make public authorities more accountable and transparent, and to act in the public interest consistent with their intended purpose" (ABO, 2018). To provide more oversight and accountability, the 2009 act additionally empowered the ABO to (2009, np):

- Recommend debt limits for authorities without debt caps;
- Recommend proposed compensation for board members;
- Require board members to adopt a written acknowledgement of their fiduciary duties;
- Review and recommended the potential for changing board member term limits;
- Receive and act on complaints from the public;
- Initiate formal investigations if necessary;
- Issue subpoenas pertaining to investigations;
- Publicly warn and censure authorities;
- Recommended dismissal of board members to appointing authorities;
- Report criminal activities to the Attorney General;
- Collecting, analyzing and disseminating to the public information on the finances and operations of state and local public authorities;

- Promoting good governance principles through training and technical assistance, and the issuance of policy guidance and recommended best practices;
- Investigating complaints made against public authorities for non-compliance or inappropriate conduct; and
- Various other activities related to oversight and accountability.

In addition to its increased oversight authority, the act also requires that public authorities report more information to the ABO on a regular basis. For example, authorities must report data concerning their grant and subsidy programs, employees, enabling legislation, board performance evaluations, and financial plans (ABO, 2009).

The ABO has a sizable mandate, one that some advocates assert is too large in relation to its budget. In the 2017-2018 fiscal year, the ABO received $1.7 million for all of its operations and a staff of 11 (Division of Budget, 2019). In 2018, advocate groups like the Citizens Budget Commission, the New York Public Interest Research Group, and Citizens Union sent a letter to the governor's office, as well as both houses of the legislature, requesting that more money be allocated. The advocates submitted that "[t]he ABO is charged with the herculean task of overseeing all state and local authorities collectively spending $51 billion a year and holding $270 billion in public debt" (Citizens Budget Commission, 2018). They noted that because the ABO is funded by authority fees, increasing its funding does not impact the state's general fund. The budget for 2019-2020 was only increased to $1.9 million (Division of Budget, 2019).

In addition to proposing legislation, the Comptroller also acted independently to increase oversight and accountability of public authorities. For example, in March 2006, the Comptroller adopted revised regulations that enhanced budget plan and financial plan reporting requirements, expanded reporting and supervision requirements to include all state and major regional public authorities, required authorities to establish investment guidelines, and implemented new oversight measures. In addition, reports on debt issuance were required within 15 days of issuance, and quarterly summaries of debt issuance were required (Wilson & Eichelberger, 2009).

In November 2007, Comptroller Thomas DiNapoli implemented the Public Authorities Reporting Information System (PARIS), to be jointly managed with the ABO. PARIS allows public authorities to comply with statutory reporting requirements by submitting their information to the Comptroller and the ABO via an online portal. Public authorities report their budgeted expenditures, debts, procurement activities, annual reports, board-related and authority governance information, and information on staff compensation and salary (ABO, 2017). Because these data are self-reported and not verified by the Office of the State Comptroller, the accuracy of PARIS data are unknown.

The Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009 established additional accountability mechanisms for public authorities, but public authorities remain largely exempt from the many oversight and transparency requirements that apply to routine government agencies. Post-expenditure audits by Comptroller DiNapoli throughout the early and mid 2010s revealed that public authorities continue to suffer from "lax contracting practices, loose expenditure controls and inadequate oversight" (Office of the State Comptroller, 2017, 2). For example, in summer 2018, four men affiliated with the Fort Schuyler Management Corporation (FSMC), a nonprofit organization associated with the Empire State Development Corporation (ESDC), were convicted of crimes related to bid-rigging (Knauss, 2018). FSMC benefitted from millions of dollars in public funds from ESDC, authorized by the ESDC Board of Directors. Although the reforms adopted in 2005 and 2009 were intended to enhance board member control over public authority accountability, the FSMC scandal revealed that more reform is needed to bring public authorities and their subsidiaries and affiliates in line with the same oversight mechanisms as government agencies.

Recognizing that more work was needed, in 2017 Comptroller DiNapoli proposed legislation that aimed to increase oversight, transparency, and accountability in the procurement processes of public authorities by requiring that public authorities adopt the same procurement guidelines as those that apply to state agencies. In addition, and in response to the FSMC scandal, the legislation forbade state-controlled nonprofit organizations from contracting on behalf of the state unless specifically allowed by the legislature (A6355A. Assemb. Reg. Sess. 2017-2018).

DiNapoli's legislation, known as the Procurement Integrity Act, was introduced by Senator John DeFrancisco (R-Onondaga County, Western Syracuse) and Assemblywoman Crystal Peoples-Stokes (D-Buffalo) in early 2017. The bill passed the senate in May 2018. Despite widespread bipartisan support in the state assembly, with 53 sponsors and cosponsors, the bill was never put to a vote. News accounts assert that Speaker Heastie blocked the legislation in an effort to placate Governor Cuomo.[6]

As of late 2019, no other critical legislation regarding public authorities was passed. The Governor's 2019 budget proposal included public authority procurement reform, but his provisions did not include prohibiting the award of contracts through state-controlled

[6] See: Reinvent Albany, June 19, 2018: https://reinventalbany.org/2018/06/widespread-support-for-database-of-deals-procurement-integrity-act-but-heastie-blocks-vote/

non-profit organizations, nor did it include provisions for standardizing the contracting process for state authorities. When the 2019 legislative session ended, the legislature had not taken any steps to increase public authority accountability.

By providing an overview of public authorities and the legislative history governing public authorities in New York State, this chapter provided context for the environment in which Empire State Development operates. This context becomes important when considering how ESDC interacts with localities, especially with regard to the limitations (or lack thereof) the authority faces. In the following chapters, I explore ESDC's history, how it operates, and two projects that illuminate ESDC's operations and relationships with localities. First, I address my theoretical and methodological approach used to frame this inquiry.

Chapter 2: Theoretical and Methodological Frameworks

This chapter raises theoretical questions concerning whether public authorities are the best mechanism for achieving public service goals, as well as how governments interact with one another. Because these questions impacted how I carried out the research, this chapter also addresses the overall framework in which to investigate questions related to public authorities. First, I provide a literature review. I conclude the chapter by discussing my methodological and theoretical approach.

Literature Review

This dissertation examines how public authorities interact with other governments. The research is situated at the intersection of two sets of literatures: public authorities and intergovernmental politics. This section provides an analysis of these literatures with specific attention to the way they frame the inquiry into the Empire State Development Corporation and its impact on localities. By looking at these literatures together, I am able to examine how economic development planning efforts carried out by a statewide public authority affect local planning processes.

Public Authorities

How well public authorities perform their public service functions is not well-understood. While the previous chapter explained what a public authority is and explored how many public authorities exist in the United States and in New York State, this section takes a theoretical approach to examine how public authorities are supposed to operate.

First, I discuss the literature in favor of the performance and structure of public authorities. Then, I discuss critiques of public authorities.

As regards performance, proponents of public authorities embrace a Progressive Era ideology and see them as the ideal vehicle for overcoming political gridlock (Doig, 1983). Toward this end, public authorities allow experts to plan rationally in isolation from public scrutiny. Banfield (1961a, 225) asserts that public authorities are the "natural habitat" for impartial experts. He notes: "without the protection it affords from the electorate, [impartial experts] could not survive."

Doig and Mitchell (1992) assert that public authorities foster "politically neutral competence" (18). Public authorities, unlike typical government agencies, allow objectivity and expertise to flourish. Doig and Mitchell (1992, 19) continue: "In its ideal form, the public authority is designed to resist both political responsiveness and central-government leadership." Although evidence suggests that political neutrality is more aspirational than real, some maintain that public authorities are the best way to deliver services (Doig and Mitchell, 1992; Banfield 1961a; Smith, 1969).

Neutral expertise is also embedded in the financing and internal structure of public authorities. Smith (1969) alleges that because public authorities are self-financing, they are able to focus on a single function, or closely-related functions, with expertise and professionalization. Only tasked with a single function, they are not obligated to weigh the relative need for its own function versus competing functions or community needs. Further, public authorities are not dependent on local tax sources, which can be closely tied to real property values. This allows them to carry out activities that span boundary lines of existing local governments.

The structure of public authorities was praised by good government groups in the early 20th century, who posited that their "businesslike" structure would reduce corruption and increase efficiency. With independent experts overseeing the provision of services, corrupt government officials and personnel would have fewer opportunities to abuse public money (Rosenbloom, 2006).

The structure of public authorities has also provoked criticism. Walsh (1978) argues that although public authorities are supposed to act in the general interest of a state, region, or city, they frequently do not. She notes: "Because of their insulation, they overemphasize financial returns and reflect or accept the viewpoints of banking and business participants. They bias government investment in favor of physical infrastructures for short-term economic return" (6). This is because the criteria for new projects are shaped by the tax-exempt bond market. The focus on financial results to service bonds obscures the costs and benefits to the public at large.

Gerwig (1961, 615) likens the use of public authorities to "empire building." He observes that they "end up accumulating a lot of power" because they are removed from direct administrative, legislative, and electoral control. Caro (1974) agrees. In his biography of Robert Moses, the once-powerful head of New York's Triborough Bridge and Tunnel Authority, Jones Beach Parkway Authority, and State Power Authority, Caro suggests that public authority officials operate in a "dictatorial, peremptory, arbitrary, and arrogant fashion" (632). These and other critics claim that public authorities overstate their businesslike efficiency and lack democratic accountability.

Because they are thought to be buffered from politics, some assert that public authorities shirk public accountability and oversight. Henriques (1986) notes that many public authorities are not governed by state transparency laws, and few are audited by their parent government and instead rely on "corporate-style audits" by private firms that are selected by the public authority itself. Despite their corporate status, public authorities also operate outside the laws and regulations that apply to private corporations. Further, they do not fail the way private corporations do. As Walsh (1978) aptly notes: "… public authority projects are exempted from the more arduous tests of the political marketplace [and] they also enjoy exemption from the tests of the economic marketplace" (7). For example, if an authority that runs a transportation system fails to raise necessary revenue, there is a public interest in keeping it afloat.

Rosenbloom (2006) echoes this critique, asserting that the businesslike efficiency of public authorities is exaggerated because in reality, public authorities operate in a way that bears little resemblance to the private sector. First, public authorities are not required to operate in the interest of any group the way private corporations operate in the interest of bondholders or shareholders. Second, public authorities are not subject to market forces that gauge whether an entity is operating "appropriately" the way private enterprises are checked by "the market" in terms of profitability. Rosenbloom summarizes: "public authorities operate without an ultimate goal (i.e., increasing shareholder investment) and without a standard with which to judge attainment of that goal (i.e., market forces)" (Ibid., 916). If public authorities were truly businesslike, they would respond to external conditions and fail when ineffective.

Ironically, public authorities were designed to be temporary. Public authorities were created to fulfil critical infrastructural needs during the Great Depression and following World War II (Smith, 1969). They were designed for a single function and meant to be dissolved automatically (or by statutory requirement) once their purpose had been accomplished or once their bonds had matured. However, many public authorities continue to exist even after their original goal has been achieved or their function is no longer relevant. For example, in New York State, the Overcoat Development Corporation was established in 1986 to provide economic incentives to lure a men's outerwear company to New York from Indiana. Although the company eventually went out of business, the authority still exists on paper (Barry, 2004). As many authorities operate with "low visibility" and largely escape public scrutiny and thus accountability, it is no surprise that many continue to exist long after they cease to operate (Henriques, 1986). Of course, the enduring nature of public authorities raises even more questions related to accountability and intent.

Accountability is a perennial criticism of public authorities. Isolation from the electorate provides protection for public authority executives, managers, and experts, allowing them to act with relative independence and the ability to make "discretionary, swift decisions" (Henriques, 1986, 32). To be sure, because authorities can make decisions without the input of and critique from committees, public hearings, or regulatory review, they are often considered more efficient than public agencies. But, Henriques notes: "'Discretion' is just another way of saying 'power'"(24). The power of authorities to be flexible and their freedom from the constraints of routine government agencies also renders them vulnerable to mission drift, extra-political uses, and corruption. Balancing expertise, responsiveness, and accountability can be challenging for public authorities. Mitchell (1992, 9) asserts: "the core issue [with public authorities] is how to build an accountability framework that brings together political responsiveness and functional expertise."

To deal with issues of responsiveness and accountability, some authorities produce regular financial reports that itemize expenditures, revenues, and debt obligations. However, those reports are often difficult to access. Furthermore, understanding what reports mean can be difficult and thus public information does not necessarily increase accountability. According to Henriques (1986), public authorities are dauntingly complex due to how they raise money, and the various trust accounts they maintain, each of which may be governed by different rules set out in different bond resolutions. This inherent complexity can be compounded by a mission statement that is overly-technical and convoluted. Henriques (1986, 35) asks: "How is a citizen to make sense of it all?" Doig and Mitchell (1992) and Weiner (2007) echo Henriques. They concede that the majority of the public does not know how public authorities function. Moreover, public authorities are not actually set up in a way to manage public feedback because governance based on technical expertise and non-partisanship does not accommodate public debates (Smith, 1969). These criticisms ultimately raise questions of bureaucratic accountability.

Systems for bureaucratic accountability were famously debated by Friedrich (1940) and Finer (1941). Friedrich criticized the dichotomy between politics and administration, noting that public administrators are involved in political work by contributing to the policy making and policy intervention activities of legislatures. Toward this end, it is not possible or desirable to have external bodies such as the legislature control a public bureaucracy. Instead, public bureaucracies can be made responsible through training and the inculcation of values into public administration.

Finer (1941) disagreed with Friedrich's approach to bureaucratic accountability, asserting that it is too optimistic to believe in the self-discipline of public administrators. He instead contended that only external checks to public administration can ensure accountability. Clear rules and mechanisms of oversight are the only means to deter and detect any bureaucratic wrongdoing.

The Friedrich-Finer debate is similar to Bovens' (2010) distinction between two types of accountability: accountability as a virtue and accountability as a mechanism. When accountability is viewed as a virtue, it is used as a normative concept. In this sense, accountability has strong positive connotations that "hold the promise of fair and equitable governance" (948). Studies of accountability as a virtue focus on the behavior of public agents. Accountability as a mechanism, however, is a narrower concept seen as an institutional relation in which an actor can be held accountable by a forum. While different, both concepts of accountability are important for democratic governance. Accountability as a virtue provides legitimacy to public officials, while accountability as a mechanism becomes "instrumental in achieving accountable governance" by assuring the public that public organizations are on a virtuous path (954).

Mechanisms for public authority accountability are problematic given that many citizens are not even aware that they exist! In New York State, the Commission on Government Integrity noted that to the layperson "even their names blur… The distinctions are not important, and to the public they are all part of a vast and confusing government" (1991, 2). Killian and Le (2012) find that it is challenging for citizens to monitor multiple local governments and that overall, citizens are less familiar with special-purpose governments than they are with typical general-purpose governments. More dismally, Leigland (1992, 42) finds that methods for directly influencing public authorities through external budget approval processes, or indirectly through informal pressure campaigns, “rarely lead to significant changes” in how public authorities operate. Public authorities have thus been dubbed a “shadow government” (Axelrod, 1992).

Even when authority information is public and comprehensible, analysis of public authority effectiveness is rare. Bourdeaux (2007) addresses this gap through an evaluation of public authority efficacy, which she defines as “the ability to complete a task in the face of political conflict rather than managerial efficiency, allocative efficiency, or other definitions related to the quality, fairness, or cost-effectiveness of public sector services'' (78). Despite conventional wisdom that public authorities operate well because they are isolated from critique (and oversight) from the general electorate, Bourdeaux finds that public authorities are actually *not* more effective than legislative bodies. Projects undertaken by the authorities in question were actually more likely to fail than those undertaken by their elected counterparts.

Radford (2013) shows that the isolated, businesslike structure of authorities was unintentional. Designers did not necessarily envision public authorities as isolated from the electorate or as profit-driven. Instead, “pre-existing institutional arrangements, *ad hoc* choices, and political conflicts” (9) inadvertently produced their structure. Specifically, authority structure and governance evolved as government officials worked to deliver services while negotiating legal, financial, and institutional constraints. Public authority design was not only up to politicians; capital markets and courts also played an important role in the expansion and use of public authorities.

Intergovernmental Politics

The second relevant literature concerns intergovernmental politics. While studies of municipal government typically focus on state-society relations by, for example, interpreting events through the lens of interest group politics (Dahl, 1961) or regime theory (Elkin, 1987; Stone, 1989), these studies exclude a critical component of the policy-making process. Specifically, city governments deal with more than the interests within their geographic boundaries; they also have political and legal relationships with other levels of government that influence their planning and policy-making (Sbragia, 1996; Frug and Barron, 2008).

Sbragia (1996) takes an intergovernmental approach to assessing how, throughout history, cities and states have financed infrastructure and economic development activities. State and local governments arguably did what was necessary to provide capital-intensive services, but these actions also fragmented power. General purpose governments are now surrounded by special purpose entities like public authorities, complicating local government and decision-making processes, making decisions overly technical (or appearing as such), and often rendering public decisions opaque or totally outside the purview of the electorate. Toward this end, public policy making involves politics between governments, in addition to politics expressed through interest groups and political parties. Sbragia notes: "Governments are politicians in their dealings with other governments" (217). Therefore, intergovernmental politics should be given the same attention given to politics between social groups within urban areas. Further, Sbragia discusses the limits that governments set on subordinate governments, noting that these limits set the parameters of the relationships between those governments. For example, in the latter quarter of the

19th century, states imposed limits on the amount of debt localities could accumulate largely in response to locality debts accumulated while attracting railroads (Sbragia, 1996, 80).

Related to Sbragia's understanding of the limitations imposed on subordinate governments, Frug and Barron (2008) provide an analysis of intergovernmental relations that focuses on the opportunities and limitations of the state-defined legal authority of American city governments. To Frug and Barron, state law dictates a city's policy-making, fiscal authority, land regulation, and city boundaries both directly by preventing or allowing the use of certain kinds of economic development tools, and indirectly by providing incentives to pursue certain policy strategies. The authors are careful to note that they are *not* advocating for more local autonomy because it inevitably comes with its own limitations, even in the case of strong home rule. However, Frug and Barron assert that current structures frustrate cities' efforts to exercise control over their future development, and are not designed to enable cities to pursue a vision of their own future. Although their view emphasizes legal authority, it also highlights the importance of intergovernmental politics by examining the relationships that city governments have with other levels of government.

Frug and Barron's analysis is framed by doctrines of local government law in the United States. Namely, they refer to Dillon's Rule, named for Judge John F. Dillion who issued two court decisions concerning local government power in Iowa in 1868. Dillon's Rule dictates that localities' powers are limited by those expressly delegated to them by the state legislature or those necessarily implied by legislative grants (Gillette, 1991). Specifically, the Rule reads:

> It is a general and undisputed proposition of law that *a municipal corporation possesses and can exercise the following powers, and no others*: First, those granted in *express words*; second, those *necessarily or fairly implied in or incident* to the powers expressly granted; third, those essential to the accomplishment of the declared objects and purposes of the corporation, not simply convenient, but indispensable (Dillon, 1881).

The relationship between locality and state implicit in the Rule assumes that the state is the creator of all its political subdivisions (i.e., localities) and thus those localities are subservient to the state (Gillette, 1991). In short, city governments are creatures of state government.

The influence of states on municipal government is widely-documented. In her study of the formation of American local governments, Nancy Burns notes that the state can define and redefine “the bundles of institutions” that make up local government (1994, 8). N. Burns and Gamm (1997) assert that any study of local politics requires the study of state legislative politics because the state defines the institutions of local politics. Peter Burns (2002) and P. Burns and Thomas (2004) use the cases of Hartford, Connecticut and New Orleans, Louisiana, respectively, to show how governors and state politics play a role in cities due to a scarcity of resources at the local level and competition with other states. Finally, Bloom (2019) takes an historical view to show how America's cities have been shaped by state government policies and programs. For example, state governments played a role in shaping metropolitan housing patterns through implementing fair housing laws, subsidizing housing, and selling bonds to finance loans for middle- and mixed-income housing projects. States also made critical decisions about the location and design of interstate highways and municipal roads, and funded university and college campus construction.

Scholars have also included public authorities in discussions of urban politics and development. As examples, Fuchs' (1992) analysis of the fiscal policy in New York City and Chicago discusses functional consolidation whereby a city shifts the legal burden of a service to a higher level of government, such as a public authority. Through functional consolidation, Chicago was able to spend only 16 percent of its budget on "non-common functions" (such as transportation and environmental protection), while New York City was spending 72 percent because it had not consolidated as much (192). Altshuler and Luberoff (2003) discuss how a state-run public authority enabled stadium construction through its unique ability to select a site, condemn property, and finance planning and construction. Similarly, Sanders (2014) shows how public authorities enabled the financing and construction of convention centers throughout the United States. Lastly, in Sagalyn's (2016) account of the reconstruction of Ground Zero in New York City following the September 11, 2001 attacks, she describes a lengthy planning process that involved a myriad of actors with a stake in the redevelopment, including ESDC and its subsidiary, the Lower Manhattan Development Corporation, and the Port Authority of New York and New Jersey, in addition to state government and local actors.

Despite these studies, few scholars have focused specifically on the role of public authorities in shaping local urban planning processes. One exception is Smith (2010), who describes the role of public authorities in urban development while also contributing to the literature on intergovernmental politics. Namely, he proposes an approach that takes into account the changing institutional character of urban development coalitions that he calls the "intergovernmental triad." The intergovernmental triad is composed of state government, local government, and special-purpose government officials and represents the formalization of an informal relationship between state officials, city officials, and the private sector, which often occupies seats on the board of special purpose governments (Smith, 2010, 429). The triad attends to the ways states and special purpose governments impact local urban development.

Public authorities are a critical component of the intergovernmental triad because they solidify a role for other players in the urban development process, both governmental and nongovernmental. Specifically, Smith asserts:

> The intergovernmental triad approach makes authorities a centerpiece for analysis of urban development, rather than a side note, as has been the tendency of many studies focusing on governance and center city development. Authorities are critical to the triad model as they are the institutional mechanism bringing states into the development process and formalizing the private sector's role in decision making (439).

Smith's analysis is reminiscent of Banfield (1961b), who focuses on the various local government actors involved in urban planning. Namely, he observes a "tension between the nature of the political system, on the one hand, and the requirements of planning — of comprehensiveness and consistency in policy — on the other" (325). This tension arises due to the decentralization of political systems and multiple layers of local government. Banfield argues that only informal centralization can overcome formal decentralization due to the disparate strategies and goals of actors in political and planning processes.

The theoretical debates around public authority structure and use are relevant to considering how a statewide public authority interacts with localities. Using the ideas presented in this section allows for a thorough analysis of ESDC that is not simply an evaluation of *if* ESDC is able to carry out planning in localities, but *how* the authority operates, carries out projects, and interacts with localities. Because these theoretical questions impacted how I structured my research, I discuss my methodological and theoretical framework in the following section.

Methodological and Theoretical Framework

To investigate how statewide public authorities impact economic development in the localities in which they operate, I carried out case research on the Empire State Development Corporation (ESDC) in New York State. The research broadly focused on the public authority's internal operation and public activities in order to gain insight into how it navigates the complex sphere of intergovernmental relations. This research could also be considered a biography of the Empire State Development Corporation, roughly modeled after Jamison Doig's *Empire on the Hudson* (2001) in which he chronicles the history of the Port Authority of New York and New Jersey and its mission and activities.

In this section I describe my methodological approach. I begin by broadly describing the case research approach. Then, I discuss case selection, followed by the time frame studied and the evidence collection process. To end, I discuss how I present the cases.[7]

The Case Research Approach

The institutional, governmental, and economic context in which ESDC operates is a crucial component for understanding how it operates, and case study is the ideal method for researching context-dependent knowledge. To be sure, Flyvbjerg asserts that case studies reveal "concrete, context-dependent knowledge" (Flyvbjerg, 2006, 224). In his

[7] This research project received approval from Columbia University's Institutional Review Board (IRB) as IRB-AAAS2138 in January, 2019.

analysis of case studies, Flyvbjerg eschews the critical importance of generalizability, asserting instead the "force of example" (228). Generalization, he contends, is not the only goal of scientific research. Rather, "a purely descriptive, phenomenological case study" has value in scientific development and understanding (227).

My research strategy is more accurately dubbed "case research" because it refers not to a sample size, but to an open-ended approach that avoids reductionism and tunnel vision, and aims to describe and explain patterns and structures (Verschuren, 2003). By treating ESDC as a "complex situation" (Weiss, 1966), I set out to understand "interrelated phenomena" (198) that reveal "the nature of the system" rather than specific variables within that system (199).

Burawoy's (1998) discussion of the extended case method further emphasizes the use of case research to understand the larger systems that coordinate, contradict, and shape daily life. Instead of investigating isolated processes, Burawoy asserts that an open-ended approach accounts for the "external field of forces" that coordinate, shape, and influence processes and actions (15). Understanding context demands that the researcher place herself within history by "asking where [the] world came from" (28). The impact of a statewide economic development planning entity on localities is the "larger system" under investigation.

For this research, I selected an embedded design, which examines the context, the case, and two embedded units of analysis within the case (Yin, 2014). Toward this end, I split my analysis between an examination of ESDC as a whole that considered its history, internal operation, and relationship with external actors (Chapters 3 and 4), and an inquiry into specific projects of ESDC (Chapters 5 and 6).

By focusing on discrete components of ESDC — history, how it works, and two projects of ESDC — and tracing those components through time, I was able to take into account the organization's changes, rather than unknowingly disregarding changes to the unit of analysis, or, slippage. Slippage occurs when the nature of a particular case shifts during the research process unbeknownst to the researcher (Yin, 2014). By describing specific projects of ESDC through the embedded approach, I acknowledged that politics and institutions are malleable and can change depending on the actions of individuals who operate within them (March and Simon, 1961).

Case Selection

While it is impossible to know how many public authorities exist in New York State compared to other states, New York has historically stood out for its extensive use of public authorities (Fehr and Levin, 2017). According to the New York State Authorities Budget Office (ABO), in 2018 there were over 538 active public authorities in the state, with some authorities having subsidiaries that have the same powers as the authorities themselves. For example, the Empire State Development Corporation has 14 active and 120 inactive subsidiaries. According to the State Comptroller, however, the number of public authorities in New York State was much higher; the Comptroller reported 324 state-level public authorities and subsidiaries and 860 local authorities in 2017 (Office of the State Comptroller, 2017).

In 2017, the Comptroller reported that state and local authorities spent a combined $68.8 billion for the most recent fiscal year (either in 2015 or 2016 depending on the authority). Of that $68.8 billion, state authorities spent $42.9 billion and local authorities reported spending $23.9 billion. Together, this spending accounted for nearly 96 percent of all outstanding state-funded debt (Office of the State Comptroller, 2017).

Given the prominent role of public authorities in New York State, the New York case serves as an extreme case in which to research public authorities and their impact on local planning efforts. Seawright and Gerring (2008) note that because “extremeness is a unidimensional concept, it may be applied with reference to any dimension of a problem, a choice that is dependent on the scholar’s research interest” (301). In this research, I use New York as an extreme case because of the number of public authorities and the amount of debt those authorities accumulate. An extreme case allows for an exploratory, open-ended probe. With this research, choosing an extreme case allowed for open-ended case research into how a statewide public authority approaches economic development, and how those efforts interact with local planning efforts. It also allowed for an inquiry into the advantages and limitations of the public authority approach more broadly.

Although a number of local industrial development agencies and local development corporations are engaged in economic development, the Empire State Development Corporation is the only statewide public authority engaged in economic development across New York State. The authority represents the main vehicle for state-centered economic development. This made ESDC the obvious choice when selecting a public authority for research.

ESDC’s projects can roughly be divided into redevelopment projects and loan/grant projects. When selecting cases for close examination, I chose one of each. This allowed me to examine the breadth of ESDC’s projects. Although adding more projects may have added more depth to the research, time constraints made choosing two projects the better choice.

The first case, in Chapter 5, concerns the Queens West redevelopment project in Long Island City, Queens, New York. This case was selected because it began under the Urban Development Corporation (ESDC's predecessor) and, as of early 2020, continues under ESDC. That is, Queens West spans the life of ESDC and thus can illuminate how the organization functioned as UDC and ESDC and thus has or has not changed over time due to shifting contextual conditions and internal structural changes. Of ESDC's redevelopment projects that were considered active at the time this research began in early 2019, Queens West was one of two redevelopment projects that began under UDC; the other is the Javits Center Convention Center in New York City. Because the Javits Center was in the midst of a $1.5 billion renovation and expansion when this research began, Queens West was considered the more stable and reliable project to research (ESD, 2020). Capturing changes (or lack thereof) in how ESDC handles individual projects allowed me to take into account organizational changes.

The second case is Regeneron Pharmaceuticals, Inc. in East Greenbush in Rensselaer County, New York. The Regeneron Case allowed me to discuss ESDC's loan and grant programs, which make up the majority of ESDC activities in terms of dollars spent.[8] Further, in contrast to Queens West, the Regeneron grant project is more reflective of UDC's programming when it began operating as ESDC in 1995.

I selected the Regeneron project over other grant projects because of its purported importance to ESDC. Regeneron was brought up in a key interview with Jeffrey Janiszewski, the Senior Vice President Strategic Business Development at ESD (2019), is featured on the

[8] ESDC spent $902,172,547 on loan and grant projects in 2019 versus $117,082,823 on other activities. See Chapter 4.

ESD website, and was cited in a 2019 Joint Legislative Hearing on the 2019-2020 Executive Budget as being "the largest economic development project that ESD has worked on in the last four years, aside from Amazon" (Joint Legislative Hearing, 2019).[9] In addition, Regeneron has locations in multiple towns and counties, allowing me to gather evidence from a range of actors operating in various localities and capacities.

Time Frame

Empire State Development (ESD) and the Empire State Development Corporation (ESDC) were launched in June of 1995, but their creation was a combination of efforts that began decades earlier when the Division of Commerce was created in 1941. Toward this end, understanding the political and economic environment in which ESDC and ESD were launched, as well as that of its predecessors, was part of accurately and thoroughly capturing the full biography of ESDC and ESD. Thus, the time frame for this dissertation begins with early economic development efforts in the state that were focused on transportation and infrastructural improvements in the 19th century. The majority of the dissertation, however, focuses on the period immediately before ESDC and ESD were launched in 1995 through early 2020, which was the time of writing.

Evidence Needed

The data collection for Chapters 3 and 4, which concern ESDC as a whole, was structured around several themes and questions:

[9] In late 2018, Amazon, a multinational technology company, announced plans to build a campus in Queens, New York City. The company later canceled its plans after facing a backlash from lawmakers, activists, and union leaders. See Goodman, 2019b.

1) The origins of ESDC: When was ESDC formed? What was the stated reason behind its formation? What was the political and economic context in New York at the time of its formation? Were there specific elected or appointed officials involved in forming the ESDC? What debates took place in Albany and elsewhere concerning the formation of ESDC?
2) ESDC as a formal organization: Who governs ESDC? How big is the workforce? How is it organized internally? What is its formal relationship to state and local government?
3) How ESDC works: Who sets policy at ESDC? What is its annual budget? How is its budget formed? Can the authority take on debt? Where does its power come from? What is its legal authority (e.g., can it exercise eminent domain?)?
4) What ESDC does: What projects is it involved with? How does it select projects? How are projects evaluated?
5) ESDC's relationships: Do the activities of ESDC vary throughout the state? Has the authority's activities varied under different governors? What influence do certain cities or mayors have over the authority? Are there other organizations or actors who heavily influence ESDC's activities?

While I was not necessarily able to answer each of these questions specifically, these questions formed the basis for the interviews, archival research, and document review.

The data collection for the two ESDC projects was organized around three themes:

1) The origins of these projects and their transformations from planning to implementation, including shifting contextual conditions (Pressman and Wildavsky, 1973).

2) The role of intergovernmental relations in enabling these projects to materialize (Sbragia, 1996).
3) The political strategies and relationships that led to the planning and implementation of these projects (Banfield, 1961b).

Data Sources and Collection

In order to answer these questions, I collected evidence from four sources: archives, interviews, legislation and other government-issued documents, and media sources. In this section, I discuss the sources I selected, why I selected them, and how evidence was collected from each of them.

<u>Archival Evidence</u>

For the historical portion of this dissertation, Chapter 3, I relied on the New York State Archives in Albany, New York. Archive documents were selected for review with the help of archivists and finding aids available through the archive website. Archive files are organized into accretions. For each accretion, there is often a container list that explains what files (organized into boxes and folders) are held within the accretion. I was generous in selecting accretions for review; I examined any files related to the Department of Economic Development under the George Pataki administration (R, 1995-2006), as well as relevant files from the Governor's office. Where container lists were available for accretions, I selected boxes and folders covering the years of ESDC's launch (1995-1997). When container lists were unavailable, I examined an entire accretion. Table 2.1 shows which archive records were examined.

Table 2.1: Archive records examined

Name	Archive Series No.	Box(es), if applicable	Folders, if applicable
Pataki's briefing files	B1726		
New York State Governor press releases announcing appointments	13688	1	1-18
Website records for Governor Pataki	B1972-07		
Department of Economic Development records	B2472		
Subject files generated by ESD Chairman Gargano	16183-12A		
Department of Economic Development subject files of Deputy Commissioner for Policy and Programs	22026	2	
Subject files of Deputy Commissioner for Business Development	22027		
New York State Department of Economic Development Executive Office General Subject Files	16183-12; 16183-97; 16183-13; 16183-04	25, 32, 141, 147, 154, 162	
NYS Assembly Standing Committee on Commerce, Industry, and Economic Development Subject and Budget Files	L0231		

I made six visits to the New York State Archive in Albany between April and June 2019. Archival evidence was used to historically situate ESDC and ESD and tell the story of the public authority's launch and early years of operation.

Interview Strategy and Procedures

To understand how ESDC works — both as a whole and how it carries out specific projects — I needed to understand the observations and experiences of key actors. Interviews were the most appropriate strategy for this (Weiss, 1994). I interviewed 32 people total, including current and former employees of ESDC (e.g., the Executive Director of the Queens West Development Corporation), government personnel (e.g., the Town Supervisor in East Greenbush, New York) community members (e.g., the founder of the Hunters Point Community Coalition in Queens), and other relevant stakeholders for the two projects discussed in Chapters 5 and 6. Interviewees were selected following preliminary research of media reports and search of the ESDC website. Many interviewees recommended other current and former employees of ESDC for interviewing.

For interviews concerning how ESDC works, I prepared a list of questions. Most of these questions were standard across all interviewees, with the exception of questions related to the interviewee's position at ESDC and projects they worked on during their tenure. An example questionnaire is available in Appendix B. Interview questions for Chapters 5 and 6 were specific for each interview, but overall sought to understand the order of events for each problem, in addition to actors and agencies involved in the projects. These interviews were guided by the themes mentioned above.

Interviews were treated as more than a strategy to extract information. Rather, I treated them as "interactional events" in which respondent narratives are constructed in situ as a product of the conversation between interviewer and interviewee (Holstein and Gubrium, 1995). I approached all interviews collaboratively, and viewed my role as one in which I could help respondents develop information (Weiss, 1994). This was particularly important for interviews concerning Queens West, as many interviewees felt like the project took place so long in the past that they could not remember occurrences or details. By developing information with strategies such as extending ("How did that start?", "What led to that?"), filling in detail ("Can you walk me through that?," "Can you tell me more about that?") and identifying actors ("Whose idea was that?," "Who else worked with you on this?"), I was able to collect detailed evidence (Weiss, 1994).

I interviewed current and former key decision-makers within ESDC. I approached these interviews as elite interviews (Burnham et al., 2004). Elite interviews are characterized by a situation in which the balance of knowledge of expertise is in favor of the respondent. In addition, some respondents are more influential in decision-making processes. Thus, when interviewing decision-makers for this research, I followed elite interviewing guidelines established by Burnham et al. (2004).

First, I had to "get access" to individuals by making contact and providing them "with some convincing motivation for seeing a researcher" (Burnham et al., 2004, 208). When making contact with key decision-makers, I made it personal, stressing how I wanted to hear about their specific experiences and accomplishments with ESDC. Many individuals were receptive to this approach. For many ESDC individuals, I had to negotiate access by first contacting the ESDC press office. After I had successfully interviewed several current employees of ESDC, the press office limited, for unknown reasons, the number of interviews I was allowed. As such, I was unable to interview any ESDC personnel for the Regeneron Pharmaceuticals, Inc. project.

In a similar vein, Holstein and Gubrium (1995) highlight the importance of "the *hows* of the interview enterprise," which concerns the standpoint from which information is offered. The *how* of an interview is continually developed throughout an interview as the respondent works to frame how the interview unfolds and who they are in relation to the person questioning them. The *how* of interviews with current ESDC employees was considered when using the evidence they provided. Current employees of ESDC were reticent to be interviewed; many sought permission to be interviewed from the ESDC press office, two interviewees included someone from the ESDC communications department on our phone call, and all current employees of ESDC requested that direct quotes be cleared with the press office before I included them in my analysis. In general, former employees of ESDC were more willing to speak freely about their work and thoughts about ESDC.

A second guideline for elite interviewing offered by Burnham et al. (2004), is the semi-structured interview. In developing interview questions, I started with a list of topics and themes I wanted to cover and used those to develop questions. Next, I prioritized topics; I asked more important questions up front when the interviewee was less likely to be fatigued or distracted. Further, I did not impose a rigid framework on the interview. Although I had a list of prepared questions, I allowed conversations to go off-script as my interviewees spoke. By engaging in collaborative conversation, I acknowledged interviewees' active contributions to the meaning-making process (Holstein and Gubrium, 1995).

I interviewed sources from April 2019 through February 2020. Interviews took place either in person or over the telephone and lasted between 20 and 90 minutes. Prior to each interview, I read a script that described the research as well as the scope of the interviewee's participation per Institutional Review Board protocol. Interviewees verbally consented to participate and to be recorded. In some cases, the interviewee asked that their interview not be recorded. Some interviewees asked that their name be anonymized in the dissertation. In this case, I took additional steps to ensure that the person could not be identified by omitting or anonymizing details about their current and/or formal professional position.

Interview recordings were transcribed and, in cases where the interviewee requested that they not be recorded, I typed detailed notes during the interview.

Legislation and Government Documents

A third aspect of evidence collection was legislation and document review. I read legislation governing ESDC (L. 1968, ch 174) to understand the entity's formal rules and stated purpose. In addition to legislation, the *Red Book* was an essential resource for tracing the state's history of economic development bureaucracy. The *Red Book* is New York State's annual (previously biannual) yearbook of information concerning New York State Government including its departments, political subdivisions, and elected and appointed officials. The *Red Book* has been published since 1892. The Columbia University Library carries every copy of the *Red Book* since 1907.

Reports issued by ESDC as well as by the Office of the State Comptroller and other state agencies were essential to placing ESDC in context and discerning its activities. All documents were obtained from the public domain or via Freedom of Information Law (FOIL) requests.

Media Sources

Media sources, mainly newspaper and magazine articles, provided essential information for discerning project timelines, as well as identifying interview subjects. Media sources also provided insight into ESDC's outward appearance and messaging strategy. Articles were identified through Google using the project name and names of players involved in the projects and a filter to specify article dates. I also relied heavily on *The New York Times Machine*, which has a digital record of all of *The New York Times* articles beginning in 1851.

Evidence Interpretation

Evidence interpretation depended on the evidence source. For archive material, each document in an accretion was examined for relevant information. I scanned relevant documents using a handheld device and then transferred those documents to Evernote, a desktop software program. Documents were then organized in Evernote according to the date they were collected as well as the accretion from which they came. Individual documents were then coded using keywords and dates to discern themes and a timeline for ESDC's launch and operation.

For legislative documents, I read all documents multiple times and took detailed notes during each reading. I documented themes, timelines, and patterns across documents.

Interview transcripts (or interview notes, depending on the interview) were read and re-read until new readings ceased to yield additional insights. I documented themes across interviews and noted patterns among responses.

Media sources were read and re-read until new readings yielded additional insights. Relevant information was either incorporated into writing the cases or informed who was contacted for an interview.

Presentation

I began the process of writing the history chapter by using my evidence organized in Evernote. After coding the evidence by date, I created a timeline of the history of the organization and its launch. I then wrote the history chronologically. The story focuses on the formation of the Urban Development Corporation (ESDC's predecessor), the financial troubles it faced in the 1970s, and how the entity transformed in the years following, eventually giving way to the Empire State Development Corporation.

Chapter 4, which concerns how ESDC works, is organized both chronologically and thematically. The organization's early years and financing are discussed first, followed by more contemporary information on the authority. Within each section, subsections are thematic, covering the authority's mission, goals, departments, programming, financing, and relationships with other government entities.

I began the process of writing the ESDC cases by organizing all secondary sources chronologically and writing out a simple timeline for each project. Once the timelines were written, I used interview material to highlight certain aspects of the timeline. This interview material allowed me to discern which events, relationships, or individuals were most pivotal for the direction that a project took. This process structured the way that the cases were written: first, a chronology of the cases is described and then relationships, key players, events, as well as the consequences of these relationships, players, and events are discussed in detail. Toward this end, I did not limit my discussion to ESDC's role in a project; neither of these projects are the result of ESDC actions alone. Rather, in both cases, ESDC was one of several players.

The theoretical and methodological goal of this research is to build on Smith's (2010) intergovernmental triad. Toward this end, this research is not meant to generate a theory or enable generalization about public authorities. Rather, I examine one public authority — the Empire State Development Corporation — with the goal of contributing to an understanding of how public authorities act in localities. Following Smith, a public authority is the centerpiece for this analysis. However, deviating from Smith, I focus on authority projects specifically through the eyes of the local government and how those localities manage the complex sphere of intergovernmental politics. That is, this research highlights how localities perceive and experience the involvement of the Empire State Development Corporation in local economic development projects. Before examining specific projects of ESDC, I explore ESDC itself in detail. In the subsequent two chapters, I explore ESDC's historical context and creation (Chapter 3) and how the authority is structured and operates (Chapter 4).

Chapter 3: Economic Development in New York State: From the Erie Canal to Empire State Development

Empire State Development (ESD) and the Empire State Development Corporation (ESDC) were launched in June of 1995, but their creation was a culmination of efforts that began decades earlier when the state created the Division of Commerce in 1941. Over the intervening years, the Division was revised and its mandate and legal authority expanded, eventually giving way to a public authority, ESDC, and an umbrella entity to manage state economic development activities, ESD. These entities represented a new approach to economic development that took advantage of state legal authority and executive power.

In this chapter, I contextualize ESD and ESDC historically to show that the contemporary policy behavior of these entities is a function of their institutional predecessors, as well as the political and economic environment in which they were formed. Examining early state approaches to economic development, as well as changes over time, allows for an understanding of the contextual constraints and strengths of ESD and ESDC, and of their formal and informal powers. By describing the history of economic development efforts in New York, I demonstrate that the state's approach to economic development has gradually transitioned to a more "entrepreneurial" approach. Through its use of public authorities, the state has assumed the role of a market developer, broker, financial partner, and risk-bearer in economic development efforts and in its dealings with the private sector (Eisinger, 1998). This is much different from the earlier approach in which the state focused on developing vital infrastructure like canals, railroads, and roads.

First, I describe early state-led economic development activities during the early 19th century with a focus on the Erie Canal, one of the greatest public works projects of that century (Klein, 2001). Then, I discuss how the state's approach to economic development transitioned during the 20th century from a focus on infrastructure to one that prioritized private business interests. I conclude the chapter with a discussion of the circumstances that led to the creation of ESD and ESDC.

Early State-led Economic Development

Economic development has long been a state function. During the 19th century, state economic development efforts were reflected in the state's efforts to protect economic interests. This included, for example, the protection of land. While the state had no direct control over lands that were not classified as public lands, it had the authority to tax, appropriate for public use, and take control over land for police purposes (Morey, 1902). The state also created laws related to agricultural products, labor and factory laws, and laws related to business and commerce regulation.

During this period, developing infrastructure was central to economic development efforts. The period between 1815 and 1870, in particular, has been referred to as the "transportation revolution" (Benjamin, 1984, 24) given the dramatic economic improvement to states and localities as a result of investment in transportation infrastructure. This manifested in the development of highways, bridges, and canals to meet the state's industrial and manufacturing needs (Morey, 1902). The most prominent of these transportation improvements in New York State was the Erie Canal. It led to the development of feeder canals, railroads, and roads, and its success inspired other state and local officials to undertake infrastructural improvements.

The Erie Canal

The development of the Erie Canal was a turning point for the state's economy and for New York City's regional and international prominence (Klein, 2001). The idea for a canal to connect Lake Erie in Buffalo with the Hudson River in Albany was first proposed in 1807 by Jesse Hawley, a flour dealer from Geneva, New York. In a series of essays published in the weekly newspaper *Genesee Messenger*, Hawley made the case for a canal, noting that "It appears as if the Author [sic] of nature…had in prospect a large and valuable canal" (Bernstein, 2005; Klein, 2001, 269). The proposed canal, stretching 363 miles long, was to create a commercial web anchored in New York City by connecting the interior of the United States around the Great Lakes with the Atlantic Ocean. Starting in Buffalo, the canal would flow to Albany where freight would then travel along the Hudson to New York City (Engerman and Solokoff, 2004).

A project of this size was more costly than what any private investor could finance (Klein, 2001). Hawley suggested that the federal government should fund the project given that the whole north-central United States would benefit from improved transportation. After lawmakers in Washington, D.C. initially rejected the project in 1808, it was finally approved by Congress in 1816 but President James Madison (1809-1817) vetoed the legislation. The state was left without federal assistance and had to finance the canal on its own.

New York State government did not immediately have the resources necessary to fund such a large project. In 1817, thanks to the lobbying efforts of Governor De Witt Clinton (1817-23; 1825-27), the state legislature adopted a measure calling for the construction of the Erie Canal with the state bearing the full financial responsibility for construction. The state then borrowed money through bonds from private investors and paid off those bonds with the revenues collected from a state-controlled canal fund. Revenue was collected from freight tolls from the canal, a tax on salt manufactured in the state, duties on goods sold at auctions, a tax on steamboat passengers, and individual donations (Engerman and Sokoloff, 2004; Ward, 2006).

The canal opened in October 1825 and quickly paid back the original cost of construction. Excess revenues were used to build smaller, feeder canals and to defray general government expenses. Canal businesses employed thousands, raised land values, provided easy access to markets, and stimulated further investment in transportation infrastructure including railroads and plank roads (Ellis et al., 1967). As a result of increased investment and economic growth, cities and towns near Lake Erie, along the canal, and along the Hudson River expanded as people sought economic opportunity. Table 3.1 shows the population growth for select cities between 1825 and 1855.

Table 3.1: Population Growth between 1825 and 1855 in select cities

City	1825	1855
Albany	16,000	57,000
Buffalo	5,000	74,000
Lockport	3,007	13,386
New York City	166,000	630,000
Rochester	9,500	44,000

Source: Ward, 2006; New York State Census, 1855

The success of the Erie Canal set the stage for decades of growth and development. Leveraging public financing, New Yorkers built networks of railroads, canals, and roads. The state's agriculture became increasingly commercialized, and the volume of commerce flowing through the Port of New York skyrocketed. Canal improvements, entwined with the dramatic growth of manufacturing from factory production, led New York to become the leading industrial state in the nation, demonstrating the positive potential for state-led economic development (Klein, 2001).

The success of the Erie Canal extended beyond New York State. It galvanized officials in Philadelphia, Baltimore, and Boston to construct their own transportation lines westward. Investment in canals, railroads, and roads yielded a comprehensive system of turnpikes, canals, and ultimately, the Baltimore & Ohio and Pennsylvania railroads (Chudacoff and Smith, 2005). Recognizing the economic advantages associated with transportation networks, town officials lobbied their state governments for locational preference as canal and later railroad termini (Benjamin, 1984). Some older, more established cities funded transportation projects themselves. For example, Baltimore invested in a commercial railroad to support its merchants when canal routes westward faced both environmental and legislative delay. In the aggregate though, states provided the majority of the tax, land, and credit resources for infrastructure in the form of public bond issuances (Ibid.).

Economic Development into the 20th Century

In the latter part of the 19th century and into the early 20th century when railroad and canal networks were largely established, cities and states looked to internal city improvements and territorial expansion to boost economic development (Benjamin, 1984). Metropolitan transport systems, park projects, and sewerage and water systems, for example, raised the tax base by attracting private investment and staved the most harmful aspects of urban congestion.

Economic development efforts in New York State followed a similar pattern. During the latter part of the 20th century, the importance of the Erie Canal to New York State's economy slowly declined due to competition from railroads and paved roads. Eventually, state government, residents, and businesses largely ignored the state's extensive canal system, looking instead to other internal improvements (Ward, 2006).

In the early 1930s, public construction boomed, particularly under the direction of Robert Moses, who served as Chairman of the State Council on Parks. Moses organized a series of public authorities to build bridges, parks, parkways such as the Taconic Parkway from Westchester County to Albany and the Triborough Bridge.[10] Moses' use of public authorities with independent funding streams set a precedent for the public authority approach to economic development that would later be leveraged by Governor Rockefeller. The massive construction projects directed by Moses provided jobs during the Great Depression when the state faced unemployment and housing crises (Klein, 2001).

The Great Depression was marked by a decline in manufacturing and a drop in prices for agricultural products in New York State. Under the leadership of Governor Franklin D. Roosevelt (D, 1929-1932), the state took steps to shore up the economy. In March 1930, Roosevelt convened the Committee on the Stabilization of Industry for the Prevention of Unemployment, an open forum to discuss ways to prevent unemployment by aiding industry (Miller, 2016). The committee publicized a variety of local, firm-specific solutions such as the job-sharing program at the John A. Manning Paper Company in Troy.

[10] In 2008, the Triborough Bridge was renamed the Robert F. Kennedy Bridge.

The committee additionally pushed Roosevelt to establish a state-supported system of unemployment insurance which prefigured the New Deal's unemployment insurance program (Klein, 2001; Miller, 2016).

Meanwhile, localities devised employment programs. For example, the Buffalo Civic Committee organized the "Man-a-Block Plan," which assigned 2,200 people to shovel snow and provide household help throughout the city. Under the scheme, residents of one city block combined to provide a job to one man ("Work Bureau Recommends Man-a-Block," 1931). Similarly, the city manager of Rochester created a Civic Committee on Unemployment to coordinate the distribution of part-time jobs. Slowly, these efforts were formalized and took advantage of municipal borrowing. For instance, the Man-a-Block Plan later used $80,000 in municipal borrowing to fund its activities (Klein, 2001).

As the Great Depression continued, social welfare leaders realized that the state government needed to take more action. In 1931, the state established the Temporary Emergency Relief Administration (TERA) which provided funds to localities to aid with unemployment and homelessness relief (New York State, 1932). Further, under Governor Herbert Lehman (D, 1933-1942), the state enacted minimum wage laws and price controls and quotas to support the state's struggling dairy industry (Klein, 2001).

In response to heightened concerns with the decline in manufacturing and a desire to improve labor-management relations throughout the state, the state convened a series of legislative committees to discuss possible solutions (Mauro and Yago, 1989). One result was the formation of the Division of Commerce of the Executive Department created by the legislature in 1941 (L. 1941 ch 216). This was the first state entity exclusively mandated to pursue economic development efforts. The Division consisted of the bureaus of industry, publicity, and planning and carried out a number of functions related to promoting and encouraging "prosperous development and protection of the legitimate interest and welfare of New York business, industry and commerce" (NYS Red Book 1941, 297). Among other duties, the division was empowered to make recommendations to the Governor and the Legislature on how to improve state regulations to help businesses and industries, and to assist local zoning and planning boards in setting "uniform standards for the state's communities" (NYS Red Book 1943, 260). Early projects focused on the pulp and paper industry, as well as the production of iron ore and other undeveloped mineral resources.

When the United States entered World War II seven months after the Division of Commerce was created, its work shifted. The Division began to focus on the state's contribution to the war. Specifically, it created and maintained an inventory of machine tools that could be used immediately by weapons manufacturers, rather than waiting for new tools to be made; connected prime contractors with subcontractors; kept an inventory of idle plants and referred manufacturers looking to expand operations to those plants; and built and maintained vital infrastructure for weapons factories that were generally located and developed at greenfield sites (NYS Red Book, 1943; Klein, 2001).

Guided by Governor Thomas Dewey (R, 1943-1954), the Division also developed a program under which funds would be allocated to aid the "prompt and substantial resumption of business in New York State at a high level of production and employment" upon the war's end (261). Although the plan was a government plan, Governor Dewey stressed the role of private enterprise in the state's economy. He noted: "governmental action can never take the place of private endeavor of the people—employers and employes [sic] alike. Only the productivity of our system of free enterprise can provide that better life to which we all aspire. Business must take the lead" ("Post-War Job Plans," 1943).

The postwar plan included the establishment of Division of Commerce regional offices. These offices were designed to provide "on-the-spot, individual assistance to business men [sic]" and assist chambers of commerce and trade associations "with preparations for post-war adjustments and high-level employment after the war" ("State to Give Aid," 1943). Until that point, the Division of Commerce only operated offices in Albany and New York City, with another in Washington, D.C. for lobbying. Offices were added in Buffalo, Rochester, and Syracuse. With these additional offices, the state indicated that close communication with businesses on economic development matters was an essential component of state-led economic development efforts. These offices laid the groundwork for ESD's regional approach to economic development that would take shape in the 1990s.

The Division of Commerce was elevated to departmental status by an amendment to the state constitution approved by the voters in the 1943 election. Put into effect in 1944 (L. 1944, ch 4), the new department's functions remained "essentially the same" as the Division of Commerce (NYS Red Book, 1944, 437). By that time, the postwar business development program and industrial promotion campaign had been launched. These post-war programs sought to encourage production and employment for the members of the armed forces when they returned from the war ("Dewey Outlines Drive to Spur Industry," 1944).

The state's economic development agency was again reorganized in 1945 to include three divisions: The Division of State Publicity, whose mission was to publicize information about the State's material, economic, travel, and recreational advantages through, for example, providing information for publications such as textbooks, trade publications, or state brochures; the Division of Commerce and Industry, which promoted and protected existing business and while also encouraging new businesses to locate within the state; and the Division of Economic Development, which gathered data, prepared plans, and suggested policies to conserve the State's natural, economic, and human resources (NYS Red Book, 1945). In the coming decades, the state would continue to alter the bureaucracy governing its economic development activities.

The Public Authority Approach to Economic Development

In the late 1960s and 1970s, New York's economy struggled. Although there was a national recession during this time, New York State's economy suffered more deeply relative to other states. In this section, I discuss the challenges facing New York State's economy in the mid to late century and the steps that Governor Nelson Rockefeller (R, 1959-1973) took to boost the economy. Namely, Governor Rockefeller strengthened existing efforts while also creating a suite of public authorities, each targeted at a unique aspect of economic development.

Economic Decline

Before World War II, New York State's job growth had been outpaced by other states. After, the state struggled to keep pace with the national rate. Between 1969 and 1990, New York State ranked 48th of 50 states on employment growth (Bradbury and Kodrzycki, 1997). Manufacturing was particularly hard hit beginning in the late 1970s and into the 1990s. As shown in Table 3.2, the state lost nearly 10,000 manufacturing establishments between 1977 and 1992, with over 450,000 workers losing their jobs.

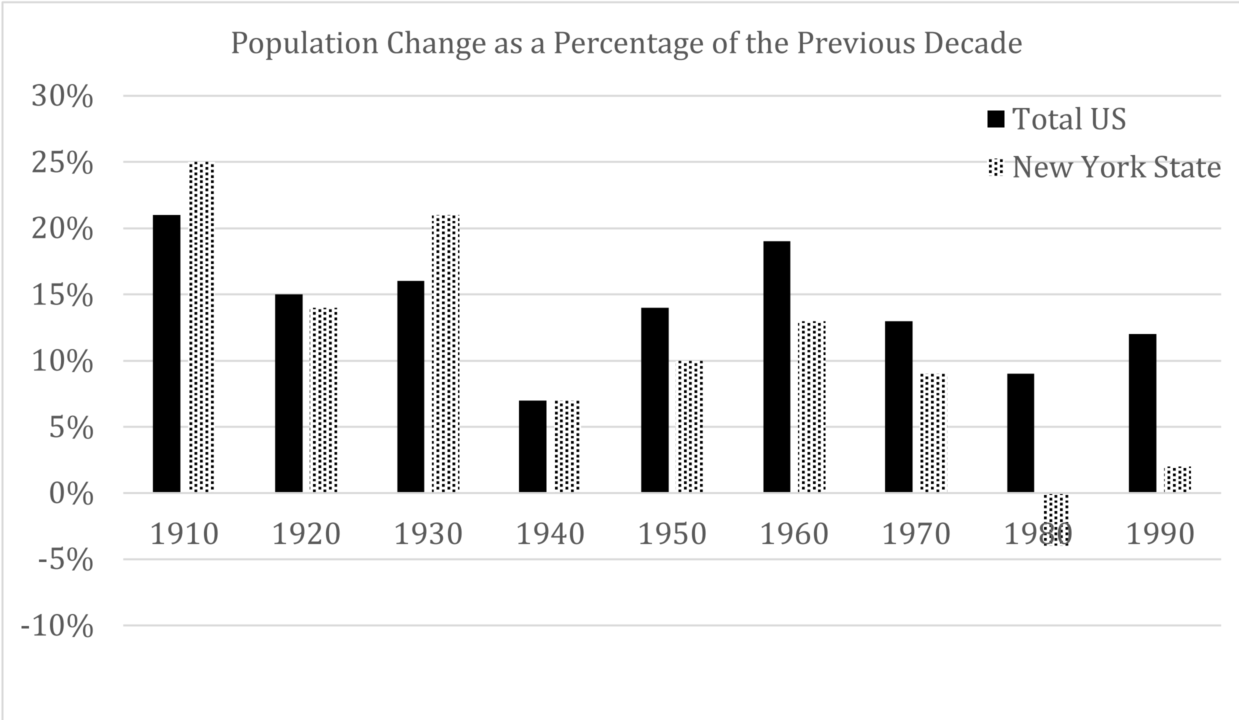
Table 3.2: Number of Manufacturing establishments and employees in manufacturing in New York State between 1977 and 1992

Year	Total Number of Establishments	Manufacturing Establishments with 20 employees or more	All Employees (1,000)
1977	36,578	11,425	1,509
1982	32,651	10,670	1,418
1982	32,651	10,670	1,281
1992	26,608	7,950	1,046

Source: US Census Bureau

The state's lagging economy contributed to population loss as residents looked elsewhere for employment opportunities (Ward, 2006). Figure 3.1 shows the population change in New York State compared with the rest of the country throughout the 1900s. New York's population declined sharply after 1930 and the state actually lost population between 1970 and 1980.

Figure 3.1: Population Change as a Percentage of the Previous Decade



Data Source: US Census Bureau

In response to these economic woes, Governor Rockefeller strengthened existing economic development efforts by changing the focus of the Department of Commerce to place an even greater emphasis on job creation and economic development versus other economic development activities. The mission would now be "the creation of new job opportunities through the promotion of the continuing economic development of New York State" (NYS Red Book, 1971-1972, 888). As one example of the Department's new mission, Rockefeller created the Division of Economic Development focused on attracting service industries and corporate headquarters to the state.

Governor Rockefeller, in the early 1960s, additionally established three public authorities to stimulate job growth and retain businesses: the Job Development Authority (JDA), the Science and Technology Foundation (STF), and the Urban Development Corporation (UDC). These efforts were bolstered by new federal programs and tax incentives aimed at job development. Together, these public authorities would later become the building blocks for Empire State Development.

The Job Development Authority was created in 1961 by a Constitutional amendment and Title 8 of the Public Authorities Law (NY Pub Auth L § 1800-1838) and still exists as of 2020. The primary goal of JDA is to assist with the creation of private sector manufacturing jobs. JDA's statutory purpose is to "assist, promote, encourage, develop, and advance the general prosperity and economic welfare of the people of the state and to improve their standard of living." The JDA also runs smaller, special programs for rural development, long-term economic development and construction bonding assistance. JDA's operating costs and loan funds are generated by selling bonds and notes that are guaranteed by the state (Office of the State Comptroller, 1995). To do so, the authority leverages its borrowing authority to provide loans guaranteed by the state to companies who want to expand, acquire, or rehabilitate facilities or acquire new machinery and equipment. For this reason, JDA is synonymous with a state-run bank; into the 1980s, the Authority's letterhead read: "JDA: New York State's Economic Development Bank."

In 1961, the authority loaned private entities up to 40% of a project's total cost. Eligible projects included for example, the construction of a new manufacturing plant or a new research and development facility; construction, rehabilitation, or renovation of a pollution control facility; or the purchase of new machinery and equipment. When it was founded, the authority could borrow up to $100 million and use that money to issue loans. Over time, the legislature, with voter approval, increased JDA's borrowing limits. By 1991, the authority was allowed to carry debt of up to $900 million (NY Const, art X § 8). In 1995, the authority's operations were folded into Empire State Development.

The Science and Technology Foundation (STF) was established in 1963 to encourage and promote scientific and technological education, basic and applied research and development, and the development and fabrication of new commercial products (NY Pub Auth L § 3101-3110). To achieve these goals, STF made grants, primarily to universities, to initiate or sustain scientific research relevant to state industries. The state eliminated funding to the foundation in the mid-1970s during the state's fiscal crisis. By the late 1970s, state officials nationwide began to "rediscover" the role of scientific and engineering research in economic development and the state re-funded STF. The foundation focused on linking educational resources with business opportunities that develop technology applications in state industries (Mauro and Yago, 1989). As of 1999, these programs received about $3.3 million in state appropriations and $8.7 million in federal appropriations (Office of the State Comptroller, 1999). Legislation abolishing the STF was enacted in November 1999.

Finally, the Urban Development Corporation (UDC), the authority that would later "do business as" the Empire State Development Corporation, was established in 1968 by the Urban Development Corporation Act (L. 1968, ch 174).[11] The authority was tasked with addressing the range of issues affecting depressed urban areas. In the act's Statement of Legislative Findings and Purposes, the legislature acknowledged the role of the state in acting where private enterprise will not or cannot, and described the range of social, economic, and physical problems facing the state's urban areas caused by unemployment and underemployment. For example, the act noted that "manufacturing and commercial facilities [...] are obsolete and inefficient, dilapidated, and without adequate mass

[11] For a comprehensive analysis of UDC, see Brilliant, 1975.

transportation facilities and public services…" (L. 1968, ch 174 § 2). The act made clear that addressing urban ills was about more than jobs; it involved addressing developing and improving physical spaces. UDC was designed to address these social and physical problems through the provision of capital for acquisition and construction of industrial, manufacturing, commercial, educational, residential, recreational, and cultural facilities. When UDC began to do business as ESDC in 1995, the new entity inherited all the "privileges, immunities, tax and other exemptions of UDC" (Gargano, 1995).

The Urban Development Corporation

One impetus for creating a public authority to manage urban redevelopment was that the issuance of bonds in New York State requires voter approval. Frustrated by voter rejection of bond issuances to finance slum clearance and construct low-income housing throughout the 1960s, Governor Rockefeller explored other options. Because voter approval is not required for public authorities to incur debt, as explained in Chapter 1, a public authority provided the ideal vehicle for these activities.

UDC's enabling legislation empowered the authority to take on all the tasks associated with urban development: promotion, financing, acquisition, consulting, and development. Specifically, the authority was granted the power to condemn and clear land and relocate those displaced; issue up to $1 billion of revenue bonds; issue notes; grant loans and tax exemptions and abatements; acquire private property; acquire real property through eminent domain, create subsidiaries; and sue and be sued. Further, the authority, its lessees, and successors were exempted from municipal permit-granting powers and certificates of occupancy. Local governments are not allowed to alter any of UDC's plans, drawings, or specifications for any project and the authority was empowered to override local laws, ordinances, codes, and charters. With this suite of powers, UDC was said to possess the flexibility of a private developer with the legal authority of government (Brilliant, 1975).

Boosting UDC's powers was its unique bonding authority. First, the agency had the ability to take advantage of moral obligation bonding. Although moral obligation bonds are not backed by the full faith and credit of the state, the bonds are considered a "moral" obligation of the state. Such bonds have greater flexibility of use and were attractive to investors because of their low-risk. Further, moral obligation bonds provide an additional level of security to investors. In addition to the security provided by a pledge of revenues generated from the project financed by the bonds, under a moral obligation bond, the bondholder has assurance that a government entity will maintain a certain level of funding to the issuing authority. According to Griffith (1976, 58), "[s]ome believe that [with moral obligation bonds] the state commits itself...to assure prospective investors that its public authorities will have enough funds to cover debt service on their obligations."

Second, to make UDC as nimble as possible, it operated with general purpose bonds, which meant that bonds were not tied to specific projects as is typical for other public authorities (Cohen, 2019). Using general purpose bonds had several advantages. Bonds could be issued when market conditions were favorable, funding would be available for ordinary operating expenses, and most importantly, the risk of UDC's various projects could be pooled. With this strategy, the failure of any one project did not seriously threaten the agency's credit-worthiness.

In addition to its vast legal authority and its bonding advantages, UDC was granted enormous programmatic flexibility. It could take on public-works, residential, commercial, and industrial projects as long as those projects eliminate blight. UDC could also act as conduit for grant money from other sources like the federal government or enter into joint-venture relationships with other governments and private developers (Ponte, 1984). Moreover, UDC could finance 50-90% of a project's cost depending on the project type. In many cases, UDC provided the financing mechanisms necessary to meet a project's needs (bonding authority) while the developer must demonstrate that they were unable to obtain additional financing through, for example, institutional, public, or private sources. In addition, the developer had to demonstrate an inability to obtain private financing for the full cost of the project without UDC assistance (NYS Red Book, 1985-86). Once a project was complete, UDC could manage the project itself or it could lease or sell it to another party (Ponte, 1984). With so much flexibility, UDC's had a range of relationships with public and private entities.

Because of its ability to evade local government laws and regulations, the legislation creating UDC was highly controversial. The mayor of New York City opposed the bill and *The New York Times* editorialized against it, calling into question the democratic nature of an institution with so much unilateral power (Reilly and Schulman, 1969). In an April 1968 article in *The New York Times*, Mayor John Lindsay was quoted, saying that the UDC "represents the thinking of 20 years ago" and further noted that the powerful entity would "undermine city attempts to 'give poor people a positive voice in government'" (Reeves, 1968). To many local government officials, UDC's ability to override local laws, ordinances, and codes was seen as a threat to municipal home rule. Despite controversy, the UDC bill was approved in 1968 by the legislature due to intense pressure by Governor Rockefeller (Brilliant, 1975). Because UDC's legislation passed the same day as Dr. Martin Luther King, Jr.'s funeral, some felt the governor exploited the emotional value of the funeral when he drew attention to the plight of urban areas and the need to take action (Loewenstein, 1978).

Rockefeller had confidence that UDC would be successful. Before enabling legislation had even been introduced, Rockefeller had tapped Edward J. Logue, the former head of New Haven's urban renewal agency and the Boston Redevelopment Authority, to run the proposed agency (Cohen, 2019). Logue was a nationally-recognized and widely-praised urban renewal czar known for his ability to tap federal funding sources for large redevelopment projects (Honan, 2000). Anticipating conflict between the state-run authority and local governments, it was Logue who pushed for the legislation to include the power of eminent domain, and the ability to reduce or exempt projects from local real estate taxes and to override exclusionary zoning and local building codes (Cohen, 2019).

UDC was also an attractive agency to run. Logue was devoted to staving the worst effects of the urban crisis, and he felt that states had a unique role to play in this effort (Cohen, 2019). Specifically, he envisioned metropolitan solutions to urban problems, but having the power to operate beyond the boundaries of any one locality to achieve these goals had always eluded him in his previous work in New Haven and Boston. With UDC's powers to operate in all corners of the state, Logue could finally test his regional approach.

UDC's early projects—both their scale and pace of development—were shaped by the ambition and vision of Governor Rockefeller and Logue. UDC's power to take a project from concept to completion allowed it to move quickly. Even with the ability to outpace typical redevelopment projects, Logue instituted a practice called "fast-tracking," which moved projects to completion even faster. With fast-tracking, a project would move ahead before the final funding, permitting, designing, and bidding were secured. In her biography of Logue, Cohen notes that "Logue had confidence that they would all come through in the end, and rather than lose valuable time, he began construction using funds already in hand" (2019, 275).

In designing UDC projects, Logue focused on housing developments that he claimed had both social and economic goals. For example, because he felt that developments catering to low-income residents alone were "undesirable," he instead set out to construct mixed-use and mixed-income developments. The authority's 1969 *Annual Report* calls for a "mixture, in which lower-income families live in a community with families of other incomes" (3). Cohen asserts: "Everywhere the UDC worked, it promoted some version of socially and economically heterogeneous residential communities for what it argued was broad mutual benefit" (2019, 288).

Under Logue's direction, UDC also stressed good design. The agency worked to find alternatives to high-rise public housing that Logue dismissed as "dehumanizing and ghettoizing" by working with prominent architects (Cohen, 2019, 299). An emphasis on good design is also stated in UDC's 1969 *Annual Report*: "Much public and publicly-assisted housing has a dreary, institutional appearance and atmosphere. We believe that this is unnecessary and that with some effort, good design can be achieved on any project" (UDC 1969, 3).

In addition to building housing, UDC designed and constructed new towns and "stimulate[d] the development of a modern housing technology" (Brilliant, 1975, 69). With this ambitious charge, UDC's projects spanned the state with $2.4 billion worth of projects in 16 cities and special projects in the mid-Hudson Valley region and Westchester. Further, its projects were diverse, including a parking garage in Ithaca and a community center and other facilities for the elderly in Binghamton.[12] But, "no community received more attention than New York City" (Steen, 2011, 186). Of the projects in New York City, Roosevelt Island was one of its more well-known. This was also UDC's largest, and according to the Authority, its "most exciting" project at the time (UDC, 1969, 35).[13]

The Roosevelt Island project was bold. UDC planned a mixed-use and mixed-income development on a strip of land in the East River between Queens and midtown Manhattan where a prison, a workhouse, and three hospitals previously operated (Steen, 2010). UDC's considerable legal authority, paired with the political support and clout of Governor Rockefeller and clout of Logue, uniquely positioned the authority to carry out the project. Speaking in 1986, Logue said:

> I rebuilt the waterfront in New Haven, I rebuilt a waterfront in Boston, I like moving water, and I always wanted to build a new town...I have a...serious interest in social justice, as I think Rockefeller did, and I saw this as an opportunity to do a lot of different things. I saw this as an opportunity to showcase urban design; I saw this as an opportunity to showcase economically and racially integrated living, because the great thing about a new town is the rules are set before you get there. There's nobody to displease because there's nobody there. And if they don't like our mix, well don't bother to come (Steen, 2011, 187).

Logue saw Roosevelt Island as an avenue to "realize his vision of socially heterogeneous, economically viable, and comfortable community" (Ibid., 191).

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[12] For a complete list of UDC's projects in 1969, see Appendix C.

[13] Roosevelt Island was originally known as Welfare Island. In 1973, Mayor Lindsay signed legislation renaming the island after Franklin Delano Roosevelt.

In 1975, 2,100 families began moving to Roosevelt Island when the first residential building opened (Fried, 1975). Two more rental buildings and a luxury cooperative building opened just one year later in 1976 (Schuman, 1976). Despite this success, Roosevelt Island's planning and development faced obstacles including economic feasibility, corrosion of the original mixed-income plan, subway construction delays, and challenges with public school construction, none of which derailed Roosevelt Island's development. Governor Rockefeller and Logue injected enthusiasm and political momentum into the development's realization, and UDC's legal authority allowed UDC to move ahead despite obstacles.

As discussed, UDC was granted the flexibility of a private developer, but with the task of serving the public interest. Although its vast powers gave the authority enormous capacity, those powers also created ambiguity around the agency's central purpose: was it to carry out profitable industrial and commercial development or to build housing, an activity that was not as profitable (Ponte, 1984)? Further, UDC's structure posed a paradox for its long-term viability as an independent organization: it was supposed to do what private developers would not do (produce housing in low-income areas) but still turn a profit (Brilliant, 1975).

The public authority also suffered from poor management. First, UDC never actually became self-sufficient, relying instead on piecemeal state appropriations. Second, the authority's management never adapted to external conditions. For example, in 1973 as the flow of federal money slowed due to Nixon-era cuts, UDC continued to commit to projects before officials knew definitively that the federal government would make funds available for those projects. Further, committing funds to balancing its budget rather than to a project signaled to private developers that the government agency was not a reliable partner (Brilliant, 1975). The public authority was caught in a catch-22. A volatile bond market, the departure of its champion in the governor's office (when Governor Rockefeller resigned three years into his fourth term), and an absence of a steady revenue stream stymied UDC's chances of survival (Lowenstein, 1978).

In early 1975, UDC defaulted.

Resuscitating UDC

Governor Hugh Carey (D, 1975-1982) took office as a national recession was underway and the city was on the verge of bankruptcy (Phillips-Fein, 2017). Just over a month after his inauguration, UDC payments came due on February 25, 1975. Carey signaled early on that he would make changes to the state's approach to spending and consequently, economic development. In his first state-of-the-state address in 1975, Carey declared: "Every interest and group and advocate came to think of the state budget and of the state subsidy of local budgets as a cornucopia, a never-ending horn of plenty that could pay for more and more each year. Now the times of plenty, the days of wine and roses, are over" (Carey, 1975).[14]

During his tenure, Carey would limit the size and cost of state government. Under his leadership, the state would cut the top personal tax rate from 15 to 10 percent (Ward, 2006). To offset that tax cut, the corporate tax rate rose from 9 to 10 percent. In anticipation of a negative impact on manufacturing, the state government created an

[14] Until 1990, the State of the State address was known as the "Annual Message to the Legislature" but those addresses are still referred to as the "State of the State."

investment tax credit which reduced corporate taxes for companies that made capital investments in the state. Carey's approach jump-started a business-centered approach to governance—and economic development —that would continue well into the governorship of Andrew Cuomo (Democrat, 2011-). But, before Carey could address taxes and the size and cost of state government, he had to deal with UDC.

The February 25, 1975 due date for a payment on a Bond Anticipation Notes of $104.5 million and a February 28, 1975 due date on a bridge loan payment of $30 million to banks came and went. The governor recognized that if UDC were to declare bankruptcy, consequences would reverberate throughout the state and the state's credit rating would be destroyed (Peterson, 2018). Further, the default coincided with New York City's fiscal crisis, increasing the stakes of a UDC bankruptcy and highlighting the dependency of government on private financing via the bond market (Phillips-Fein, 2017). These corresponding crises forced scrutiny of the questionable fiscal practices of the State, UDC, and New York City (Osborne, 1977).

Governor Carey took steps to prevent bankruptcy and address the root challenges facing UDC. First, through a series of negotiations he secured funding for UDC's projects. The package authorized by the state legislature not only brought UDC out of default, it filled the authority's reserves to the level of annual debt service, and again filled those reserves in 1976 (Walsh, 1978). Second, he authorized a critical inquiry into the UDC and other financing agencies enabled by the Moreland Act (NY EXEC § 6).

According to the final report (1976) of the commission formed under the purview of the Moreland Act, UDC's vulnerability was both a function of its management and mandate. The authority accumulated too many projects too quickly and could not finance those commitments. While management created some vulnerabilities, UDC's downfall could largely be attributed to the contradiction in its underlying mandate. The authority was tasked with building housing in marginalized areas for families who could not pay market-rate rent, all while not costing taxpayers any money (Cohen, 2019).

The Commission ultimately recommended that UDC's operations be halted under two conditions. First, UDC's housing functions should be transferred to an existing public authority, the Housing Finance Agency (HFA), and second, the state's industrial and commercial development functions, such as those carried out by the JDA and UDC, should be consolidated under a new public authority. This represented the first suggestion that state economic development efforts might be more effective and more efficient if consolidated.

Instead of halting UDC operations and centralizing economic development efforts, Carey encouraged it to take on commercial and industrial development in addition to its existing housing activities. Fortunately, language already existed in the authority's statute to activate both functions. Although it reversed Rockefeller-era priorities that focused on housing, it was consistent with Carey's retrenchment approach to governance. According to Ponte (1984, 22), "there was little choice [in this course of action], given the State's diminished credit worthiness and uncertainties about federal housing subsidies."

In January 1976, UDC's new functions would be put to the test "accidentally" (Ponte 1984, 22) when New York City officials approached UDC for help with redeveloping the Commodore Hotel, owned by Penn Central Railroad, near Grand Central Terminal. The developer, Donald Trump, offered to buy the hotel and rebuild it as a branch of the Hyatt Regency. In turn, he would then sell it to UDC for $1, which would then lease it back to

Trump and the Hyatt Corporation for 29 years, permitting the developer to pay taxes far below the normal rate for 40 years (Phillips-Fein, 2017).

The proposed plan was adopted. The hotel was rebuilt and as of 2016, the tax break cost New York City $360 million in uncollected taxes (Ibid.). The cost to the state was uncollected sales taxes from construction materials because “the property title was transferred with no purchase price as part of a lease arrangement” (Ponte 1984, 22).

At the time, public sentiment was that there was not much choice but to take Trump’s offer. A local television broadcast said, “If the Trump bid is rejected, the Commodore will shut down — probably this summer — and lie vacant, taxes unpaid, a monument to urban failure” (Phillips-Fein, 2017, 258). Whether or not this was true was irrelevant. The city wanted to send a signal to the business community that they had a role to play in economic development efforts. That is, business would lead, with the government attending to their needs. As Phillips-Fein (2017, 259) asserts: “The Trump deal was a harbinger of things to come...The new New York took shape slowly, and, as the story of the Commodore Hotel suggests, it did not come out of nowhere. Its growth was stimulated by the city’s new priorities and the reorientation of the city government toward policies that might help developers and the wealthy.”

Although Phillips-Fein references city government, one could argue that her statement also applies to the economic development policies of New York State. (After all, UDC is a state entity.) UDC’s shift toward industrial and commercial development in the aftermath of its default marked the beginning of a dramatic shift in the direction of the agency (see Figure 3.2). From that point forward, the agency — and economic development policy across the state — would increasingly focus on fostering the growth and development of businesses and less on public infrastructure.

Figure 3.2: Article in *The New York Times,* July 15, 1979

The Urban Development Corporation Changes Course and Survives

Goodbye, Slum Razing; Hello, Grand Hyatt

By JOSEPH P. FRIED

Anyone who wants to see how far the enthusiastic social activism of the 1960's has given way to the sober economic realities of the 1970's need only look at the current activities of the New York State Urban Development Corporation. Moreover, as a recently released report by State Comptroller Edward V. Regan illustrates, the U.D.C. offers a prime example of how earlier enthusiasms, even after having been abandoned because of their woeful consequences, can continue to prove haunting.

The corporation was formed in 1968 as the most powerful urban renewal agency in the nation. It was the product of a decade in which ghetto unrest across the country had made inner-city uplift the order of

Carl Glassman; Jim Anderson/Woodfin Camp

Urban Development Corporation president Richard A. Kahan; Roosevelt Island complex (rear).

Source: Fried, 1979

In the decades that followed, the state's approach to economic development progressively became more entrepreneurial by working to foster a healthy business climate. Further, economic development policies would become increasingly streamlined and concentrated at the hands of the executive following numerous restructurings of government entities. This was not an abrupt shift; rather, it was a transition that was many decades in the making.

A New Kind of Economic Development

UDC was the product of Logue and Rockefeller, two individuals who were "socially committed promoters of monumental projects who believed that the troubles of their time—poverty, poor housing, unemployment, inferior education—could be solved by major interventions in the physical environment" (Cohen, 2019, 257). In other words, UDC was more than an authority that built housing; it had social goals. UDC's 1975 default changed that. In a 1979 article in *The New York Times,* Fried asserted that "UDC has emerged from the 1975 debacle resembling a cautiously run real-estate enterprise rather than a daring spearhead for social betterment." This was first exemplified by the Commodore Hotel deal but, over time, came to define a new kind of economic development.

The shift in economic development following the default of UDC set the stage for more dramatic shifts in economic development bureaucracy that would take place under Governor Pataki in the 1990s. In the period following the 1970s, a broad consensus existed throughout the United States around the need to develop and foster sub-national economies through a focus on businesses. As evidenced by investments in canals and railroads, early approaches to economic development focused on infrastructural improvements with the overall goal of aiding commerce. But, under the new approach, the role of the state was to "identify, evaluate, anticipate, and even help to develop" new markets. This represents the rise of an "entrepreneurial state" in which state and local governments assume the roles of market developer, broker, financial partner, and risk-bearer (Eisinger, 1988). UDC after Carey was emblematic of this shift. To be sure, in Brilliant's 1975 analysis of UDC, she observed that the model of business as risky and government as risk-averse is flipped under the UDC model; government takes all the risks and bears all the costs and the private sector reaps the gains of those risks.

In New York State, the gradual transition toward the entrepreneurial state was also palpable at the executive level. During this time, while there was a still role for the state's public authorities in facilitating economic development, that role coexisted with state efforts to shore up physical infrastructure for the benefit of businesses. Both public infrastructure *and* businesses had a role to play. In his state-of-the-state addresses throughout the 1970s, Governor Carey consistently connected state economic development efforts with infrastructure projects. In his 1980 state-of-the-state address, Governor Carey discussed Westway construction, the potential for a metropolitan freight rail system for the New York region, and the broad importance of infrastructure in economic development (7).[15]

The Rebuild NY Through Infrastructure Renewal Bond Act (a.k.a.Transportation Infrastructure Renewal Bond Act of 1983, NY Transp L § 421), passed in 1983 and approved by voters in the 1983 general elections, was a return to an earlier approach of economic development. It authorized the state to incur debt to finance the construction, reconstruction, improvement, and preservation of state infrastructure like highways, bridges, canals, airports, and rail facilities. This legislation highlighted the critical role of infrastructure in economic development but also represented the last piece of major state legislation that focused solely on the relationship between economic development and infrastructure. From that point, there was a greater emphasis on a mix of infrastructure improvement, aid to businesses, job training, incentives, and technology initiatives, furthering the transition to an entrepreneurial state. For example, in 1985, voters approved

[15] Westway was a multi-billion-dollar highway and park project slated to replace the dilapidated West Side Highway in Manhattan. The proposed project was never built. See Buzbee, 2014.

an increase in JDA's bonding authority and authorized the authority to take on an increased percentage (40% to 60%) of the cost of eligible projects (New York State Senate Research Service, 1987).

Under Governor Mario Cuomo (D, 1983-1994), the state continued to transition toward an economic development approach that emphasized fostering a healthy business climate and creating jobs as a means to economic development. Early in his tenure as governor, Cuomo stressed the critical role of infrastructure investment in economic development. But, by the end of his governorship, economic development no longer included explicit investment in infrastructure for the benefit of commerce. For example, in his 1994 State of the State address, a discussion of infrastructure for economic development was only made in relation to the creation of construction jobs.

During the economic boom of the 1980s, Governor Cuomo cut personal tax rates with the stated goal of making the state's business climate more competitive (Ward, 2006). In 1985 the state passed a tax cut package (L. 1985, ch. 29) that cut personal taxes by $3 billion over a 3-year period. Governor Cuomo aided businesses by developing things like the Centers for Advanced Technology ("CAT Program"), which are university-based facilities that receive state and private funding to develop marketable technologies, and the Industrial Effectiveness Program, which provides assistance to manufacturers for improving management and production. Cuomo also took concrete steps to consolidate the state's economic development efforts by creating the Department of Economic Development.

Another major piece of legislation, the Omnibus Economic Development Act of 1987 (L. 1987, ch. 839), laid critical groundwork for the formation of the Empire State

Development Corporation and Empire State Development. The act eliminated the Department of Commerce and replaced it with a new, more powerful department: the Department of Economic Development (DED). Under the act, the Commissioner of DED was given authority to set state economic policy. The new DED additionally coordinated economic development activities and programs at a regional level, shifting focus from economic development in cities to economic development in both urban and rural areas (Ponte, 1984).

Before the formation of the DED, economic development and job creation activities were spread across the three public authorities (JDA, STF, and UDC) established by Governor Rockefeller and one state agency, the Department of Commerce, established by Governor Dewey in 1944. The new DED brought the activities of these disparate entities under a single umbrella. The goal was to create a clear and coherent economic development strategy that would be easier to understand and work with, thus having a stronger impact on economic development outcomes. Specifically, the DED's mandate was five-fold (NYS Red Book, 1995-1996):

1. Advise the Governor and Legislature on all major economic issues and decisions;
2. Establish an annual State economic development strategy;
3. Provide direct and indirect services to businesses, including economic information, technical assistance, and training;
4. Offer its services through a network of regional offices; and
5. Coordinate the efforts of other state agencies, authorities, and organizations, as well as local governments, which affect the State's economy.

Additionally, the Act created nine new programs: 1) the industrial infrastructure project; 2) the export trade demonstration project; 3) the entrepreneurial assistance program; 4) small- and medium-sized business assistance program; 5) economic development skills training program; 6) industrial effectiveness program; 7) economic information and research program; 8) the regional revolving loan trust fund; and 9) expansion, retention and attraction fund. Governor Mario Cuomo's efforts to rationalize the state's economic development entities, however, were not enough to prevent another reorganization and consolidation of economic development entities in the mid-1990s under Governor George Pataki.

Governor Pataki and the Remaking of the Business Climate

The election of George Pataki (R, 1995-2006) in 1994 shifted the state's political calculus. Reportedly always willing to compromise, Pataki quickly moved to dismantle "business as usual," especially regarding taxes and state spending much like his predecessors. To be sure, Governors Carey and Cuomo both moved to cut taxes. But, Pataki staked his campaign around the conservative premise that high taxes served a bloated government at the expense of private sector jobs. One *New Yorker* article aptly noted: "Pataki was swept in [to office] on economic outrage" (Traub, 1996, 29).

Despite the reforms and tax rate changes under previous governors, New York State still struggled economically. New York State also had a bad reputation among the business community. A 1992 *US News and World Report* ranking of state economies ranked New York 48th of the 50 states. Included in that ranking were sub-rankings: New York ranked 27th in income growth, 45th in employment growth, 31st in unemployment decline, 49th in home-price growth, and 49th in business bankruptcy. The report stated: "New York is an economic disaster" (Collins et al., 1992). In 1993, New York State ranked 37th among the 50 states in the rankings for "'Hot Spots' for Entrepreneurs" (Birch, 1993). The state's economy and its reputation in the business community was in peril.

Addressing these challenges through economic development—namely, fostering a healthy business climate by cutting taxes and reducing regulatory requirements—framed much of Pataki's governorship. Further, Pataki's establishment of the Empire State Development Corporation, and perhaps confusingly, an umbrella organization simply known as Empire State Development, would have a significant impact on New York State's economic development policy and planning activities. In the early months of Pataki's tenure, his administration focused on creating a narrative around improving the business climate to shore up support for his economic development initiatives.

Making the Case for ESDC

In his first state-of-the-state address in January 1995, delivered four days after his inauguration, Governor Pataki cited the "array" of state agencies focused on economic development and announced his plans to combine agencies "into a single Empire State Economic Development Corporation" (1995, 6). At that time, he also announced that he had appointed a Long Island businessman, key fundraiser for the Pataki campaign, and former Ambassador to Trinidad and Tobago Charles Gargano to lead the consolidation effort and serve as Commissioner of the Department of Economic Development. Of Gargano, Pataki said: "His business background and real world sensibilities will help us prune the bureaucracy to more efficiently deliver services that encourage new growth in the private sector and reduce spending" (7).

In addition to announcing the overhaul and consolidation of economic development agencies, Pataki established plans to cut personal income taxes, reduce regulatory requirements, and slash state operating costs. All of these elements, Pataki claimed, would lead to a "smaller, more effective, more efficient government" and "foster a climate that allows individuals to excel and businesses to prosper" (10).

Following this initial announcement, Pataki spent several months establishing the basis for a complete reorganization of the state's economic development efforts and focusing on improving the state's "business climate." Through public statements, media appearances, and meetings with business leaders, Governor Pataki and his administration made the case for overhauling state economic development efforts and improving the state's business climate. These events and meetings simultaneously enabled the administration to build rapport with business leaders and build a brand for New York as the ideal place to do business.

Changes to economic policy were first formally introduced with the release of the executive budget.[16] On February 1, 1995, Governor Pataki's Office issued a press release detailing the executive budget (Executive Chamber, 1995). The press release stated that beginning April 1, the start of the next fiscal year, the state would reduce spending, cut taxes, and trim government services. For example, the governor proposed cutting general fund spending by 3.4 percent and spending from all state funds by 0.3 percent below 1994-

[16] The New York State Legislature convenes in early January and the governor must submit the executive budget by February 1. New York State's fiscal year begins on April 1 and the budget must be agreed upon by this date.

1995 levels. Of the state's economic development programs, the press release noted: "the Budget consolidates programs and agencies, prunes the bureaucracy, and eliminates programs which are redundant, ineffective or untested" (8).

Following the release of the executive budget and during budget negotiations with the legislature, members of the Pataki administration spoke publicly about the proposed budget. Officials hoped to build support from the public and the business community for Pataki's approach to economic development. They also needed to justify cuts to social services and other government operations that would make tax cuts possible.

For instance, Gargano appeared on the program *Inside City Hall* on NY1, New York's premier local news television station, to discuss Pataki's approach to economic development. In notes for Chairman Gargano's appearance, Deputy Commissioner for Economic Development John Bacheller discussed some of the details of Governor Pataki's plans, such as increasing financing for industries, promoting high technology, and increasing funding to promote tourism. Bacheller also made clear distinctions between Pataki's approach and that of his predecessors. For example, the memo suggested that in his televised appearance, Gargano should note that tax cuts "will do more to stimulate the State's economy than anything else" the administration will do (Bacheller, 1995).

Concerning the state's business climate, in his notes, Bacheller characterized New York State as having a "negative business climate" due to burdensome taxes and regulatory policies. Under previous administrations, Bacheller charged, business retention was prioritized over business attraction, putting New York in a disadvantageous position in relation to neighboring states like New Jersey, Pennsylvania, and Connecticut. To attract businesses, the Administration would focus on improving the state's business climate by cutting taxes and trimming government regulations. These steps would be bolstered by a consolidation and rebranding of the state's economic development entities to make them more accessible and understandable to the business community.

Building a strong relationship with the business sector was important for the Pataki administration. Before he took office, Pataki tasked economic development chief and then-transition officer, Charles Gargano, with identifying why New York State had failed to create and retain jobs over recent decades. As part of this, Gargano met with business people throughout the state (Bacheller and Mahoney, 1995; Gargano 1995a). The results of these meetings—or at least that the meetings took place—would serve the administration when they marketed their economic development policy decisions to the public and the business community. In a speech delivered by Chairman Gargano at a luncheon sponsored by the New York State Builders Association in March of 1995, he mentioned these meetings and noted that business leaders said that government is "unresponsive to the needs of businesses," "taxes are too high," and regulatory requirements are burdensome (Gargano, 1995a). Gargano went on to declare hyperbolically that businesspeople claimed to be "drowning in a sea of red ink and awash in a confusing mix of economic development programs and services delivered in a haphazard fashion."

Similarly, in an interview with the Albany *Times Union*, Gargano stated that "the most common complaint from business people is that this state is business unfriendly, the programs are difficult to access and confusing and the truth is no one really wants to help us. That was a common complaint among business people" (Precious, 1995). These meetings enabled the Pataki administration to justify their tax- and regulation-cutting efforts as well as the consolidation of economic development agencies.

The administration further signaled its alliance with the business community when Gargano published a story in the *New York Real Estate Journal* in May of 1995. Like other media appearances, the article signaled a supposed clean break from previous administrations' approaches to economic development and further fueled Pataki's efforts to reduce regulatory requirements, trim government operating costs, and cut taxes. All of Pataki's efforts were aimed at improving the business climate and attracting new businesses to the state, rather than focusing only on business retention. Even though ESDC and ESD had not yet been formally launched, Gargano noted in his article that the administration had already begun reducing staff at the state's various economic development agencies. Gargano noted: "As we revamp services, customers will begin to discover a smoother route toward making contact with our organizations; more information available more quickly; and an abbreviated, simplified application process."

In addition to shaping the public narrative, the administration leadership prepared agency personnel for the changes. Meetings internal to UDC were held in New York City on May 18 and in Albany on May 25, 1995. At these meetings, the leadership explained the new structure of the state's economic development programs: UDC would operate as the Empire State Development Corporation. The functions of JDA were to be folded into ESDC and the functions of STF were to be folded into the Department of Economic Development (DED). DED and ESDC would operate together and collectively be known as Empire State Development (ESD).

Also on May 18th, Gargano sent a letter to UDC's board of directors requesting authorization to form the Empire State Development Corporation as a UDC subsidiary (Gargano, 1995a). In the memo, Gargano explained that the new subsidiary was part of the governor's plans to have one entity to "encompass the services of the State's currently existing economic development agencies and be easily identified by the public." Gargano further explained that UDC, operating as ESDC, would be that entity, and existing economic development agencies would maintain their corporate names while adding "doing business as the Empire State Development Corporation" after their title.

Creating a subsidiary was easier than creating a new entity. Creating a new public authority would have required legislative approval, as would have changing UDC's corporate name. According to Gargano: "Since legislative action is required for UDC to change its corporate name, until such action is authorized, it is intended that UDC will conduct buisness [sic] as this newly created subsidiary." In the spirit of Pataki's approach to slimming government operations, creating the new subsidiary was the best way to avoid legislative negotiations. The administration acted swiftly to launch this new economic development approach and demonstrated an ability to get things done for the benefit of the business community.

Nowhere in the letter Gargano sent to UDC's board of directors is the umbrella organization "Empire State Development" mentioned. That entity did not appear in official documentation until the 1997 *Red Book*, when ESD was listed as an executive department in place of the Department of Economic Development. Although the *Red Book* rightfully explains that ESD is made up of ESDC and DED, it does not specify that ESDC is a public authority while ESD is an executive department of the state.[17] Later, in 2006, the New York

[17] In interviews held in 2019, the lawyers for ESD insisted that ESD and ESDC are the same entity, conflicting with what is listed in the *Red Book*, as well as a 1997 report issued by the New York State Comptroller (Office of the State Comptroller, 1997).

State Department of State approved an application for a certificate of an assumed name, allowing UDC to operate under the assumed name of ESD.[18]

Meanwhile, the public narrative that the administration worked hard to shape was taking hold. In early June, *The New York Times* published an article outlining the success of the Pataki administration in building a “business-friendly New York,” citing a recent decision by International Business Machines Corporation (IBM) to remain in New York State after company leadership had considered leaving the state (Dunlap, 1995). The article also noted plans to shrink the number of state entities involved in economic development and consolidate activities under a single Empire State Development Corporation.

ESDC and ESD are born

On June 12th, 1995, assistant counsel for the Urban Development Corporation Laurentina S. McKetney Butler signed the necessary paperwork and the Empire State Development Corporation was incorporated under Section 402 of the Business Corporation Law (NY Bus Corp L § 201). With the Pataki administration's pro-business messaging firmly in place and after decades of changes to economic development bureaucracy, the ESDC had finally been formally created. Table 3.3 shows the progression of economic development entities from the Division of Commerce in 1941 to Empire State Development and the Empire State Development Corporation in 1995.

[18] In an interview for this dissertation in 2019, David Catalfamo, former Senior Vice President of ESD, said that ESD “doesn’t exist,” implying that it does not exist in statute. See chapter 4 for more information on this interview.

Table 3.3: Timeline of economic development entities in New York State.

Year	Entity Created
1941	The Division of Commerce of the Executive Department
1944	Department of Commerce
1961	Job Development Authority
1963	Science and Technology Foundation
1968	Urban Development Corporation
1987	Department of Economic Development
1995	Empire State Development, Empire State Development Corporation

Although he announced his plans for ESDC in his first state-of-the-state, Governor Pataki publicly outlined the reorganization of economic development agencies on June 26th in Albany (Media Advisory, 1995). The media advisory indicates the meeting was intended for economic development agency staff, but staff had already been introduced to the new structure and leadership at internal meetings. It was a public event and members of the press were invited to learn about ESDC. At this meeting, Commissioner Gargano welcomed the governor and introduced Lawrence L. Barker, Executive Deputy Commissioner of the Department of Economic Development and Frank K. Mahoney, Executive Vice President of the Empire State Development Corporation. Together, the group outlined the agency reorganization and introduced the new economic development management team.

The creation of ESD and ESDC together with Pataki administration efforts to cut taxes, reduce regulatory requirements, and curb spending pleased the business community. In June 1995, *Empire State Report*, a magazine on state government and politics, declared that Governor Pataki had "won business owners' hearts." In under seven months, Governor Pataki and his administration upended decades of economic development bureaucracy and replaced it with its own powerful (and more complicated) entity. In the following chapter, I explore ESDC in detail by explaining how the entity operates both formally and informally.

Chapter 4: Centralization and Depoliticization: How Empire State Development Works

Empire State Development (ESD) is a powerful entity tasked with promoting and facilitating economic development throughout the State of New York. The entity is an umbrella organization for multiple state-wide entities: The Urban Development Corporation (UDC) which, since 1995 has done business as the Empire State Development Corporation (ESDC) and includes the Job Development Authority (JDA), and the Department of Economic Development (DED). Governor Pataki (R, 1995-2006) created the organization in an effort to make the State's economic development programs easier to understand and access (Bacheller, 2019).

In an effort to streamline state economic development activities, Governor Pataki created a complex organization that centralizes economic development operations. To be sure, he folded one public authority (JDA) into another (UDC) and then allowed that public authority to do business as a subsidiary of itself (ESDC). Decision-making around economic development was further centralized under Governor Andrew Cuomo (D, 2011-), who created Regional Economic Development Councils (REDCs), which are advisory councils that collaborate with ESD regional offices for the purposes of allocating funding.

In this chapter, I convey the complexity of ESD by explaining the entity's formal and informal operations in detail. In so doing, I show how, since ESD was created, the organization has increasingly centralized and de-democratized economic development spending in the name of depoliticization. To do this, I first establish ESD's formal structure and powers. Then, I take a wider approach and describe the evolution of ESD beginning with the steps the Pataki administration took to establish the agency as the state's premier economic development entity. I then move to ESD in the 2010s and into early 2020 by discussing ESD's approach to economic development, and its financing, programming, intergovernmental relations, and relationship with the public. [19]

Empire State Development

Although there have been minor changes to ESD's administrative structure under different gubernatorial administrations, its core structure has remained unchanged since it was first established in 1995 during the Pataki administration. In this section, I describe the consolidated structure of ESD and discuss its use of subsidiary corporations.

Structure

Prior to the formation of Empire State Development (ESD), statewide economic development efforts were spread between the Urban Development Corporation (UDC), the Job Development Authority (JDA), the Science and Technology Foundation (STF), and the Department of Economic Development (DED). With Governor Pataki's reorganization, the Urban Development Corporation, formed in 1968, started doing business as the Empire State Development Corporation (ESDC), a new subsidiary of UDC. In effect, an umbrella organization was created out of UDC and then UDC operated as one part of that subsidiary. Units within DED and ESDC that offered similar services were grouped together and began reporting directly to a single manager in either UDC or DED. This allowed for a reduction in

[19] In this chapter, I make every attempt to isolate ESD's public authority activities from its state department (DED) activities. However, because much of the data and evidence available on ESD mixes UDC d/b/a ESDC and DED activities, it is not always possible to make a clear delineation between its powers as a public authority versus its powers as a state department. When this is the case, I use "ESD" and refer to the entire entity. When I present evidence that discusses only the public authority, I refer to "UDC d/b/a ESDC" or "ESDC."

the number of DED Deputy Commissioners and ESDC Senior Vice Presidents, while also reducing the number of managers reporting directly to the Executive Deputy Commissioner of DED and the Vice President of ESDC (ESD, 1996)

The Job Development Authority, formed in 1961, was absorbed by ESDC in 1995. As of 2019, JDA had a board but no direct staff. JDA's chair and president the same as ESDC's, and its general counsel, chief financial officer, and controller are all also employees of ESDC. According to the state Authorities Budget Office, in 2018, JDA had five employees, but did not list compensation for those employees, indicating that they are paid as employees of ESDC and hold dual titles for both organizations (Authorities Budget Office, 2019). JDA maintains its own mission statement, bylaws, and procurement guidelines. Further, JDA produces annual budgets and reports.[20]

With the 1995 consolidation, the Department of Economic Development absorbed the activities of the Science and Technology Foundation, a public authority established in 1963. But, STF continued to exist until November 1999 when it was abolished (EXC §209-E). At that time, the small business technology investment fund (part of STF) as well as assets, liabilities, and records were transferred to UDC (now operating as ESDC).

Under the umbrella of ESD, ESDC and DED employees execute the state's economic development programs. Kenneth Adams, President and CEO of ESDC and Commissioner of the Department of Economic Development from 2011-2015, described how employees of the two agencies work together, saying (2019), "You know, it's really quite seamless… departments are mixed, groups are mixed, and people don't walk around wearing a

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[20] To see JDA's bylaws and annual budgets and reports, see: https://esd.ny.gov/about-us/corporate-info/job-development-authority-jda

different color socks." Similarly, John Bacheller, Deputy Commissioner and Senior Vice President of Policy and Research during the Pataki administration said (2019), "although they were separate agencies on paper, in fact people could be working technically for one… you were all working together and there weren't really different lines of authority. There were not different lines of management."

On the public-facing side, ESD is one entity. To be sure, ESD annual reports contain information on all economic development programs in the state, and there is no distinction made between DED and ESDC programs in the report. Adams confirmed that there is no difference between the entities as far as the public is concerned, noting:

> It is seamless from the outside. Businesses receiving incentives really don't care. If you want the film production tax credit, you just want it. You don't care if it's a civil service employee or someone working for the public authority. You don't even know. Which is sort of a nice thing. Public-facing, you can't tell.

Evelyn Phinney,[21] a former employee of DED and then ESDC, offered a different perspective of the umbrella organization. While she confirmed that DED and ESDC operate together, she noted that the state needs to retain the public authority arm (rather than, for example, folding ESDC into DED) because DED is not authorized to give money to private corporations in the form of grants. She said, "there is a precedent that's been upheld that allows the corporation to, in the realm of public good, provide incentives directly to companies to benefit, or to induce certain economic development actions" (2019). To be sure, in 2011, a group of 50 taxpayers filed suit against New York State in the case *Bordeleau v. State* (2011). The plaintiffs alleged that the appropriations in the 2008-2009 budget made to UDC (operating as ESDC) violated the gift and loan clauses of the state

[21] This is a pseudonym.

constitution because ESDC used that money to fund payments to private entities.[22] In its ruling, the court noted that although gifts and loans of credit to public authorities are prohibited, designating state funds to a public authority for the purpose of economic development is constitutional. Specifically, they were legal because the appropriations, according to the court, had a "predominant public purpose."

Complicating the picture is the fact that in common parlance and by the entity itself, ESD and ESDC are used interchangeably. In fact, there is ambiguity concerning whether there is a difference between Empire State Development and Empire State Development Corporation. Two employees of ESD as of 2019 (who preferred that their names not be used) insisted that ESD and ESDC are the same thing. This was not confirmed by *The New York Red Book*, the yearbook of departments, political subdivisions, and public officials of New York State government, which lists ESD is an umbrella organization for ESDC and DED. David Catalfamo, Senior Vice President for ESD from 1994-2004 said that ESD "doesn't exist" because it was never statutorily ratified. Similarly, Jeffrey Janisewski, Senior Vice President of Strategic Business Development at ESD, said that ESD "is a brand, a name" (2019). To be sure, ESDC was created as a subsidiary of UDC in 1995 and an assumed name certificate for UDC to operate as ESD was filed with the New York Department of State in June 2005.

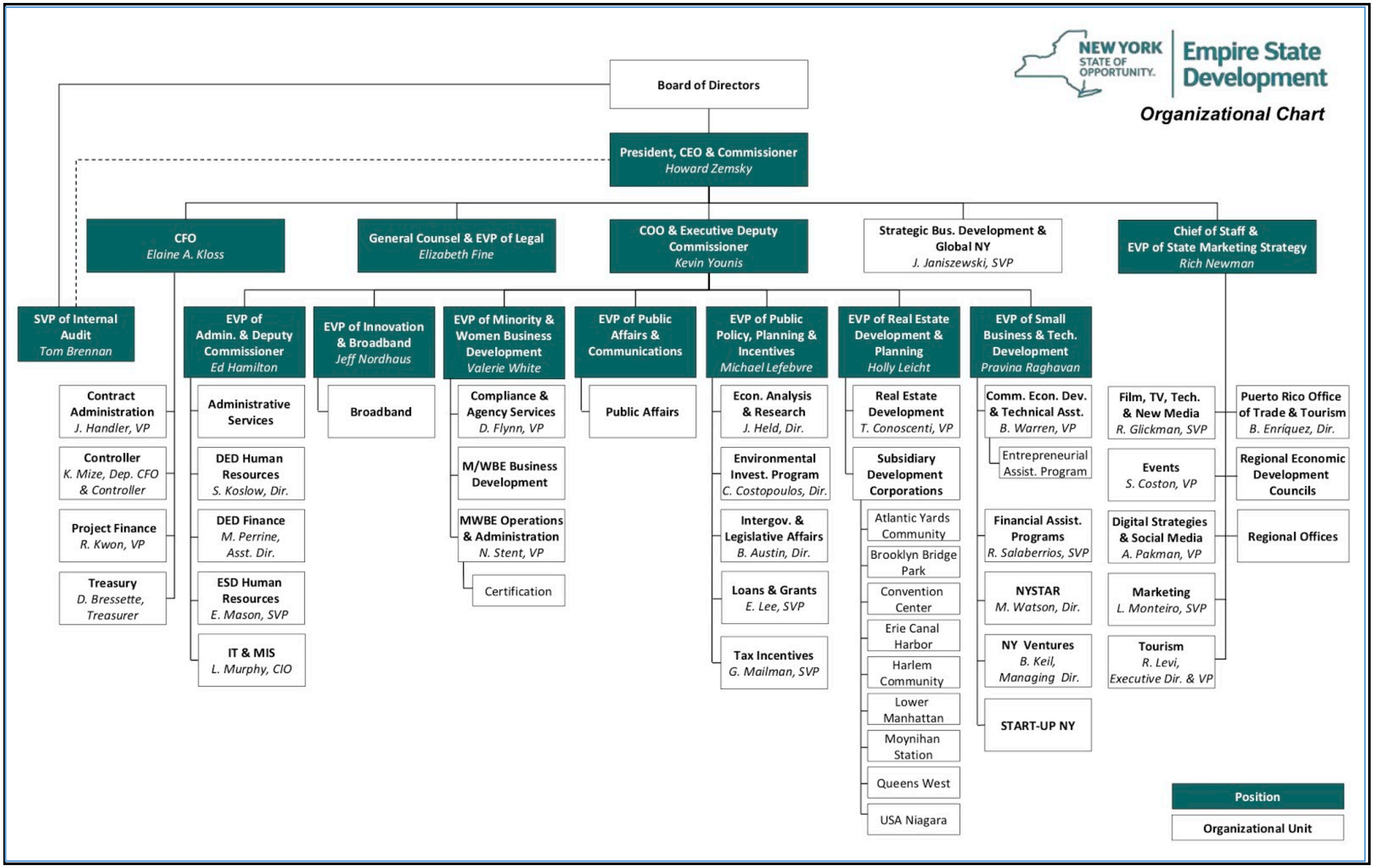
[22] The gift and loan clauses in the New York State constitution prohibit gifts or loans of money or credit from the state and local governments to private enterprises. The clauses were adopted between 1846 and 1874 in response to widespread corruption and mismanagement of public money. See Galie and Bopst, 2012.

Management and Staff

ESD is governed by a board of seven directors appointed by the governor and two ex-officio members, the New York Superintendent of Banks and the chairman of the New York State Sciences and Technology Foundation. Five of the seven members appointed by the governor serve for specified terms and two serve "at the pleasure of the Governor" (NYS Red Book, 2018).

The Commissioner of the State Department of Economic Development acts as CEO of ESD, while simultaneously serving as the President and CEO of the UDC. Directly under the CEO is a CFO, an Executive Vice President of Legal Affairs & General Council, a COO & Executive Deputy Commissioner, a director of Strategic Business Development, and an Executive Vice President & Chief of Staff (see Figure 4.1). Many employees for ESDC have dual titles, reflecting that they are both an employee of the public authority and of the state department. In addition to the President and CEO of ESDC serving as the Commissioner of Economic Development, for example, many senior vice presidents of ESDC also hold the title of senior deputy commissioner. The dual titles gave them the legal authority to operate in both entities (Catalfamo, 2019). As of June 30, 2019, ESD had 535 staff members including those working in ten regional council offices, which are discussed in the following section.

Figure 4.1: Organizational chart for ESD



Source: ESD, 2019a

Subsidiaries

The Urban Development Corporation (UDC) is the parent corporation for multiple subsidiary corporations, including ESDC, which UDC does business as. Each subsidiary of UDC is an independent entity with identical powers to UDC, a board, president, and dedicated staff. There is no legislation governing when UDC can and cannot establish a subsidiary. However, Robin Stout, president of the New York Convention Center Development Corporation, a UDC subsidiary, said that several factors are considered before UDC establishes a subsidiary (2019). First, it depends on a project's size and liabilities and whether or not it will benefit the project and relevant communities to have a dedicated body. Second, when a UDC project involves a number of governmental entities other than UDC, as was the case in Queens West as will be discussed in Chapter 5, it can also be beneficial to establish a subsidiary corporation.

As of 2019, there were 14 active subsidiaries. These subsidiaries and their corresponding activities are listed in Table 4.1:

Table 4.1: Active Subsidiaries of ESD

Atlantic Yards Community Development Corporation | Brooklyn | est. 2014 AYCDC is responsible for making recommendations on proposed changes to the Atlantic Yards Project Plan and monitoring the impact of construction on surrounding communities.
Brooklyn Bridge Park Development Corporation | Brooklyn | est. 2002 BBPDC is responsible for planning, designing, and building a 85-acre park on Brooklyn's waterfront.
Empire State New Market Corporation | Statewide | est. 2004 The Empire State New Market Corporation is a certified Community Development Entity under the federal Department of Treasury's Community Development Financial Institutions Fund. The Corporation manages the New Market Tax Credit Program, which provides investment capital for operating companies and real estate development projects in order to foster job creation and community development in low-income communities.

Erie Canal Harbor Development Corporation | Buffalo | est. 2005
ECHDC spearheaded and manages Buffalo's waterfront revitalization and works to restore the economic growth to Western New York.

Erie County Stadium Corporation | Orchard Park | est. 1998
The ECSC handles all governmental functions related to the lease of the Ralph Wilson, Jr. Stadium, owned by Erie County, to ECSC and then subleased to the Buffalo Bills National Football League Team. (information obtained via FOIL request)

Harlem Community Development Corporation | New York City | est. 1995
HCDC was formed at the same time as ESDC with the goal of serving the Greater Harlem Community including Central Harlem, East Harlem, Washington Heights, and West Harlem. The corporation plans and facilitates community revitalization projects.

Lower Manhattan Development Corporation | New York | est. 2001
LMDC was created in the aftermath of the September 11, 2001 attacks to plan and coordinate the rebuilding and revitalization of Lower Manhattan, defined as everything south of Houston Street. (http://www.renewnyc.com/overlay/AboutUs/)

Moynihan Station Development Corporation | New York | est. 2004
The Moynihan Station Development Corporation oversees the construction of the Moynihan Train Hall, a project that is converting the Pennsylvania-Farley Complex to a train hall for Long Island Rail Road and Amtrak passengers.

New York Convention Center Development Corporation | New York | est. 1979
CCDC is tasked with planning, designing, constructing, and maintaining the Jacob K. Javits Convention Center.

New York Empowerment Zone Corporation | New York |est. 1994
The New York Empowerment Zone Corporation manages the New York Empowerment Zone, which is one of nine empowerment zones established by the federal government. The corporation leverages public funds and tax incentives to encourage private investment in distressed areas.

Queens West Development Corporation | Queens | est. 1992
QWDC was formed by an agreement between the state and Port Authority of New York and New Jersey. The corporation is tasked with overseeing the remediation and redevelopment of the former industrial waterfront along the East River in Long Island City.

Statewide Local Development Corporation | Statewide | est. 2001
The SLDC works with the Job Development Authority (JDA) to support low-interest loans to manufacturers and other industries. The corporation additionally maintains the New York State Office of Trade and Tourism (NYSOTT) in Puerto Rico, whose mission is to strengthen economic development ties and promote tourism opportunities between Puerto Rico and New York. (information obtained via FOIL request)

Upstate Empire State Development Corporation | Upstate New York | est. 2006 Incorporated in 2006, the Upstate Empire State Development Corporation's mission is to expand and create economic development opportunities in Upstate New York. (information obtained via FOIL request)	
USA Niagara Development Corporation | Niagara Falls | est. 2001 USAN supports economic development in Niagara Falls by funding projects that create jobs, encourage business investment, improve regional infrastructure, and promote tourism.	

Source: https://esd.ny.gov/subsidiaries unless otherwise indicated

ESD also has more than 120 inactive subsidiaries such as the Archive Preservation Corporation and the Governors Island Redevelopment Corporation. These subsidiaries are legal entities but are no longer used and have not been legally dissolved. ESD's inactive subsidiaries are listed in Appendix D.

ESD Legal Powers

When ESD was created, it inherited all the privileges, immunities, and exemptions of UDC. Thus, creation of ESD did not make for a more powerful entity as far as legal authority is concerned. ESD's rights are rights of UDC (L. 1968, ch 174 § 5) that ESDC inherited when it began to do business as ESDC in 1995, and that ESD exercises as an umbrella entity that includes UDC d/b/a ESDC.

As explained in chapter 3, UDC was designed to deal with persistent urban problems that other institutions were unable to resolve. UDC's many powers, when taken individually, were not necessarily unique. But, embodied in one organization, those powers yielded a "significant innovation for urban policy and planning" (Brilliant, 1975, 14). There are four extraordinary powers that render the entity both attractive and controversial.

First, ESDC can acquire property by condemnation. Specifically, ESDC can authorize condemnation for public use purposes, including land use improvement projects, which are undertaken to ameliorate blight, and civic projects, which are designed to provide public facilities for uses such as education, culture, and recreation. ESDC has exercised its condemnation in several high-profile cases throughout the 2000s, including in the Atlantic Yards[23] development in Brooklyn and in Columbia University's Manhattanville campus expansion in Manhattan.[24] Both projects led to lawsuits that eventually reached the New York Court of Appeals, the state's highest court, and in both cases, ESDC's right to condemn property was upheld.

Second, once ESDC owns property, that property is tax-exempt from any sort of municipal tax. According to Robin Stout (2019), since taxes are not due on ESDC owned property, ESDC often sets up a payment in lieu of taxes (PILOT) with developers of those properties. A typical deal, according to Stout, involves ESDC entering a 20-year PILOT. Under this scheme, the PILOT would be zero during construction and then, for a period of time from opening through year 20, the taxes would go from a small percentage to 100%. This is less than full taxes on the property and further, the payments are predictable, making deals with ESDC popular among developers.

Third, ESDC has the right to override local zoning and building codes. For example, ESDC can create bigger floor-area ratio envelopes, which are popular with developers because it allows them to build more square footage (Stout, 2019). Additionally, any processes that are required for proposed zoning changes, such as the Uniform Land Use Review Procedure (ULURP) in New York City, are not required when ESDC (or one of its subsidiaries) undertakes a development project.

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[23] See Lavine and Oder, 2010 for a discussion on eminent domain in the Atlantic Yards case.

[24] See Pickel, 2011 for a discussion on eminent domain in the Columbia Manhattanville case.

Fourth, ESDC can issue tax-exempt bonds to finance its projects and operations without any recourse to public approval (Brilliant, 1975). Specifically, the authority can obtain revenue by issuing "moral obligation" bonds that do not add to the official debt of the state, but are otherwise attractive on the bond market.[25] To be sure, moral obligation bonds are readily promoted by bonds salesmen because the "moral obligation" of the state makes feasible "certain projects that otherwise would not stand the test" of the regular bond marketplace (Walsh, 1978, 140).

ESD's Early Years

One of the first major accomplishments of ESD was its strategic plan. The plan was released to the public on February 5, 1996 and was billed as a "comprehensive roadmap for New York State's continued economic growth into the 21st Century" (Press Release, 1996). This was more than a strategic plan; it was an economic policy document that set the stage for New York's economic development approach for decades to come. The mission and strategies developed in the mid-1990s continue to guide the organization's activities. In this section, I discuss the early years of ESD with a focus on the entity's first strategic plan. This plan is indicative of the way the organization represented itself to the public, as well as how its programs and projects were marketed to the public and to politicians in other levels of government.

ESD's mission statement, as laid out in the plan (1996, iii) was:

> to serve its customers, the businesses and communities of New York State, to improve New York State's competitive position and to create and retain quality jobs in a challenging and rapidly changing economy. ESD will do this by:

[25] Moral obligation bonds are discussed in chapter 1.

- pro-actively advocating for a healthy business environment in New York State;
- providing customer-driven, cost-effective products and services; and
- identifying and supporting new and creative solutions to economic development problems.

As discussed in Chapter 3, ESD was launched in conjunction with the Pataki administration's efforts to improve the business climate by cutting taxes and developing a "fairer and quicker regulatory decision process" (Bacheller, 2000). ESD's consolidation and reorganization was consistent with these efforts, and above all, the conservative ideology that high taxes served a so-called bloated government. To be sure, cutting taxes necessarily meant fewer resources for all government operations. In addition, agency consolidation was meant to make it easier for the public and business community to understand and access the state's economic development programs. In 2019, John Bacheller, senior vice president for policy and research under Governor Pataki and CEO Gargano noted: "our major focus was on consolidating the Department of Economic Development, the Urban Development Corporation, and the Job Development Authority so that people didn't have multiple entry points into the system; they had a single-entry point to what we call 'Empire State Development.'" In pursuit of this goal, the administration simplified the number of programs while also centralizing economic development efforts. The consolidation dramatically changed the outward appearance of the state's economic development entities. Operating under the umbrella of a single entity, the state provided the appearance of a more streamlined economic development approach.

The outward appearance of state government and economic development entities was one component of "selling" New York State to the business community through a coordinated marketing strategy. This approach fit with one of the core goals behind the creation of ESD; according to Bacheller, a core goal of ESD was to create an "effective marketing entity for New York State" (2019). Toward this end, ESD aimed to attract and retain business by marketing its locational advantages like established transportation networks, strong educational institutions, and a well-trained workforce. ESD also prioritized the film industry, with the goal of promoting the diverse talents of the state's population as well as its existing film production facilities (ESD, 1996).

Aside from changing public perception, ESD also sought to change its approach to economic development. Research undertaken by the Pataki administration showed that the state's economic development efforts targeted a small number of industries and few firms relative to the number of firms that operated in the state (Bacheller, 2000). The agency reconfigured its strategies based on these findings. Namely, new efforts would be based on an understanding of the state's economy and aim to strengthen those areas critical to the economy. For example, research found that support to manufacturing dominated economic development efforts. Yet, the state's economy was dominated by service industries (financial services, business services, communications and media services, travel and tourism, and distribution). ESD thus identified thirteen "industry clusters" such as information software and hardware and materials processing that exhibited common technologies, common workforces, linkages between buyers and supplies, and "widely perceived membership in a common industry" (ESD, 1996, 43). ESD leveraged these industry clusters as a basis for its policy actions, as well as internal changes to economic development programming discussed in the following section. Externally, the industry clusters allowed ESD to build working groups, develop regional strategies, promote regulatory reforms, devise infrastructure plans, and formulate marketing strategies more effectively. Industry clusters in 1996 are listed in Table 4.2.

Table 4.2: Industry Clusters in 1996

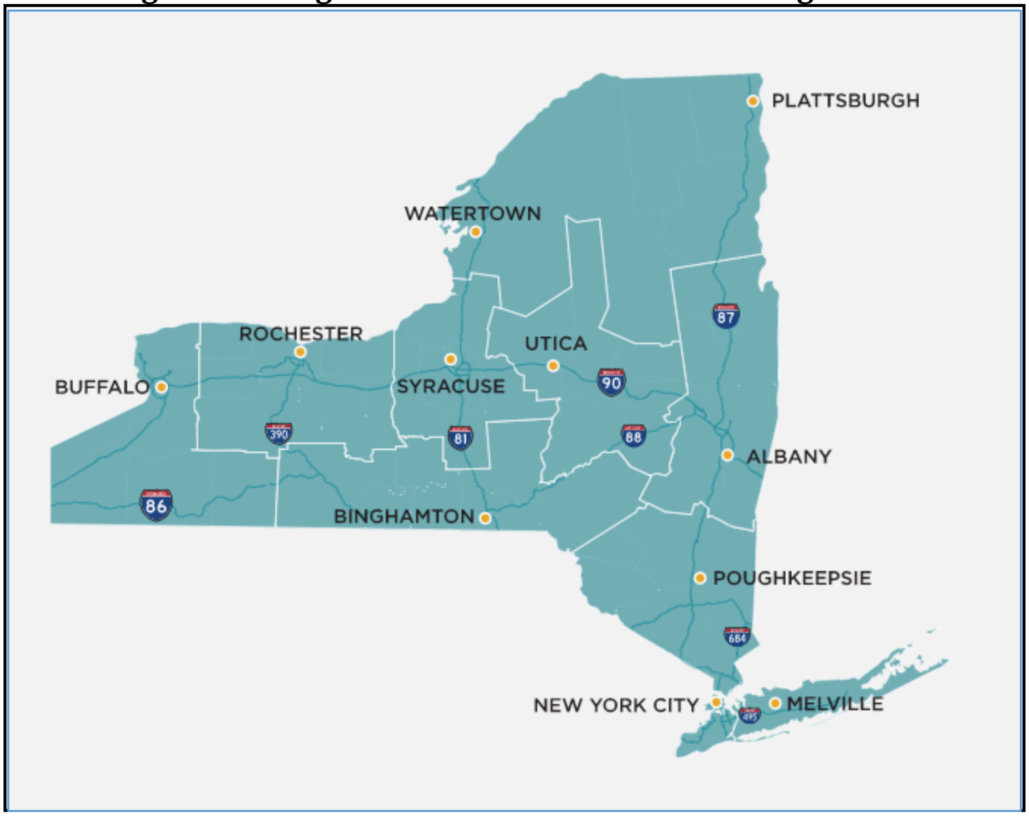
Industry	Description
Financial Services	financial, insurance, real estate development industries
Business Services	computer support, legal services, accounting, public relations, copying, secretarial services
Information and Media Services	publishing, television, radio, advertising
Travel and Tourism	transportation services, retail establishments, lodging, vehicle rental, amusement, recreation, entertainment
Distribution	entities that are involved in moving goods between manufacture and retail
Fashion, Apparel, and Textiles	textiles, clothing, fasteners, accessories such as gloves and jewelry
Optics and Imaging	firms related to the capture, storage, and transmission of images using light or other means
Information Hardware and Software	firms in this cluster focus on the technological development of information technology (rather than content)
Materials Processing	plastics, fabricated rubber, glass, glassware, metals
Food Processing	fruit and dairy farms, food and kindred products, farm machinery and equipment
Biomedical	medical equipment/pharmaceuticals and biotechnology (medical laboratories, commercial medical and biological research, noncommercial research organizations, testing laboratories)
Industrial Machinery and Systems	industries with "a strong process control orientation," including certain chemical sectors, businesses involved in providing environmental or energy conservation services
Transportation Equipment	transportation equipment industries, metal fabrication, machinery and electronic industries that provide goods to transportation industries

Source: ESD, 1996, 45-47

The industry cluster approach allowed ESD to work with groups of firms related to one another, rather than just a few firms from a few sectors. Leveraging industry clusters as an organizing framework allowed the more businesses to benefit from ESD programs (Bacheller, 2000). Instead of encouraging competition among localities for businesses and industries — which is a zero-sum game for the state as a whole — the state acknowledged and encouraged industry clusters, allowing regions to focus on areas in which they already had a competitive advantage. This approach led to strategies that "reflect the nature of each regional economy" (ESD, 1996, 13). According to Bacheller (2019), the development and use of industry clusters was recommended following consultations with economists. He added, "[the approach] made sense to me and other people in the agency on the policy side. Again, because we thought that knowledge of industry could be beneficial to the marketing effort and also to the way that we approached businesses."

Another component of ESD's strategy launched in 1995 was to utilize regional offices. The state is divided into ten regions including: Western New York, Finger Lakes, Southern Tier, Central New York, Mohawk Valley, Capital Region, Mid-Hudson, New York City, Long Island, and North Country. A map of regional offices is shown in Figure 4.2:

Figure 4.2: Regions in New York State according to ESD



Source: ESD, 2019b

Although regional offices were first established in the 1940s with the Department of Commerce, the offices were not empowered to make decisions about financial packages, training, and technical support but instead acted as liaisons to a central office in Albany. Accordingly, ESD took steps to empower regional offices by consolidating personnel of UDC, JDA, and DED, providing staff trainings, refocusing outreach efforts, and giving the offices authority to make decisions. ESD utilized the regional office network to form direct collaborative relationships with businesses and communities. Specifically, businesses in particular could utilize regional offices as a "one stop" for economic development assistance, rather than having to navigate a myriad of agencies and programs as businesses claimed they had to do before ESD was formed (ESD, 1996; Gargano, 1995a). Regional offices also gave ESD an "on the ground" presence, enabling them to better coordinate state and local economic development efforts. Toward this end, ESD was able to set up “cohesive and collaborative” programming that better serves regions (ESD, 1996).

With regional offices serving localities and businesses, ESD also sought to make its programs easier to access and understand. Of the public’s perception, Bacheller (2019) said that one “major focus” of consolidating the economic development entities was to create “a single entry point” into the state’s economic development systems. Further, according to ESD’s 1996 strategic plan, cleaning up duplication in economic development programs and making more efficient grants and awards was an essential component of helping the state’s businesses compete.

Toward this end, ESD marketed four types of financing, in place of the 31 separate programs that were offered under various agencies prior to ESD’s formation. The four types of financing were: 1) commercial lending for real estate; 2) regional programs for infrastructure financing through industrial development agencies (IDAs),[26] local development corporations, municipalities, or directly to businesses; 3) real estate programs for financing real estate in urban areas; and 4) capital programs to fund things like revolving loan funds to provide credit enhancement for private lending and to facilitate access to capital for small businesses (ESD, 1996).

Finally, consistent with its roots in the Urban Development Corporation (UDC), ESD pledged to improve and restructure programs that focused on distressed areas and minority populations. Toward this end, in 1995, ESD consolidated all minority and

[26] The New York State Legislature established IDAs in 1969 with the Industrial Development Agency Act. As independent public benefit corporations, IDAs are tasked with promoting economic activity and creating jobs in their respective localities through the provision of financial incentives to private entities (Office of the State Comptroller, 2006).

distressed area programs under the Division of Economic Revitalization, which would focus specifically on creating jobs, leveraging state funds with private capital, increasing the number of new businesses, expanding existing businesses, and fostering sustainable physical development. For example, ESD pledged to revitalize the state's Economic Development Zones Program by proposing legislative changes that would make it easier to access tax credits and for businesses to certify as minority businesses, providing greater opportunity for participation in Minority/Women-Owned Business (M/WBE) programs. Further, according to the strategic plan, the state would contribute $100 million to the Federal Empowerment Zone in New York City, and another $12 million to four upstate communities that were selected as Federal Enterprise Communities (ESD, 1996).

In 1997, the Office of the State Comptroller carried out a management audit of ESD. The study sought to determine if the merger and restructuring of the state's economic development agencies had a positive effect on "ESDC's strategic goals and performance" and if customer service had been impacted by the consolidation. The Comptroller used ESDC's own consolidation plan as a guide for its study, which included 11 recommendations for the consolidation of UDC, JDA, DED, and STF.[27] While most of the 11 recommendations had been implemented by the time of the study (see Table 4.3), the Comptroller noted three shortcomings. First, ESDC management had not completed efforts to decentralize the loan review process, nor had it consolidated the entities' aggregate budget. Second, the consolidation plan lacked formal time frames for full implementation of recommendations. It also did not include performance indicators, making it difficult to

[27] The consolidation plan, titled "The New Beginning" was not available via FOIL request to ESDC or the State Comptroller, nor was the plan available in the New York State Archives or the New York State Library.

determine the impact of the consolidation initiative. Third, the Comptroller recommended that the Board Chairman position be split with that of the CEO of ESDC, noting that "The level of attention and direction provided by the board can help set the tone of an organization and influence the control consciousness of management…[T]he presence of an independent board is necessary to help ensure that adequate internal control exists within an organization."

Table 4.3: Status of ESD Consolidation Goals in 1997

Goal	Implemented?
Number of agencies should be reduced to two: the DED/STF and JDA/UDC (ESDC).	Partially Implemented
UDC should absorb the functions of JDA.	Implemented
Reduce JDA staff from 40 to 12 employees and place remaining Implemented staff on UDC's payroll.	Implemented
Reduce JDA budget from $5.3 million annually to $1.1 million.	Implemented
Provide for an orderly workout of JDA Debt.	Implemented
The chief administrative officer should hold a joint appointment at the two organizations, heading all administrative functions.	Implemented
Reduce the number of programs to fewer, more flexible programs.	Implemented
Create one-stop shops at regional offices.	Implemented
Decentralize program approval process.	Partially Implemented
Reduce the entities' aggregate budget from $362 million to $148.6 million.	Partially Implemented
Submit legislation that would: 1. Provide for common membership of the Boards of JDA, UDC, and STF. 2. Change the name of UDC to ESDC. 3. Make other technical changes to the enabling statutes.	Partially Implemented

Source: Office of the State Comptroller, 1997

ESD did not implement the organizational changes recommended by the Comptroller. Namely, it did not split the board chairman and CEO role. For example, Howard Zemsky served as both board chairman and President and CEO from 2015 through August 2019.

ESD into the 21st Century

As of early 2020, much of what ESD established with its 1996 strategic plan still defined the organization. The mission statement had remained the same, although the language had been revised. It read:

> The mission of Empire State Development ("ESD") is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance (ESD, 2020).

To carry out its mission, ESD pledged to: 1) invest in infrastructure, innovation, place-making and revitalization, and tradable sectors and workforce development; 2) support community needs through the participation of Regional Councils, which Governor Andrew Cuomo established in 2011; 3) support existing businesses, as well as new businesses and industries; 4) promote opportunities for minority- and women-owned businesses (M/WBEs); 5) provide support for new ventures, including research and development; and 6) strengthen the innovation-based economy by forming partnerships with universities and developing incubators and technology hubs. In this section, I explain ESD's operations as of early 2020. Specifically, I describe its use of industry clusters and regional offices, how it is financed, and its programming, including how projects are selected by the agency.

Industry Clusters

As of early 2020, ESD still focused its job creation and retention efforts by utilizing industry clusters. The 14 industry clusters are: agribusiness; biotech and life sciences; cleantech and renewable energy; craft beverage; distribution; financial services and insurance; industrial machinery and systems; materials processing; optics, photonics, and imaging; software and digital media; technology and electronics; television and film; tourism; and transportation equipment.

ESD's Strategic Business Division manages the industry clusters, encourages their growth, and works to attract investment by working with employers. Jeffrey Janisewski, Senior Vice President of Strategic Business Development and head of the Strategic Business Division at ESD explained how industry clusters interact with regional offices:

> My division, strategic business, has a list of over 100 key accounts[28] that are either very large or exist in more than one part of the state. And, we have industry directors assigned to specific industries who work with them. But then for everybody else...our regional offices are available and of course [businesses] collaborate with regional and local economic development groups that are in close touch because they don't have a whole state to be concerned with — only their own communities.

Regional Offices and Regional Economic Development Councils

As when it was first launched, ESD maintains ten regional offices in New York State. Regional offices act as extensions of ESD headquarters, located in New York City, and work with stakeholders to develop projects and distribute economic development funding. Under the leadership of Governor Cuomo, regional offices also began to work with Regional Economic Development Councils (REDCs).

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[28] An account is a relationship that ESD has with another entity.

In 2011 Governor Cuomo established REDCs; each regional office collaborates with one REDC. According to ESD's website (2019), REDCs are "public-private partnerships made up of local experts and stakeholders from business, academia, local government, and non-governmental organizations." REDCs create a specific regional strategy for each of the 10 regions throughout the state. Regional councils act as an advisory board that assists and advises state officials on specific goals and strategies as it relates to their particular geographic area. The Regional Director of each regional office serves as the Executive Director of that region's REDC, and each regional office assists with the administration, organization, and planning of REDC initiatives.

REDCs do more than make plans; they are empowered to allocate resources. In creating the councils, Cuomo set out to change the way the state engages in economic development planning and execution. REDCs are also responsible for assisting ESD with the disbursement of economic development funding. Each REDC develops its own strategies for identifying and recruiting applicants for funding, and applicants use a consolidated funding application (CFA) to apply for state funding (New York State, 2019).[29]

Every CFA that is submitted for funding is reviewed and scored by the REDC members as well as the state agency to which that application applied for funding. REDC members are responsible for 20% of the overall score of an application. Council members have the ability to score a project either a 0, 5, 10, 15 or 20. If the project received a score of 20, that means that that project is closely aligned with the Regional Council strategic plan

[29] The CFA, introduced in 2011, is used to apply for state funding from all state entities, not just ESD. With the CFA, an individual or an entity has the ability to apply for funding from 30 different programs across 10 different state agencies. Prior to 2011, an entity seeking state incentives could have had to apply to individually to state agencies for individual programs, all with their own timeline and requirements.

and will have the greatest impact it could on the overall regional economy. When the council members are reviewing applications, they aim to provide an objective analysis on how that project implements and/or supports the overall strategic plan of the region. The remaining 80% of that score is given by the state agency to which the applicant is actually seeking funding.

Once applications are accepted, regions then compete for award money. In 2019, $761 million was disbursed through REDCs. The Southern Tier region was the top awardee, receiving $88.9 million for 109 projects (Arnold, 2019).

According to Kenneth Adams, President and CEO of ESD from 2011-2015, Governor Cuomo created the REDCs because he thought that resources needed to be more efficiently and transparently allocated throughout the state. Adams (2019) said:

> He saw a broken system of state resources that were spread across all these different state agencies, buried in these - not even in silos - but in little boxes stuffed in closets down in a silo. There were all these programs...and if you were not an elected official or a lobbyist or a consultant, you wouldn't know where to find this money even though it's taxpayer money, because it had all gotten eaten up by the bureaucracy. And he just wanted to shake that system at its core and say no, we have to have more transparency, and we have to have a rationale for the allocation of scarce taxpayer dollars.

Bacheller also explained the history of the REDCs, noting that prior to their existence, funding for local projects was often distributed to legislators during the budget process. Through member items, he explained, legislators could fund local projects during the state budget process. This process, he said, was politicized because “the majority parties in the Senate and the Assembly would make sure that most of the money went to the majority senators and assemblymen and not much went to the other party.”

However, Bacheller was somewhat less optimistic than Adams about how well REDCs escape partisan politics. He said,

> I mean, there's a political element to this too — I won't say there isn't — from looking at the process, I can see that although a lot of the projects that were recommended by the agencies did get funding, others didn't and in some cases, projects that were lower and were not recommended by agencies did get funded. My sense is that there were some kind of political decisions that did get made. I wouldn't say that this is something that is unique to this administration, but it's there. On balance, it's a better process than what existed.

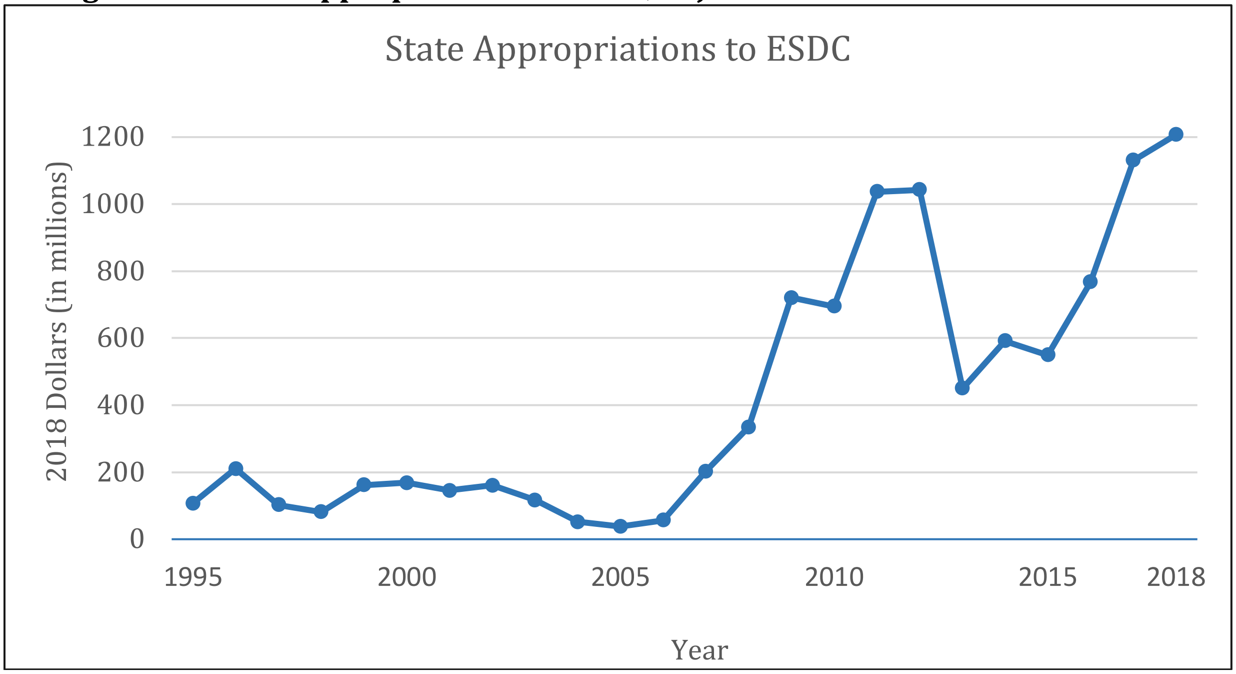
Both Adams and Bacheller indicate that with REDCs, economic development spending was de-democratized and further centralized.

Financing

ESDC is funded by a variety of sources, including state appropriations, bond proceeds, federal grants, and developer fees. Developer fees refer to the expenses paid by a public bidder when ESDC acquires property on their behalf. For instance, if a condemnation or land acquisition is necessary, the public bidder is "usually" required to finance the government's acquisition of the property (Stout, 2019). In some cases, ESD will issue bonds on behalf of the state and the state will pledge income tax revenues to finance those bonds (Phinney, 2019). There is no rule for determining which projects or programs at ESD are funded by a specific source, but the most common source of funding is the legislature.

State appropriations were relatively steady and under $250 million until 2008 when Governor Paterson took office, when appropriations climbed to $335 million and then $722 million in 2009 (see figure 4.3). There was a sharp decline in appropriations from 2012-2013, but the amount grew to $1,328 million in 2018.

Figure 4.3: State Appropriations to ESDC, adjusted for inflation to 2018 dollars



Source: Division of Budget, 2019

Appropriations don't represent money spent, however. Figure 4.4 shows revenue and financial sources, including operating revenue (rental income, financial income, charges for services) and non-operating revenue (investment earnings, state subsidies and grants, federal subsidies and grants, municipal subsidies and grants, and public authority subsidies) and operating expenditures (salaries and wages, employee benefits, professional services contracts, and supplies and materials) and non-operating expenditures (payment of principal on bonds, interest and other financing charges, subsidies to other public authorities, capital asset outlay, and grants and donation) for JDA from 2014-2018.

Table 4.4: Revenue & Financial Sources and Expenditures for the Job Development Authority

Revenue and Financial Sources (in thousands)					
	2014	**2015**	**2016**	**2017**	**2018**
Operating Revenue	$14,086	$6,534	$3,727	$7,004	$6,075
Non-operating Revenue	$14,531	$22,830	$6,221	$11,555	$1,628
Total Revenues and Financing Sources	**$14,545**	**$29,364**	**$9,948**	**$18,559**	**$7,703**

Expenditures (in thousands)					
	2014	**2015**	**2016**	**2017**	**2018**
Operating Expenditures	$416	$360	$346	$327	$336
Non-operating Expenditures	$3,906	$5,574	$8,130	$5,807	$4,679
Total Expenditures	**$4,322**	**$5,934**	**$8,476**	**$6,134**	**$5,015**

Source: Authorities Budget Office (ABO), 2020

In 2018, ESDC had $39.9 million in total revenues, including funds from public authority subsidies (ABO, 2018). Table 4.5 shows revenue and financial sources, as well as expenditures for ESDC.

Table 4.5: Revenue & Financial Sources and Expenditures for the Urban Development Corporation (d/b/a Empire State Development Corporation)

Revenue and Financial Sources (in thousands)					
	2014	**2015**	**2016**	**2017**	**2018**
Operating Revenue	$11,999	$15,841	$21,828	$10,447	$8,209
Non-operating Revenue	$49,975	$46,373	$33,066	$31,658	$3,179
Total Revenues and Financing Sources	**$61,974**	**$62,214**	**$54,894**	**$42,105**	**$39,999**

Expenditures (in thousands)					
	2014	**2015**	**2016**	**2017**	**2018**
Operating Expenditures	$58,395	$57,290	$53,914	$38,373	$51,469
Non-operating Expenditures	$1,276	$1,030	$9,483	$20,721	$12,507
Total Expenditures	**$59,671**	**$58,320**	**$63,397**	**$59,094**	**$63,976**

Source: ABO, 2020

The source of some of ESD's complexity lies in whether programs are administered through ESDC or DED.[30] As discussed, ESD's annual report mixes ESDC and DED programs and there is no easy way to determine which legal entity oversees which program, aside from reading legislation. Further, there is no way to determine the source of program funding, outside of tracing a single project by reading board meeting minutes, which are accessible as a PDF. According to several interview sources (Adams, 2019; Janiszewski, 2019; Phinney, 2019), ESDC programs generally include loan and grant programs and any

[30] As an executive agency, DED is funded entirely by the legislature.

other program that loans or grants money to private entities, while DED oversees tax credit programs, such as the Excelsior Jobs Program, which provides job creation and investment incentives to firms in targeted industries throughout New York State.

Programming

As of early 2020, ESD operates a number of programs classified into four main types: 1) tax expenditure programs, 2) loan and grant programs, 3) marketing and advertising programs, and 4) innovation programs. Table 4.6 lists these programs, the number of projects under those programs that received a disbursement of their awarded financial assistance (including actual payments and tax credits issued) during State Fiscal Year 2018, or as applicable, the most recent reporting year available.[31] In 2019, ESD had 5,745 active projects, inclusive of the 1,425 projects listed below in table 4.6. An active project is a project with a "signed agreement stipulating that ESD will provide financial assistance to a third party, subject to that third party's fulfillment of specific economic commitments or services" (ESD, 2020, 96).

Table 4.6: ESD programs in State Fiscal Year 2018

Program	Number of Projects	Size in 2019 ($)
Tax Expenditure (DED)	538	800,136,637
Loan and Grant (ESDC)	617	902,172,547
Marketing and Advertising (DED, ESDC)	183	60,529,031
Innovation (ESDC)	87	56,553,792

Source: ESD, 2019c

[31] New York State's Fiscal Year is from April 1 - March 31.

Before a project receives funding or tax credits, it must be selected by ESD. A number of factors are considered before ESD agrees to take on a project. According to John Bacheller, when ESD was formed, the agency adopted a formal cost-benefit model to make decisions about the incentives it offered (Bacheller, 2019; Wiewel, Persky, & Felsenstein, 1994). Janisewski echoed the use of this approach, citing a cost-benefit analysis that the agency uses to "measure fiscal benefit and economic activity associated with the project" (2019). He added, "that's a tool, not a rule," suggesting that a certain level of discretion is exercised when the authority determines project feasibility and suitability. Similarly, Catalfamo (2019) mentioned the cost-benefit model, but noted, "that model wasn't law; it was a means of which to rationalize our decision-making." He added, "there is no rationalizing some decisions."

Catalfamo added that business opportunities are "both courted and opportunistic." This multifaceted approach was echoed by Bacheller, who said:

> The state would never go to a business and say hey, we'll give you money if you expand. It's more like hey — understanding that they might expand or might not expand or they might decide to move a facility elsewhere, then you would intervene at that point. And they would come to you, yes. I mean, absolutely people came. And part of the job was to make sure that the businesses in a region...would think of ESD if they needed assistance.

When asked about the role that relationships and politics played in project selection, Catalfamo took two sides. On one hand, he noted that he often got calls from elected officials asking him to consider a project or business for ESD assistance, but then noted that partisan politics did not play a role in whether ESD could intervene. He said, "I got calls from legislators and county executives and senators all the time that said 'Hey, can you look at this? Can you help?' And by the way, from Democrats and Republicans, you know what I mean, it wasn't like when a Democrat called, I would say 'I'm not going to take that call.'" At the same time, when asked about donors to the Governor getting favorable treatment by ESD, Catalfamo vehemently denied it. But his explanation seemed to suggest that status does, in fact, play a role:

> You know, it's not like we live in a mystery world, right, where you don't know who people are and whatnot. I will tell you, I never looked to see what someone donated or didn't donate, I never looked to see whether they are a contributor or not. But you know, you also know who people are, so, you know, there's only so many people! But this notion that there's this whole shake-down operation is complete and utter nonsense…

Relationships matter for more than project selection at ESD; relationships play a role in how ESD operates with different levels of government. I discuss intergovernmental relations in the following section.

Intergovernmental Relations

As a statewide public authority, ESD maintains relationships with government agencies at every level. ESD's relationship with the executive is arguably the strongest, since the governor appoints the President and CEO. When asked about influence from the governor's office, Phinney, who worked at ESD under three different governors, said that the influence was minimal (2019). She said, "changes, from my experience, were really on the margins. There's always going to be natural changes in the leadership and approach. But, in general, in terms of how we did incentives, how we made decisions about who got the money pretty much always stayed consistently the same."

Anthony Picente, regional director for the Mohawk Valley region from 2001-2006, echoed Phinney's sentiment, noting that the core of the agency's work never changed. When asked if there were directives from the governor's office, he said:

> The directives are, "how do you help business?" We're trying to grow jobs. As much as it wasn't us creating the jobs, it was about — how do we help these companies who are looking to expand, how do we make those connections through the programs we offered through grants, assistance, tax initiatives, overall direct assistance you know with other state agencies, how do we make the dough, so to speak, and help the companies be successful. And so, to say there was a directive, I mean, we know what the charge was. Help business, help the economy, help the governmental units.

Catalfamo noted that ESD is subject to the policies of both the executive and the legislature. He said, "I mean there are projects and there is policy, right? And there are policy programs. Some of it emanated from us or the administration and others emanated from the legislature."

The role of both the legislature and the governor's office, especially when it comes to financing, was also highlighted by Phinney. She said, "Each year we have… mandates in our law, but most of what we're required to do requires dollars and those dollars are appropriated to us by the legislature in some form. And that, maybe, takes a different flavor each year, but the initiatives are largely an executive branch, or legislatively directed set of priorities."

Toward this end, in addition to the governor's office, ESD has a relationship with the legislature. When asked about the legislature, Adams spoke about their role in oversight, especially during the budget process. He said,

> Every year the legislature has a very important role as soon as the governor releases his budget, it's through the budget hearings. Those are very serious and important hearings… It gives committee members a chance to really dig into an agency's

performance and priorities, and also make clear what their priorities are too. And… they grill you and grill you and it's a really good back and forth and I actually enjoyed it. And I enjoyed it because I know the programs and liked them, but I had a wonderful team of people who would brief me for days in advance, right? But anyway, that process with the legislature around the budget gives them a chance to you know, drill down, ask questions, criticize. And then, after the budget is passed, you know, of course they can have hearings any time, and they can also introduce legislation and then have you react, or have the governor's office react to that legislation, so there's a constant - at least January through June — you know, there's a back and forth about the programs and what's going on. But that's good and healthy. In a democracy, that's what should be happening.

In addition to hearings during the budget process, ESDC is subject to legislative oversight through the Assembly Standing Committee on Corporations, Authorities, and Commissions and the Senate Standing Committee on Corporations, Authorities, and Commissions. Other Senate and Assembly committees are also authorized to investigate public authorities and ESDC specifically. For example, the Senate Investigations and Government Operations Committee released a report on public authorities in December 2019 calling for “urgent reform” of authority accountability structures. Further, the Senate Standing Committee on Commerce, Economic Development, and Small Business and the Assembly Committee on Economic Development, Job Creation, and Industry are allowed to conduct inquiries into and hold hearings with ESDC.

ESD’s dealings with members of the legislature is one of many types of relationships that the entity has with local elected officials. Many interviewees stressed how important these relationships are to ESD’s success, as well as how important ESD is to the success of local economic development projects. Specifically, interviewees discussed how ESD is a “facilitator” that is uniquely able to get stakeholders — including local elected officials and businesses to work together for the sake of economic development projects. For example, Adams said:

> In the good projects, you want everybody to participate. You know you gotta give everybody the chance to meet the CEO of the company, get a handshake, and put it in the newsletter… There's an ESD office in each of the ten regions. And [the people who work in those offices] are just fantastic. And they are really good local economic development professionals who know the local utility companies, they know the mayor, they know the county executive… That's ESD at its best. It's that glue where you've got smart people who've got relationships with the local IDA, the county economic development person, maybe the county executive. So getting back to their interaction, ESD does interact with all levels of government. And, with the state legislature often back in the district level, at the local level.

Picente, who spent part of his career at ESD in a regional office, also noted ESD’s role in coordinating and working with a multitude of actors at the local level while also highlighting that local actors often initiate projects. He said:

> [we had meetings with] the county executive, the board chair, mayors, town supervisors… to get a sense of what everyone is looking at. And, primarily, in state government and in any administration a lead-in sometimes comes from the local economic developer, the mayor, or the supervisor, or some other elected official within the geographic boundary. From there you connect.

Phinney echoed Picente and Adams, explaining that she often worked with the mayor or county executive’s office, in addition to a county local economic development department, local IDA, or a local development corporation.

ESDC also has relationships with oversight agencies. Its public authority status exempts it from the reporting guidelines that apply to state agencies. However, ESDC is subject to oversight by the state’s Authorities Budget Office, the Public Authorities Control Board, the State Comptroller.

The public authorities within ESD (UDC d/b/a ESDC and JDA) must report to the Authorities Budget Office (ABO), an oversight agency that is responsible for ensuring that authorities comply with Public Authorities Law.[32] UDC and JDA, the public authority components of ESD, are required to submit reports to the ABO using the Public Authorities Reporting Information System (PARIS), an online electronic data entry and collection system jointly managed with the Office of the State Comptroller (OSC). Specifically, budget reports must be submitted 90 days before the start of the fiscal year, and annual reports 90 days after the end of the fiscal year. In addition, UDC and JDA must provide copies of an annual independent audit to the ABO, as is required for all state public authorities. This information is self-reported and not verified by the Office of the State Comptroller.

These UDC and JDA reports must also be submitted to the governor, the chairman and ranking minority member of the Senate Finance Committee, the chairman and ranking minority member of the Assembly ways and means committee, and the state comptroller (NY Pub Auth L § 2800).

In addition to the reports that it submits to the ABO, UDC must provide a report detailing the operations and accomplishments of its small and medium-sized business program annually on or before October 1. Further, it must submit to the director of the budget, the chairperson of the senate finance committee and the chairperson of the assembly ways and means committee an evaluation of the small and medium-sized business assistance program prepared by an independent entity. This must be submitted by September 1 every four years.

[32] For a history and description of the ABO, see Chapter 1.

The New York State Public Authorities Control Board (PACB) has oversight authority over UDC (doing business as ESDC).[33] PACB reviews financing and construction of any project proposed. Following review, the PACB must unanimously approve projects before they move forward. The PACB typically approves an application when it determines that there are enough funds committed to finance a project. To make this determination, it looks at projections of fees, revenues, and securities (Office of the State Comptroller, 2004). Further, as of April 2019, language governing the PACB was changed to state board members must vote solely on the basis of financial feasibility. In the event that they do not, their vote "constitutes a violation of the public's trust," and the Governor has the authority to immediately remove a board member.

Finally, the Office of the State Comptroller (NY Const, art V, § 1; STF § 8) is empowered to audit UDC. Between 1995 and 2016, the Comptroller conducted 56 audits of various aspects of ESD including its reporting requirements, grant oversight, and staff travel transactions. For example, in 2016, the State Comptroller audited UDC and found that the corporation failed to meet more than half of the statutorily-mandated outcome reporting requirements for the programs it managed from April 1, 2012 through September 30, 2016 (Office of the State Comptroller, 2016). And, in most cases, ESDC officials did not provide any explanation about why they had not prepared and submitted the required reports. For the reports ESD did prepare, the Comptroller was often unable to determine whether they were done on time because there was no evidence of when they were published. For 27 reports with such evidence, the Comptroller found that generally

[33] For a history and description of PACB, see Chapter 1.

ESD submitted them late, although the majority (17) were submitted within two weeks after their due dates.

Public Opinion

As an amalgamation of a state department and a public authority that operates with legislative appropriations, ESD operates using taxpayer money. But, public opinion does not necessarily play a role in ESD decision-making. When asked if ESD is influenced by public opinion, Catalfamo implied that the role for public opinion at ESD is minimal. He said, “I think that one of the things that is important about economic development is that you have the staying power and the discipline to stick with a strategy. If you are reactive to the ups and downs and the short-term failures or even short-term successes, you're not going to end up meeting your goals.”

When asked how his constituents felt about ESD, New York State Assemblyman Richard Brodsky (D-Westchester, 1983-2010) said (2019), “I don’t think anybody even knows it exists.” Phinney had a similar sentiment, implying that the public only knows about ESD if something goes wrong. She went on to highlight expectations, saying, “We want to be able to show that we use public dollars wisely… If we aren’t doing that, then the public should be concerned… They expect us to do that even though they don’t know who we are.”

Adams found a middle ground, noting that ESD is only known in certain areas and in certain industries. For example, he spoke about how ESD is received in Upstate New York versus Downstate. He said,

> But you go to some of these communities where they are so desperate for economic turnaround — even people [who are against corporate welfare] will say, “You know what?, let's give them this Excelsior tax credit. Whatever it takes! Because we need the jobs.” So ESD programs and its role as an economic development agency is probably better viewed in these Upstate communities than it is in New York City where it sort of goes to some degree unnoticed because New York City is so big and the economy is doing so well.

He added, “And, it gets niche-y. Everyone involved in film and television production knows that that industry wouldn't be here but for the tax credit and they will tell you that.”

Bacheller was more skeptical of a role for public opinion, saying, “the difficulty [with public opinion] is assessing what the actual public opinion is in the region because typically nobody does a survey every time a project is proposed. And typically, the people that speak are the ones that are most motivated but there are a lot of other people out there.” He also seemed to suggest that executive influence is a substitute for public involvement, asserting, “To say that a... governor shouldn't be involved is ridiculous. They give guidance and that's their function. It's the connection between them and the electoral process that creates democracy.”

This chapter has explained ESD’s formal and informal operations in detail. In the process, I have also showed how organization has increasingly centralized and de-democratized economic development spending. A closer look at some of ESD’s projects allows for a more in-depth examination of how the entity operates, especially in relation to localities. This is the subject of the next two chapters.

Chapter 5: Real Estate Development: Queens West

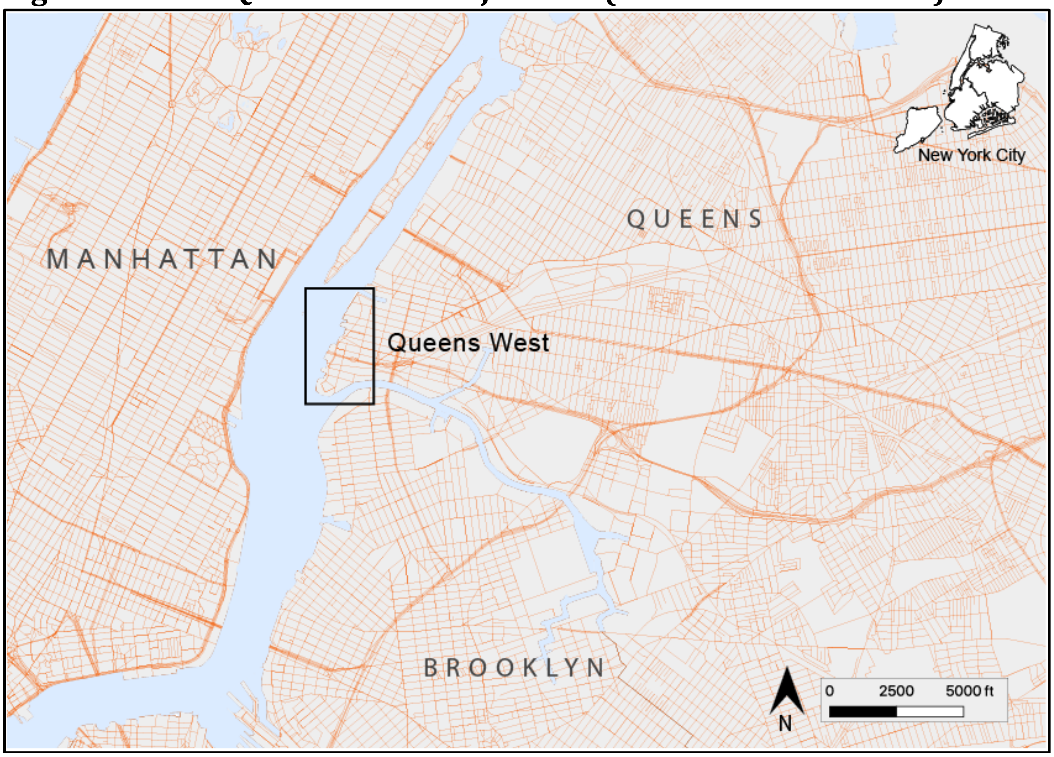
In March 1983, the Port Authority of New York and New Jersey ("The Port Authority"), together with the City of New York, proposed a redevelopment plan for an industrial site along the Queens, New York waterfront known as Queens West. Early development plans called for four million square feet of office space, a million square feet of hotel and retail space, and five million square feet of housing. The development was part of Port Authority executive director Peter C. Goldmark, Jr.'s plans to attract private and public investment to the region by undertaking mixed-use waterfront developments (Goldmark, 2019).

Construction at the site was originally slated for May 1986 (Gargan, 1983a), but the project faced delays due to disagreements between the Port Authority and the City of New York and lengthy regulatory processes. Only when the Empire State Development Corporation (ESDC), then acting as the Urban Development Corporation (UDC), was added to the project was it able to proceed. At the same time, UDC involvement did not save the project from intergovernmental disputes and in fact, the authority was leveraged as an intergovernmental political tool to expedite the development. Even though the addition of ESDC enabled developers to break ground, Queens West remained mired in intergovernmental politics.

In addition to intergovernmental disputes, the Queens West project — also known as Hunter's Point — faced regulatory challenges that UDC was uniquely positioned to overcome. Namely, three factors that would halt any other redevelopment project did not threaten Queens West. First, the project's unpopularity with the local community was not a detriment to the project because it was not subject to New York City's Uniform Land Use

Review Procedure, which is normally required for any zoning changes and provides a forum for citizen involvement in the planning process. Second, assembling land for the project posed no problems due to UDC's condemnation powers. Third, although New York City's "tight" zoning restrictions (Kesner, 2019) would have imposed limitations on the project's height and bulk, UDC could bypass New York City zoning.

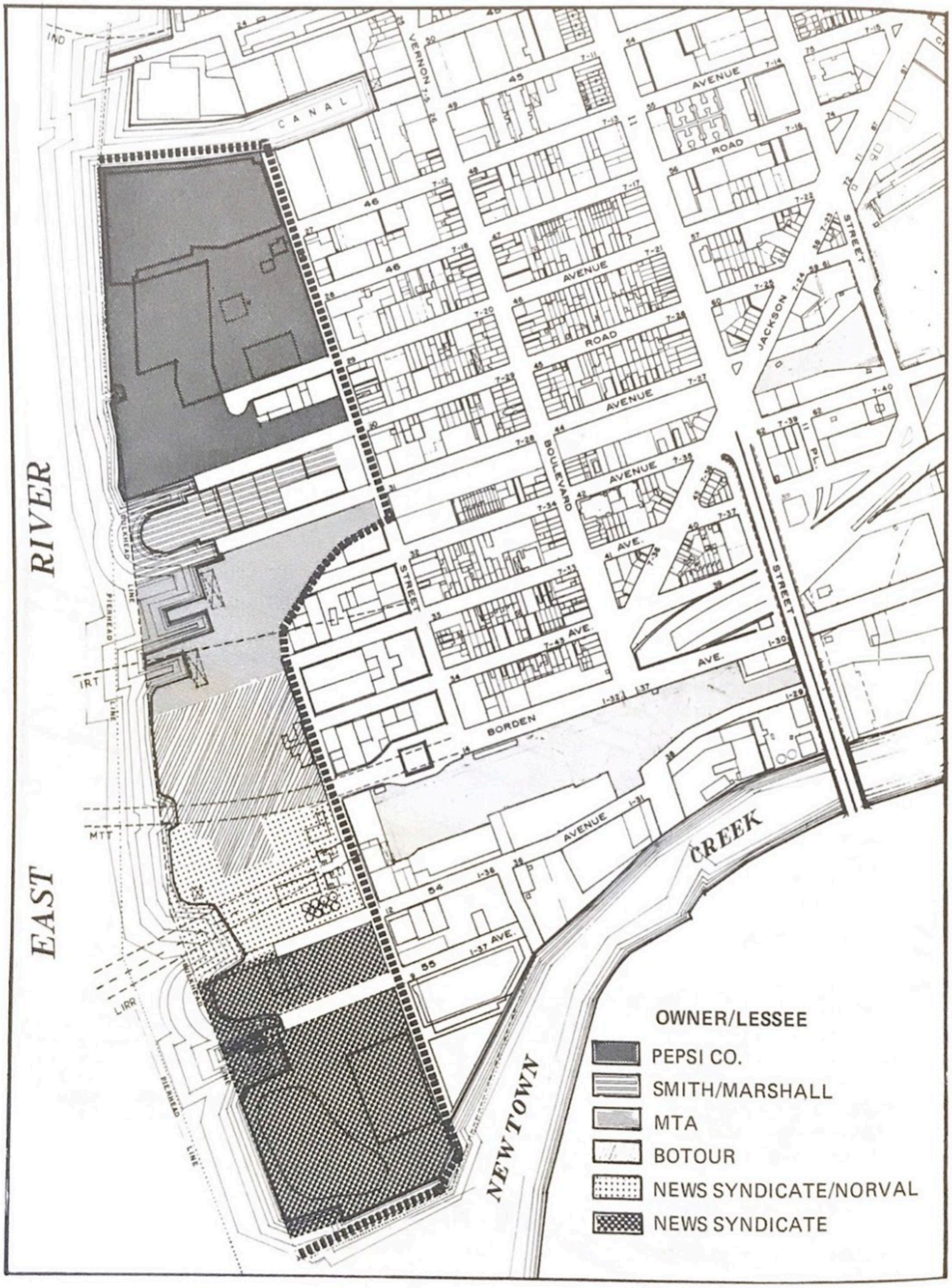
Figure 5.1: The Queens West Project Site (area within black box) shown in context



The Project Site

The 92-acre Queens West development site as initially proposed was bound by the pierhead line in the East River to the west; the Anable Basin to the north; Newtown Creek to the south; 5th Street to 48th Avenue to 21st Street and the Sunnyside Yards, and included 24 acres under water. When the development was proposed, an old power plant, cement silos, freight gantries, a PepsiCo bottling facility, and a large vintage "PepsiCo" sign, in addition to a small residential community, occupied the space. The area proposed for redevelopment within the context of New York City is depicted in Figure 5.1. Figure 5.2 shows land ownership at the project site.

Figure 5.2: Land ownership at the Queens West Project site



Source: New York City Department of City Planning, 1984

Although the waterfront site was once a thriving industrial community that benefitted from rail and water transportation facilities, the character of industries in the area began changing in the early 1960s. Namely, the area experienced a shift from large-scale manufacturing operations in company-owned facilities to smaller operations, distribution, and warehousing in smaller structures and rental facilities occupied by more than one tenant (Department of City Planning, 1984). Further, some of the area's largest industrial buildings began to be renovated for non-industrial re-use. Between 1974 to 1980, 123 industrial firms left, resulting in a loss of 4,075 jobs. Table 5.1 shows the number of firms and employees in Queens West in 1974 and 1980.

Table 5.1: Number of firms and employees in Queens West in 1974 and 1980.

Industries by Type	Firms				Employment			
	1974		1980		1974		1980	
	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total
Construction	87	14	86	18	2,833	14	2,747	16
Manufacturing	324	54	171	35	12,660	61	9,867	59
Electric, Gas, & Sanitary Services	46	8	69	14	2,060	10	1,529	9
Wholesale Trades: durables	113	18	90	19	2,473	12	965	6
Wholesale Trades: non-durables	35	5	66	14	788	4	1,631	10
TOTAL	**605**	**99**	**482**	**100**	**20,814**	**101**	**16,739**	**100**

Source: Department of City Planning, 1984, 80.
Note: Percentages are rounded.

In addition to industrial uses, the Queens West site included residential (6%) and stores and offices (13%) land uses. The residential population declined between 1960 and 1980, dropping from 6,400 in 1960 to 6,000 in 1970 and down to 5,200 in 1980. The 400 residential buildings with 2,300 units of housing within Queens West were scattered among warehouses and other industrial buildings (Department of City Planning, 1984). According to the New York City Department of City Planning, the mix of residential and industrial land uses created a "busy, active environment 24 hours a day (18)." But, the site suffered from a steadily declining population and deterioration, rendering it a prime location for redevelopment.

Early Planning and Politics

The early years of the Queens West project were plagued by legislative challenges and intergovernmental infighting that set the stage for a lengthy development process. In this section, I discuss the motivations for redeveloping the mostly-industrial waterfront site in Queens to a residential and commercial center. Then, I explain the challenges that the project faced before involved public agencies were able to proceed with the project.

Project Origin

In January 1983, New York City Mayor Ed Koch (D, 1978-1989) sent a letter to Peter Goldmark, the executive director of the Port Authority, asking the authority to conduct a "reuse feasibility study" for a 72-acre waterfront site in Queens (Carroll, 1983a, 3-B). The letter was merely a formality; the Port Authority had already developed plans for the waterfront development such that by March, the authority released its plan. The Port

Authority plans for Queens West would transform the site into a mixed-use development with residential, office, and retail space. The Authority additionally proposed a waterfront development in Hoboken, New Jersey. Both projects were part of the Port Authority's plans to expand its range of activities to include residential, commercial, and recreational development (Gargan, 1983a).

While Mayor Koch's letter formally initiated the development, the idea for it originated with Queens Borough President Donald Manes (D, 1966-1971). Marcie Kesner, Director of Planning and Development for the Queens Borough President from 1996-2000, recalled in an interview (2019) that Manes' goal was to build a "Sutton Place East.[34]" Manes' intent was echoed by Rosina Abramson, the first president of the Queens West Development Corporation (QWDC).[35] In an interview (2019), she asserted that Donald Manes was "jealous" of Battery Park City, a waterfront development in Manhattan, and wanted a project of equal caliber in Queens. Abramson went on to clarify that the "support" had to do with the structure and the politics of the Board of Estimate.[36] She said:

> ...in order to prevail, you needed the support of another citywide official or a multiple number of borough presidents. So, the borough presidents, particularly a guy like Donald Manes, had outsized influence in New York City politics. I can't tell you that it's the case, but I intuit that it was probably a *quid pro quo*—that if the

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[34] Sutton Place is an upscale neighborhood on Manhattan's East Side. See Bagli, 2003.

[35] According to Roberts, 2009, the idea for a development at Queens West came from Herbert Sturtz, who was the head of the City Planning Commission under Mayor Ed Koch. Throughout interviews for this dissertation, no one mentioned Sturtz in connection with the idea for Queens West.

[36] The Board of Estimate was created in 1896 and consisted of the Mayor, the Comptroller, and the City Council President, each of whom had three votes on the board, and the Presidents of each of the five boroughs of New York City, each of whom had one vote. The Board developed a city budget, negotiated and approved all contracts and franchises for the city, and determined land use, development, and improvement. The Board was dissolved in 1990 following the lawsuit *Board of Estimate of City of New York* v. *Morris,* 489 U.S. 688 (1989) because it violated the U.S. Constitution's 14th Amendment (U.S. Const. Amend. XIV). For more on the history of the Board of Estimate see Charo, 1985.

> mayor wanted and the Manhattan Borough President wanted support for Battery Park City, Donald wanted something back because horse-trading was the name of the game at the Board of Estimate.

The Queens Borough President's Office was a continued source of support for the Queens West development. After Manes left office in 1986 following a spate of corruption accusations, his deputy, Claire Shulman (D, 1986-2002), assumed the presidency and continued to push the project, eventually calling for ESDC's involvement.

Adding strength to Manes' case for a waterfront redevelopment in Queens was Port Authority enthusiasm for waterfront redevelopment. When Peter Goldmark assumed the role of Executive Director of the Port Authority at the end of the 1970s, he convened a committee, known as "The Committee on the Future" to study possibilities for attracting private and public sector investment in the New York City region. Goldmark, having just served as budget director for New York State during the 1970s fiscal crisis, saw an opportunity to leverage the Port Authority for the benefit of the New York City region (Goldmark, 2019). The committee recommended waterfront redevelopment. Specifically, it recommended that the Port Authority make investments "consistent with the changing economy" by building and investing in housing, office space, retail, and recreational uses (Krieger, 2016, 1). According to background notes on the Port Authority's waterfront development program, drafted by L. Michael Krieger (Ibid.), then General Manager for Regional and Economic Development at the Port Authority, the waterfront properties were largely located in the "poorer urban core of the region." Thus, redevelopment of those areas would serve the dual purpose of "removing the blight, and creating areas of economic opportunity" to serve the region.

The initial waterfront site proposed in New York State was located in Staten Island. But, the State Senator for Staten Island, John Marchi, opposed the Port Authority redevelopment and instead pushed for high-rise housing at the site. Following Marchi's objection, Donald Manes "steered the Port Authority" toward Queens West (Anonymous Port Authority Official, 2019). A former Port Authority official who preferred their name not be used noted, "We were told to justify the Queens West site. It wasn't hard to do. There was a number 7 [subway] station nearby, there was deterioration." From the start, however, that person predicted that there would be difficulty in acquiring the land necessary for the project, noting that the Port Authority did not have the right to condemn property.

A Legislative Fight

The Port Authority proposed the waterfront development, yet such a project was legally outside its mission. Legislation authorizing the agency to initiate waterfront redevelopment, and thus the Queens West and Hoboken developments, had to be approved by both the New York and New Jersey legislatures according to the regulations of the Port Authority. But, the legislation was stymied by intergovernmental disputes in New York which delayed the project. Specifically, disagreement arose between the City of New York and the Port Authority over the authority's specific development plans and the city's potential inability to collect taxes from inhabitants once the redevelopment was complete because of the Port Authority's involvement, in addition to a conflict between the City of New York and the State and by extension, New York State and Port Authority.

Legislation authorizing waterfront development passed both houses in New Jersey and was signed into law by Governor Thomas Kean (R, 1982-1990) in January 1983. Legislation in New York, however, was delayed due to Governor Mario Cuomo's political dealings with Governor Kean over Port Authority matters. Governor Cuomo tied his commitment to the Port Authority mission expansion to negotiations with Governor Kean over fares on the PATH (Port Authority Trans-Hudson Corporation) trains, the potential sale of the World Trade Center site,[37] and the proposed creation of a bank for regional development (Gargan, 1983a).[38]

Legislation was also delayed due to concerns at the city level. Although Mayor Koch initially signaled his support by proposing legislation that was later introduced in the New York State Legislature, his administration backpedaled in March 1983. Shifting the focus from general waterfront redevelopment, which was addressed in the legislation in question, to the Queens West site specifically, Deputy Mayor Kenneth Lipper declared that the city would have no part in the development. He charged that the planning for the Hoboken site was much further along than the Queens development and speculated that there was no guarantee that the Queens project would start at all (Gargan, 1983b). Lipper also contended that because the Port Authority would make relatively low payments to

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[37] The idea to sell the World Trade Center site originated with New York Governor Hugh L. Carey (D, 1975-1982) in 1987. Carey felt that funds from the sale would enable the Port Authority to undertake a comprehensive economic development program (Sagalyn, 2016).

[38] In situations where both New York and New Jersey governors could not agree on a capital spending agenda, they had the power to force delays on the agency by creating administrative slowdowns through, for example, delaying the approval of board meeting minutes, canceling meetings, and tabling resolutions. For more on the "parity politics" between New York and New Jersey as manifested in Port Authority operations, see Sagalyn, 2016, chapter 4.

New York City in lieu of real-estate taxes, it would reduce potential tax revenue to the city's coffers.

The rift in the City-Port Authority partnership worsened in April 1983 when the Koch administration excluded the Port Authority from negotiations with PepsiCo, one of the major tenants at the Queens West site (Carroll, 1983a). The Mayor, Deputy Mayor Lipper, Lieutenant Governor Alfred DelBello (D, 1983-1985), Queens Borough President Donald Manes, and the chairman of PepsiCo, met to discuss zoning changes on the property owned by PepsiCo. At a news conference following the meeting, Lipper downplayed the Port Authority's involvement in the project, noting that the city had to weigh the project proposal with PepsiCo's terms for the zoning changes. Distancing the city from the Port Authority, he remarked: ''We have no lease arrangement with them or no commitment with them'' (Carroll, 1983a, B3). Legislation authorizing the Port Authority to undertake Queens West was delayed into August of 1983, when Mayor Koch proposed that the bill be redrafted to specify in detail the Port Authority's site plans (Carroll, 1983b).

Following eight months of "sometimes bitter" negotiations, the City and the State finally reached an agreement on waterfront redevelopment (Gargan, 1983b, A1). In November 1983, Governor Cuomo and Mayor Koch announced the terms of the agreement, which specifically designated Queens West as the site of the New York development, established precise boundaries for the Queens and Hoboken sites, laid out a timeline, and created a formula for the payment of taxes from site owners.

Despite the agreement between City and State officials, the legislation was slow to pass in Albany due to continued political conflict. Namely, the legislation was blocked in the State Senate by Senator John Marchi, the chairman of the Senate Finance Committee, who said that because of vagueness in language, he would not allow the legislation to be brought to the floor for a vote (Gargan, 1983b). Senator Marchi's original concerns were similar to Koch's: the legislation was vague and lacked a clear definition of what the development would be and a timetable for completing it.

Even though Governor Cuomo and Mayor Koch came to an agreement on those concerns, Senator Marchi continued to block the legislation. In January 1984, *The New York Times* reported that Marchi insisted on a study to determine if the Queens West site "might be better used for a sports complex than for the $600 million housing and office complex" proposed by the Port Authority (Gottleib, 184, 1-23). In addition, Senator Marchi expressed concerns that the parallel site proposed in New Jersey, on the Hoboken waterfront, would incentivize businesses to relocate from New York City.

The idea for a sports complex at Queens West was also supported by Senator Warren Anderson (R-Milford), who also blocked the legislation. But, according to *The New York Times*, a senior official in the Cuomo administration suggested Anderson's real concern was that new housing in western Queens would pull Democrats to the area and hurt Republican candidates in future elections (Gargan, 1984b),

By April 1984, when legislation still had not passed in New York, Port Authority officials announced that they would proceed with the project in Hoboken, a move that quickly came under fire by the Koch Administration. Specifically, Mayor Koch instructed the New York City law department to determine if the city could sue the Port Authority to prevent it from developing the site in Hoboken without the consent of the New York State legislature. Governor Cuomo, however, did not agree with Mayor Koch's objection (Gargan, 1984a). The city never sued the Port Authority.

In July 1984, both New York and New Jersey adopted legislation that reflected negotiations between Mayor Koch and Governor Cuomo, as well as other concerns raised by New York Senate Republicans. The legislation authorized up to $125 million of Port Authority money for a 70-acre tract at Queens West, as well as $125 million for the development of a waterfront site in Hoboken that called for 670 condominium units, a 400-room hotel, a marina, and 1.4 million square feet of office space. The final legislation banned the Port Authority from financing housing in response to UDC's difficulty with financing housing and the subsequent strain that caused for the State of New York. The legislation further limited the Port Authority's development powers exclusively to the Queens West and Hoboken sites (Anonymous Port Authority Official, 2019; Barbanel, 1984).[39]

Finally, the Port Authority was authorized to proceed with waterfront developments in both states. But, legislation authorizing the development did not mean that development would begin right away.

Many Plans, No Progress

In March 1984, before legislation authorizing the Port Authority to undertake the development had even passed, the New York City Department of City Planning produced recommendations for a land-use policy for the site. In it, the Department of City Planning acknowledged the need to stabilize the industrial/residential mix at the site by granting as-of-right status to existing housing and changing the heavy manufacturing designation for the area to permit light manufacturing only (Department of City Planning, 1984, 3). The

[39] UDC's financial difficulties in the mid-1970s are discussed in Chapter 3.

Department of City Planning further called for a waterfront development that would increase the city's tax base and opportunities for employment, while also expanding open space and ensuring public access to the waterfront.

Initial discussions between the City and the Port Authority established the Port Authority's role in the development: the authority would make the land suitable for construction by adding utilities, streets, waterfront bulkheads, and filling in land. Then, private developers would bid on specific sites for the right to develop parcels while working with Port Authority planners (Gargan, 1983a). (Urban renewal projects were developed in a similar fashion; land was cleared prior to allowing developers to bid on specific parcels (Frieden and Sagalyn, 1989).) This was a departure from some other New York City developments that took place around the same time. For example, all construction at Roosevelt Island, developed in the 1970s by a UDC subsidiary, was government-funded (Freemark, 2011), while Robert Moses selected developers before he began work on a project (Frieden and Sagalyn, 1989).

The Port Authority estimated that the development would attract $500 million in private investment (Gargan, 1983a). Depending on the uses built, the Port Authority estimated that anywhere from 4,500 to 6,000 jobs would be created. Further, 10,000 jobs could be generated in the construction period. These figures were based on the assumption that the development would require an investment of $600 million, of which $125 million would come from the public sector (Oser, 1984).

In June 1985 the New York City Public Development Corporation (PDC),[40] representing the city, joined the Port Authority in the Queens West project. Each agency

[40] The PDC began operating as the Economic Development Corporation (EDC) in 1991.

had a different stake in the development: the Port Authority committed $125 million, and the City Public Development Corporation committed $30 million (Chira, 1989). Construction was originally slated for May 1986. By the end of 1987, ground had not been broken and construction was pushed back to no earlier than mid-1989 (James, 1987).

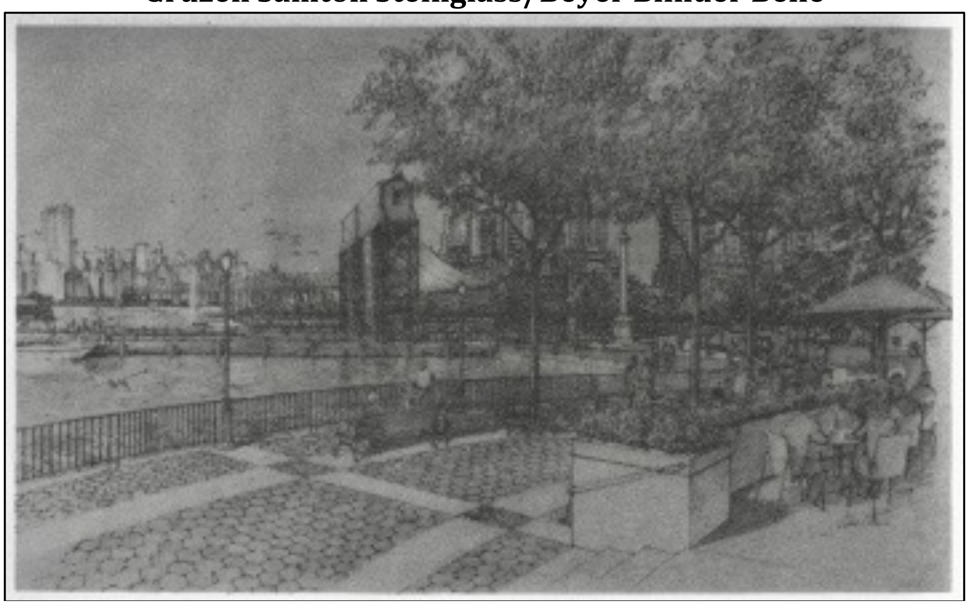
In December 1987, Queens Borough President Claire Shulman publicly blamed both the Port Authority and the PDC for the delays. Namely, she claimed that the two agencies were overcommitted and that neither prioritized the development. Shulman also placed blame on the collaborative nature of the project. According to the *New York Times*, in 1987 Shulman said, “When you have a mixed jurisdiction, you get mired down in bureaucracy. And nobody is accountable” (James, 1987, B-1). Borough President Shulman suggested that one way around the slowdowns was to have ESD, then operating as UDC, take over the project “because it would be better at taking the initiative and focusing on the project” (Ibid.). She also suggested that creating a superagency like the Battery Park City Authority, a subsidiary of UDC, might also expedite the project.

The Port Authority acknowledged the delays and officials grew frustrated. The New York City Planning Commission had had the authority’s rezoning application and a preliminary draft environmental impact assessment for over a year, and yet there had been no action (MacQueen, 2019). Further, the Port Authority did not own all of the land necessary for the project. When the project was first proposed, a mix of private and public entities owned the land, including PepsiCo, which had a bottling facility at the site that it planned to close; the Long Island Rail Road; the Tribune Company, which owned the *Daily News*; and a number of private individuals (Oser, 1984; Abramson, 2019). By December

1987, officials had only acquired one-third of the necessary land for the development (James, 1987).

Gruzen Samton Steinglass/Beyer Blinder Belle, the planning firm selected to develop the project plan, released development guidelines for the site in February 1989. Physical plans included 10.2 million square feet of newly-constructed mixed-use development, exclusive parking for 6,000 automobiles, 5,000 units of housing, 4.2 million square feet of office space, a 500-room hotel, and retail and community space to support the population within the project area. The development would also include a landscaped waterfront esplanade that would provide continuous public access to the East River (Gruzen Samton Steinglass/Beyer Blinder Belle, 1989). Figure 5.3 depicts early plans for the site.

Figure 5.3: Rendering of the Queens West Central Plaza at Hunters Point proposed by Gruzen Samton Steinglass/Beyer Blinder Belle



Source: Gruzen and Beyer, 1993

The release of development guidelines however, did not help the project's progress. Frustrated by the delay, Borough President Shulman decided to call in a favor from her friend, Governor Mario Cuomo, to get the project moving (MacQueen, 2019).

The Savior Joins Queens West

In July 1989, the Urban Development Corporation joined the project at Borough President Shulman's urging. The addition of UDC was seen as a positive development. A headline in *The New York Times* read: "Queens Waterfront Plan Gets a Push" (Chira, 1989). Marcie Kesner, who worked for Shulman at the time, said in 2019, "UDC was the savior; they're the ones who figured out how to make this work."

UDC had the ability to seize land through eminent domain, speeding up the land acquisition process. There was also hope that the addition of an extra government entity would reduce bureaucratic delays. Shulman told *The New York Times* that UDC would "probably light a fire under the bureaucracy" (Chira, 1989, 1-30).

Once UDC joined the project, officials made sure that UDC participation would move through the approval process quickly. A February 1990 resolution adopted by UDC's Board of Directors determined that it was:

> not feasible or practical for the Project to be in conformity with (a) the requirements of the New York City Zoning Resolution ("City Zoning") or (b) , with respect to any disposition of City-owned property, the Uniform Land Use Review Procedure of the New York City Charter ("ULURP") and provided accordingly that City Zoning and ULURP would not apply for the specified purposes of the Project…(Municipal Agreement, 1992)

Since site plans would not be subject to City Zoning or ULRUP, UDC involvement meant that the project could move forward with a General Project Plan (GPP). A GPP is flexible; when developers want to make changes to plans or buildings, those changes only need to fit within the GPP. Further, like the GPP itself, changes do not have to be reapproved by the New York City Planning Commission, nor are they subject to ULURP as is customary with planning projects in New York City. Fred Harris, who worked for a developer at the Queens West site, confirmed this in an interview (2019). He said, “ESDC is an incredible vehicle and having the ability to do a General Project Plan, which is what you have instead of zoning, I mean, that's enormous. And it's incredibly easy to work with compared to zoning.”

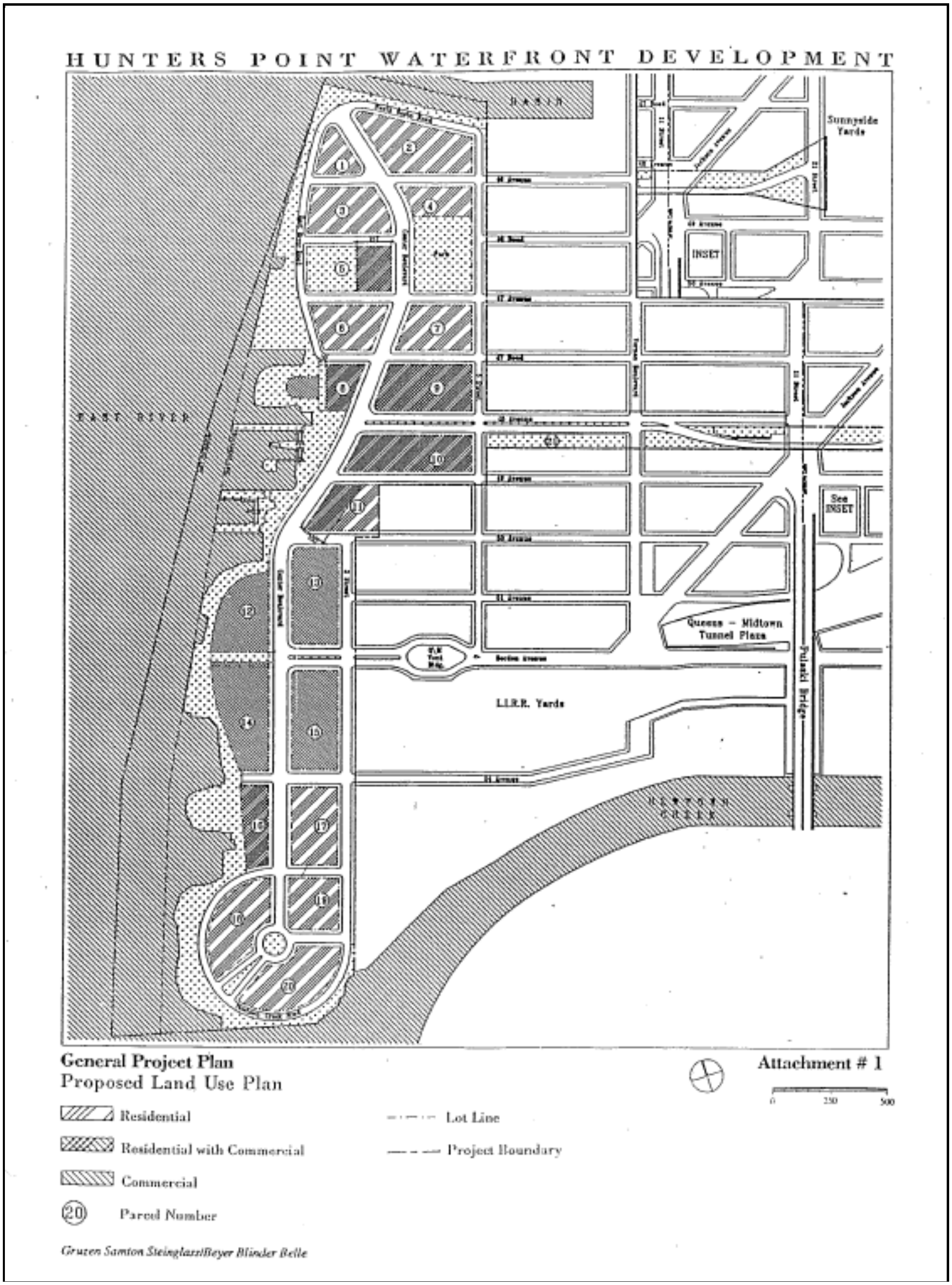
In June 1990, the Port Authority, UDC, and PDC proposed a plan to the New York City Planning Commission. From there, the plan went to the Board of Estimate, where it was approved.[41] Although UDC had declared their project not be subject to City Zoning, UDC still went through the city’s planning process to ensure that the streets they installed would remain public (MacQueen, 2019). Borough President Shulman understood that the project would move “back to square one” (because the new UDC plan would replace the zoning application in the approval pipeline), but she calculated that the development would be realized more quickly under UDC (Ibid.).

The plan split the site into four development areas corresponding to projected land uses and existing land ownership. The southern end of the development was slated for residential. Adjacent was a four-block long office and hotel district, both areas owned largely by the Port Authority. In the area north of the hotel and office district, the plan called for a residential, and to the north of that, occupied at the time by the PepsiCo bottling

[41] The approval of the Queens West master plan was the Board of Estimate’s final decision before it was dissolved in 1990 (Bressi, 1997).

plant, more residential (Urban Development Corporation, 1990). Figure 5.4 shows the proposed land use as it appeared in the 1990 General Project Plan (GPP).

Figure 5.4: Proposed Land Use Plan for Hunter's Point / Queens West



Source: Urban Development Corporation, 1990

As with the Port Authority's initial plan, the public entities' role was to make the land suitable for construction by adding utilities, streets, waterfront bulkheads, and filling in land. Then, private developers would bid for the right to develop specific parcels. According to the 1990 plan (UDC, 1990):

> It is contemplated that the Project would be implemented through agreements with site property owners who wish to develop their Project site in accordance with the Project Plan. Alternatively, the Public Sponsors would undertake acquisition of privately held lands, in a phased manner, to be funded in whole or part by the Public Sponsors. Infrastructure may be developed in a similar manner, and if public funds are used for such construction, such funds would ultimately be reimbursed by the developers of the properties.

Frances Huppert, former Senior Vice President of Design and Construction at UDC clarified (2019): "The responsibility of the state was to provide infrastructure to lead to the parcels—to plug into the parcels."

Rosina Abramson speculated that this model of "get developers first, build second" was chosen as a reaction to Battery Park City and Roosevelt Island, two other redevelopment projects initiated by UDC that caused financial strain on the agency. She said (2019):

> Because Roosevelt Island was financially infeasible until maybe the last 10 years—what had happened on Roosevelt Island was that they had developed 100% of the infrastructure and it's now taken 40 years to create the full population. The end of the residential development is occurring as we speak. It was all supposed to occur within 10 years so they did a full infrastructure investment in Roosevelt Island and it's taken 40 years to amortize it and a lot of the infrastructure has to be replaced now. So, I think Queens West was a reaction to that in the sense that they had a master plan but until they had developers or development funded, they didn't want to take on the private property and they didn't want to put in all the infrastructure. So I think it was a reaction to lessons learned from prior large-scale developments.

Before any bidding proceeded, UDC's created a subsidiary to manage the project. In 1991, UDC created the Queens West Development Corporation (QWDC).[42] As explained in Chapter 4, there is no regulation guiding when ESD establishes a subsidiary for a specific project. Rosina Abramson (2019) speculated that one reason for the subsidiary was UDC's tarnished reputation following the agency's default in 1975. When asked why a subsidiary had been established, she said (2019), "UDC was pretty radioactive and very suspect, and the whole financing issue — it was blamed for bringing NYC finances to virtual collapse. New York was almost in bankruptcy, and it was all blamed on UDC. So, a) it was the model they were using — subsidiaries, and b) I think the name UDC was pretty radioactive even in the 1990s."

The subsidiary came with changes. When Rosina Abramson joined QWDC as the organization's first president, her "first job was to amend the master plan." She continued, "We got rid of the commercial core so it became 100% or 90% — with some retail and schools—a residential plan. So we got rid of the commercial core because nobody believed you could develop offices on the Queens Waterfront." As a subsidiary of UDC, QWDC had all the rights and powers that UDC had.

Although the addition of UDC would expedite the project, according to *The New York Times*, UDC's involvement didn't resolve the intergovernmental tension. In particular, a July 1989 article (Chira, 1989) read:

> When first asked about the Urban Development Corporation's status, a spokesman for the agency said it would be the lead agency for the project. But an official at New York City's Office of the Deputy Mayor for Economic Development objected, saying the city and the state were partners. A few minutes later, the UDC spokesman called back and changed the wording to "partner."

[42] Pronounced "kwi-DIC"

In short, there was tension—or at least confusion—over which agency was the "lead" agency. Rosina Abramson (2019) said in an interview, "...of the three agencies, the Port Authority was the most dominant in running the project." Similarly, Debra Whitelaw (2019), a community activist and the founding member of the Hunters Point Community Coalition, a group formed in opposition to the development, repeatedly referenced the Port Authority throughout her interview, but made no mention of the other involved agencies. However, in an interview with Frances Huppert (2019) who served as Senior Vice President of Design and Construction at UDC, she vehemently asserted that UDC was the lead agency for the project. Jack Beyer of Beyer Blinder Belle suggested that the State (in the form of UDC) led the project and went so far as to suggest that it "functioned in place of the city for the planning" of the site (Beyer, 2019).

There was also tension over the role of the city in the project. The City's Public Development Corporation (PDC) represented the city, but there was no obvious role for the Department of City Planning. Speaking about the addition of UDC to the project, Tom Paino, a community activist who worked closely with the Department of City Planning said, "Immediately the big change [when UDC joined the project] was that [UDC] didn't have to follow NYC Zoning, so now City Planning had very little role in what happened at the waterfront." When asked if the city and the state were at odds over the project, Paino offered, "Well, for City Planning, it would have been a very juicy project that they were then removed from." However, Marcie Kesner, who worked for Queens Borough President Claire Shulman during the Queens West development offered an alternative view of the City's role: "Interestingly the city had so little interest in the project that it kind of allowed ESD to make it their project."

Notwithstanding intergovernmental tension, the involved partners — the Port Authority, UDC, the City of New York, and the New York City Economic Development Corporation (formerly PDC) — signed a Municipal Agreement on October 5, 1992. The agreement established the City's role in on-site infrastructure investments; the City would commit $33 million for things like demolition, installing public utilities, adding retaining walls, and paving streets and curbs. An additional $14 million was planned for street and subway improvements (Municipal Agreement, 1992).

Community Opposition

The Queens West plan moved through the city bureaucracy — from proposal stage to approval — relatively quickly. City Councillor Walter McCaffrey (D-Long Island City, Sunnyside) objected to how quickly the project was approved, charging that residents did not receive enough information about it (Luek, 1990). He further questioned the transparency of the planning process when he told *The New York Times*: "We still don't have confidence in what is going on behind the scenes (Luek, 1990, 1-25).

Community members raised similar concerns to McCaffery's. Debra Whitelaw, along with Queens residents Tom Paino and Edie Cuminale, led an effort to oppose the proposed development at Queens West. Whitelaw and her group, the Hunters Point Community Development Corporation (HPCC), testified at the Board of Estimate hearing where the project was approved. In a 2019 interview, she said, "We were there testifying. We were always there, testifying, doing everything. They just kept saying that it was too late for anything to be changed. But nothing was even built!" Of the speed with which the project was approved, Corrine Stoewsand, community planning consultant for HPCC, echoed (2019): "The process took a couple of years from getting it designed and approved."

The Hunters Point Community Coalition was not opposed to any development in the neighborhood; rather, it advocated for a lower-scale development that it felt better fit the neighborhood's character. Tom Paino (2019) said, "We welcomed new development but we wanted it to be more respectful of what was here." Similarly, Whitelaw (2019) offered, "We...were okay with development on the waterfront. We did come up with a smaller-scale plan and one that was fully integrated into our community so that the promise of commercial revitalization and economic development would truly be delivered to Vernon Boulevard."

HPCC's opposition had to do with the height and bulk of the proposed development. The group was concerned about displacement, gentrification, threats to small businesses, and the loss of industrial and manufacturing jobs. Further, there was even a dispute over the status of the current neighborhood. Official plans described the site as being occupied by "extensive vacant land" and asserted that the "existing uses in the Project Area demonstrate[d] a significant underutilization of land" (UDC, 1990). On the other hand, Whitelaw (2019) asserted, "The only vacant property...was the former *Daily News* packaging plant right on the point. Otherwise, it was all fully utilized lots."

An alternate master plan proposed by the group cut the amount of built square footage and increased the acres of parkland. While the original proposal allows buildings up to 38 stories, the alternate plan featured low- and medium-rise buildings with only three buildings going up to 20 stories. Some differences between the two proposals are outlined in Table 5.2.

Table 5.2: A comparison of the official Queens West Plan and the alternative plan proposed by the HPCC

	Official Plan	Alternative Plan
Number of Apartments	6,385	3,000
Square Feet of Office Space	2.1 million	562,025
Park Acreage	19.24	28

Source: Stephens, 1993

In response to anticipated criticism that a lower-density project would not be economically viable, the coalition additionally presented an economic analysis with its alternate plan. The analysis, written by an anonymous consultant, argued that with a smaller project, infrastructure and land costs would also decrease "since higher density is the reason subway and street improvements cost so much in the first place" (Stephens, 1993, 12). The analysis additionally showed that taking Manhattan's land values as the standard for land cost projections was misleading since "yet one-third of the land is already owned by public authorities." Further, developers' risk was significantly reduced at a smaller scale, as are condemnation costs.

The plan was criticized by the Queens Deputy Borough President Peter Magnani who said their plan wasn't realistic because too much infrastructure needed to be built for it and the developers sought a certain return on their investment (Bressi, 1997). Jack Beyer and Jordan Gruzen, lead architects on the official plan, further criticized the alternative plan, saying that it "ignore[d] the legislative history and public covenants underlying the financing, or even the economic development strategies of the agencies" (Gruzen and Beyer, 1993). The architects also asserted that just because density would be halved, it does not mean that infrastructure costs will be halved. They continue, "An even more fundamental flaw is the notion that a development plan is primarily driven by infrastructure costs” (Ibid.). Ultimately, the group’s alternative plan was not adopted.

Despite the seemingly organized nature of HPCC, public authority officials seemed oblivious to or unconcerned by community opposition. When asked about community opposition in a 2019 interview, Rosina Abramson replied, “I’m describing other things with very clear memory and I don’t have a memory of community concerns so it probably was not predominate.” Abramson went so far as to suggest that the community was too small to be in opposition to the project, noting, “I mean, as a community, there wasn’t much of a community left. There was virtually no business. It was all low-rise working class housing. There wasn’t much of a community in place.” Marcie Kesner seemed to write off the opposition. She said, “The opposition tended to be people who were folks—not the old timers who had lived there for decades but more sort of, newer residents and people who had come in” (2019).

HPCC was not the only group working in opposition to the project. Community Board 2 voted overwhelmingly against the project in 1990 due to concerns with displacement (Dunlap, 1994). Joseph Conley, chairman of the Community Board, told *The New York Times* in 1994, "The people who live in the shadow of this proposed project are going to suffer a negative impact.” As discussed, because the project was under the umbrella of UDC (regardless of who the “lead” agency was), it was not subject to New York City’s ULURP approval process and thus, community board approval was not necessary in order for the project to proceed. The project was only brought to the community board as a gesture, not because it was required (Huppert, 2019).

Despite the views of the HPCC and the Community Board, not all residents felt as though their concerns were ignored. Monty Mitchell who worked with the Hunters Point-Long Island City Development Corporation said that its main concerns related to "density and the amenities that were being provided by New York State" (2019). Further, he felt the state was receptive to those concerns. He said, "I think they were fairly receptive. I think they were fairly receptive...They may not have followed [our recommendations] literally, but I think they sort of structured [the] dialogue in terms of the plan. I wouldn't say [our concerns] were ignored."

Financial Challenges

Once UDC was part of the project, it moved through the bureaucratic approval process quickly. But, it faced financial challenges. These hurdles were compounded by the development's location outside Manhattan. QWDC was equipped with powers to move the project through the regulatory process, and eventually, its ability to develop tax-free properties aided in the financing scheme developed for the first building. But, that financing took time to put in place, and difficulty in developing the plan was slowed by the city's financial environment and developer hesitation with the project's location. To be sure, during the 1980s and 90s, there was little commercial development outside of Manhattan, with the exception of MetroTech in Brooklyn (Fainstein, 2001; Kesner, 2019). Further, in the 1980s, New York City was only just emerging from the fiscal crisis of 1975.

The fiscal crisis of 1975 slowed building in New York and the city only experienced a short recovery in the early 1980s.[43] Spending on major capital projects slowed during and

[43] For a history of the New York City fiscal crisis of the 1970s, see Phillips-Fein, 2017.

immediately after the crisis, and investment activity was largely confined to the renovation and conversion of existing residential and factory buildings into middle- and upper-income homes (Fainstein, 2001). But after 1981, tax revenues from the city's economic revival, along with state and federal subsidies for economic development, allowed for a number of redevelopment projects, including developments like the Javits Center, the South Street Seaport, and Battery Park City. In many cases, the city paid for the supporting infrastructure and granted tax subsidies. In the case of the South Street Seaport, the city also used federal Urban Development Action Grants (UDAGs),[44] while UDC managed the construction of the Javits Convention Center and the planning and infrastructure for Battery Park City[45] (Fainstein & Fainstein, 1987).

The building boom of the early 1980s did not last. Although office construction was up in 1981, it declined again in the 1990s recession and did not rise again until the late 1990s. Specifically, the economic depression that followed the 1987 stock market crash lasted in New York until at least 1994. According to Smith (1998, 2): "The end of the 1980s seems to lead back to the 1970s, when fiscal bankruptcy inaugurated a major retrenchment and restructuring of city services while simultaneously reestablishing the private economy." The Queens West development was caught in the throes of multiple recessions.

In addition to economic decline, developers doubted whether the new development in Queens would appeal to residents and businesses. Although city and state agencies

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[44] The UDAG program was enacted under the Housing and Community Development Act of 1977. UDAG was a capital subsidy program that targeted distressed cities with the goal of attracting private investment. For an analysis of the UDAG program, see Gist and Hill, 1984.

[45] For more on the development of this neighborhood, and the political controversy around it, see Gordon, 2012.

hoped to convince developers that Queens West would capture overflow from Manhattan's residential and commercial markets, New York City's financial climate only exacerbated developer hesitation. Marcie Kesner (2019) recalled "...nobody wanted to be in Queens. The market didn't want to be in Queens." Rosina Abramson also recalled how developer hesitation slowed the project, remarking:

> All the public land had been assembled. I think the *Daily News* was on board. Whether [QWDC] owned it or not at the time, I don't remember but the *Daily News* was on board because [their factory at the site] was no longer functioning, and there were some privately-owned properties primarily to the north, I think, and to the east and...there was no interest in acquiring them because we had no funds and we had no developers.

Kesner went on to explain that once a bid finally came in, it was from someone who previously worked in New York City government and had gone on to work in real estate development. She said,

> ...no developers were interested in coming to Queens. RFPs were issued and nobody responded. Or, one firm responded. The first building was built by a company that was created and headed by the guy who had been the chair of the City Planning Commission—Herb[ert] Sturtz, who had been the head of City Planning in the Koch administration. You know, nobody wanted to live there. And, nobody wanted to do business there.

Herbert Sturtz worked at the City Planning Commission when the Port Authority proposed the development at Queens West. In late 1988, after having left the City Planning Commission, Sturtz joined forces with William Zeckendorf, Jr., the developer who built the Worldwide Plaza on the west side of Manhattan and the Crowne Plaza hotel in Times Square, and Howard Stein who owned the Dreyfus Corporation, an investment strategy firm. The venture, Trotwood Corporation, named for Sturtz's standard poodle, eventually merged with two Japanese partners to become MO Associates. The newly-formed entity submitted a bid to develop 1,450 housing units, 90,000 square feet of retail space, and a community center in the summer of 1993. By the end of the year, the company had secured approval to develop the first parcel at Queens West (Bressi, 1997; Roberts, 2009).

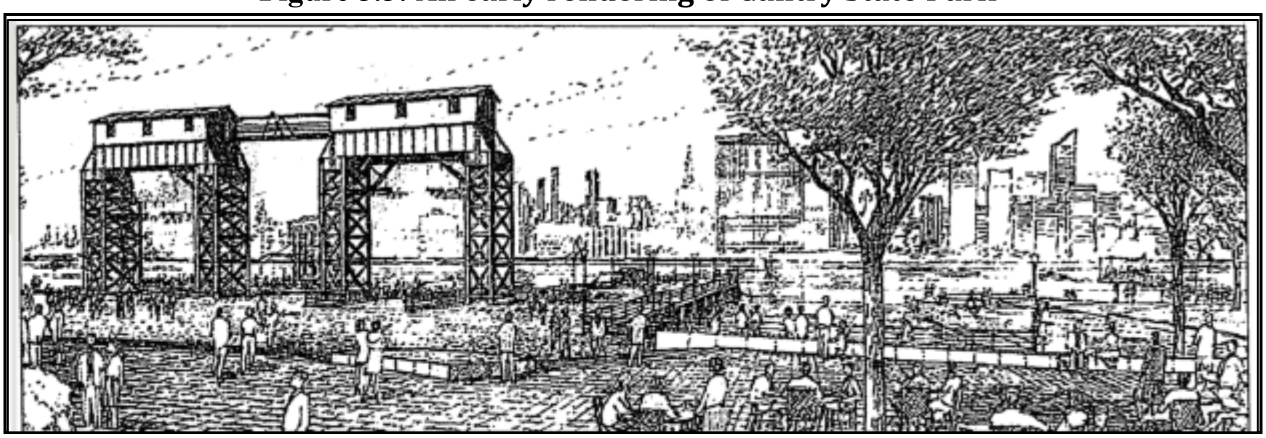
To offset their risk, MO Associates, proposed a deal with the Federal Housing Agency (FHA) for mortgage loan insurance. Under the scheme, MO Associates would receive the bulk of their financing — a $85.6 million loan for the $100 million project — from AFL-CIO Mortgage Trust. The FHA would provide insurance for that loan. This would reduce private lenders' risks and allow the developers to obtain long-term financing. Even though FHA usually made large commitments only for rental projects, it would be allowed if MO Associates converted the finished building to a co-op (Passell, 1996). Until the developers had insurance from FHA in place, they would not begin development.

Ground Breaks. Finally.

Ground broke at Queens West in September 1994 when workers began filling in the abandoned Long Island Rail Road tracks along 48th Avenue between Vernon Boulevard and Fifth Street to make way for a "sliver of a park." (Dunlap, 1994). Although small, the park was largely symbolic. Government agencies wanted to show that the development would not only benefit newcomers, but that it would benefit those who already lived and worked in the area. Starting with the park also demonstrated to officials in Washington, DC that if they approved mortgage insurance for the first building planned at the site, it would not go to a building that did not have community connections or other amenities. Of the small park, Abramson (2019) said, "that was an attempt to establish, or re-establish, the viability of Queens West because nothing had happened."

Once the park was complete, the plan called for laying storm and sanitary sewers, water lines, and utility connections and begin work on a larger, 12-acre permanent park. The permanent park was to preserve the tall black gantries that once transferred freight cars from river barges onto the tracks of the Long Island Rail Road (Bressi, 1997). Jack Beyer, an architect who worked on the plan, explained (2019): "The gantries, which were not [historically] designated, were kept for historic reasons, and they became a feature of the design." Frances Huppert echoed, "when we actually designed the park, the historic significance of the gantries—they were restored and the park itself has tracks that are evocative of the RR tracks that come into the site." The Park was later acquired by the State and became known as Gantry State Park (shown in figure 5.5).

Figure 5.5: An early rendering of Gantry State Park



Source: Dunlap, 1994

Although the park was underway, MO Associates delayed construction on its residential building until the company learned if HUD mortgage insurance would come through (Herszenhorn, 1995). The insurance finally cleared in late 1995.

With insurance in place and with the property's tax-free status applied to UDC-owned properties, MO Associates was better able to anticipate finances and attract buyers. Prices were $25,000 for two bedrooms and less than $10,000 for a studio without a view.

These prices were considered affordable to buyers earning as little as $30,000/year (Bressi, 1997). The purchaser's price would cover the entire cost of the unit and the developers' investment, but not pay down the building's mortgage. The monthly co-op maintenance charges would help retire the debt—in this case, a 40-year, self-liquidating mortgage at 7.75 percent. Rather than using the proceeds from the sales of finished co-ops to retire debt, MO Associates would sell the apartments and leave the co-op with the full FHA-insured mortgage (Passell, 1996).

The co-op structured its finances to be predictable; maintenance charges would be relatively stable since the building debt was fixed for 40 years and accounts for 75% of the charge. Further, the building received an as-of-right property tax exemption for 20 years. Following the 20 years, the tax would phase in over a five-year period. With this in mind, the developer front-loaded mortgage payments in the first 20 years then reduced those payments as taxes increased (Passell, 1996). Overall, the scheme minimized buy-in for co-op purchasers and reduced risk for mortgage lender (Bressi, 1997).[46]

Rosina Abramson (2019) explained why this approach was so important when she said:

> And the model they developed at the time was a model of—for essentially, two city workers. A nurse and a firefighter, a teacher and a cop. For people who had steady salaries but didn't have savings. So the model they developed with HUD which was very innovative at the time—HUD financed this—was a low purchase price for the co-op so that municipal workers could afford it but then the maintenance costs were relatively high because they were paying off the much larger mortgage if the units had sold for market rate. And so that was the history of the first building at Queens West.

[46] In July 2018, the property tax abatement had run its course and unit maintenance bills were being increased by 9% each year over the following five years. In January 2019, co-op owners along with local politicians protested the tax increase. See Murray, 2019.

The building, called "CityLights," was completed in 1997. Consistent with the plans, the building consisted of 522 middle-income co-op units and a 300-seat public school for students in pre-kindergarten through 5th grade.

Queens West in the Post CityLights Era

For many years, CityLights stood alone at Queens West like "a lone ship on an empty sea" (Bagli, 2000, B-1), suggesting that the addition of UDC was not a panacea for project success. The delay with developing more parcels was frustrating for the parties involved. Marcie Kesner, who worked in the Queens Borough President's office, recalled that, once again, the project was caught in a political stalemate:

> When I worked Claire that during that period between 1996 and 2000, which was not an era of a lot of development at all, that the city didn't seem to be really focusing on the Queens West project as a city priority at all. It was actually for a period of time, if I recall, a political football between the Port Authority and the city because [Mayor Rudolph] Giuliani was fighting the Port Authority about the [Port Authority] bus terminal and so it was being held hostage for that reason.

Eventually, the project inched forward. In 1998, QWDC received bids on the final two buildings in Stage One. And in 1999, Avalon Bay, a Connecticut-based company, was selected to develop three other parcels in Stage One. (In total, Stage One was four buildings and provided about 1,450 apartments, plus retail space (Bagli, 2000).) Construction had started by November 2000. The only thing occupying the 74-acre parcel known as Queens West at that point was a small park, a 42-story apartment tower and the beginnings of a 32-story building with 372 apartments.

By 2000, members of the QWDC board had not yet chosen developers for next two sites to be developed: the office complex, hotel, and conference center, and a 20-acre parcel owned by PepsiCo at the north end of the development. Standing in the way was another intergovernmental dilemma. QWDC — or more accurately, the Port Authority, EDC, and UDC, now operating as ESDC — had to "overcome their differences and provide tens of millions of dollars for roads, sewers and utilities" (Bagli, 2000). Specifically, the controversy was over which entity would finance the infrastructure.

According to *The New York Times,* Charles Gargano, the CEO and Chair of ESDC, wanted New York City to contribute $15 million, while the Port Authority was considering contributing $65 million. At the same time, New York City Mayor Rudolph W. Giuliani's administration, in turn, wanted Governor Pataki to pledge funds as well. *The New York Times* additionally reported that real estate executives vying for the right to develop the sites complained that "the bickering among government officials has delayed the selection of developers for months" (Bagli, 2000). In fact, a real estate executive told *The New York Times,* "The fact that the Queens West Development Corporation is made up of these entities that don't work well together has made life very difficult. It's enormously expensive for the developers when this thing drags on and on" (Bagli, 2000, B-1).

The bitterness among QWDC partners was as real as it was symbolic. For example, *The New York Times* reported that the groundbreaking ceremony for the Avalon Bay project in October 2000 was suddenly postponed when the mayor's office said Mayor Giuliani could not attend, even though the original date had been picked to specifically accommodate his schedule (Bagli, 2000).

Intergovernmental squabbling would continue to plague Queens West. In September 2000, QWDC president Carolyn Bachan resigned after she posted an email to a message board criticizing the Port Authority and local Olympic Games organizers, which had become involved in the site's development because of New York City's 2012 Olympic Bid. Specifically, the email accused the Port Authority of delaying bidding on commercial development proposals. Further, the post, ostensibly signed by Bachan, criticized local Olympics planners for presuming land would be available at the development for the proposed 2012 Olympics in New York City (Hetter, 2000).

Progress inched forward. (A timeline of the Queens West is shown in Table 5.3). In December 2000, LCOR, a Pennsylvania company, was selected to develop 13.5 acres of Queens West into 2 million square feet of commercial space in five buildings, including Class A office space and potential new retail and hotel development (Hetter, 2001). And in March 2001, Rockrose Development Corporation was chosen to develop 3,000 units in seven buildings (Dunlap, 2001). To be sure, although relatively slow, the neighborhood continued to grow.

Table 5.3: A timeline of Queens West Development Activities

Date	Development Activity
March 1983	Port Authority releases plan for Queens West
July 1984	New York and New Jersey adopted legislation granting the Port Authority the necessary powers to develop Queens West
June 1985	Agreement outlines responsibilities for the involved agencies: the Port Authority, the City Public Development Corporation (since renamed the Economic Development Corporation), and the City Planning Department
July 1989	UDC joins the project
june 1990	Master plan approved
1991	Queens West Development Corporation (QWDC), a subsidiary of UDC, created

September 1994	Groundbreaking at Queens West
1995	HUD mortgage commitment clears
1997	CityLights opens
1999	Avalon Bay selected to develop three other parcels at the Queens West site
December 2000	Groundbreaking for the Avalon Bay Communities Development.
	LCOR selected to develop 13.5 acres of Queens West into 2 million square feet of commercial space.
March 2001	Rockrose Development Corporation chosen to develop 3,000 apartments in seven buildings.
November 2004	Groundbreaking for an 80-unit residence for elderly New Yorkers

Over time, the General Project Plan was modified a number of times. In 2019 Frances Huppert noted: "I would, with emphasis, say that whatever was the General Project Plan was updated multiple times and amended over the years...there was a commercial component that was part of the project that was scuttled to do residential and I cannot answer to how many apartments they finally built." The most recent General Project Plan posted to the ESD website calls for eleven development parcels including 4.3 million square feet of residential space, 174,325 square feet of retail space, and 140,000 square feet of public facilities (Urban Development Corporation, 2010).

The project was also split when the City took over the southern portion of the project in the early 2000s (Jaiyesimi, 2019). That portion of the development, overseen by EDC, was completed in 2018 and included a waterfront park with a playground, pedestrian and bicycle pathways, as well as infrastructural improvements such as new roadways, storm sewers, water mains, and other utilities (EDC, 2019).

The Queens waterfront received renewed attention in late 2018, when Amazon, a multinational technology company, announced plans to build a campus adjacent to the Queens West site. The company later canceled its plans after facing a backlash from lawmakers, activists, and union leaders (Goodman, 2019b). However, its interest in the area suggests that the Queens Waterfront, which was once perceived to be undesirable, had become very desirable.

As of 2019, the Queens West development was “95% done” (Jaiyesimi, 2019) and QWDC was still in operation. For example, in September 2019, the corporation oversaw the completion and opening of the Hunter’s Point library, a public library that is part of the Queens Public Library system. The subsidiary’s other activities were otherwise mostly administrative and included collecting rent and utilities charges from the buildings, which go toward the operation of Gantry Plaza State Park. The subsidiary also continues to monitor environmental conditions at the site, and is responsible for ensuring there are no exceedances or issues that need to be addressed (Ibid.).

In a 2019 interview with the president of the Queens West Development Corporation, no plans to close the subsidiary were mentioned. As discussed in Chapter 4, it is regular practice for ESD to retain subsidiaries even once a project is completed.

While ESD still undertakes real estate development projects like Queens West, the authority has also increasingly initiated industrial development grants, especially following the transition from UDC to ESDC in 1995. An industrial development grant project is the subject of the following chapter.

Chapter 6: Industrial Development Grants: Regeneron Pharmaceuticals

Regeneron Pharmaceuticals, Inc. is an internationally renowned biotechnology company boasting a market capitalization of more than $40 billion (Rulison, 2019). The company is known for medicines that treat everything from skin disorders, heart disease and high cholesterol to adult blindness (Cooper, 2018a). Since the company first launched in New York City in the late 1980s, Regeneron has benefitted from more than $250 million in tax credits, tax exemptions, and grants from the Empire State Development Corporation, the state Department of Economic Development, and county Industrial Development Agencies (see Table 6.1).

In September 2018, Regeneron announced it would invest $800 million and hire an additional 1,500 employees in East Greenbush, Rensselaer County, where the company already operated a manufacturing facility (ESD, 2018). By December, Empire State Development (ESD) had authorized $70 million in capital grants and $70 million in Excelsior Jobs Program tax credits to Regeneron for the expansion (Young, 2018). Loretta Beine, the director of industry and life sciences at ESD, told ESD's board of directors that the company would have expanded to Ireland without the incentives (Meeting Minutes, 2018).[47]

As of early 2020, the company's expansion was progressing thanks in part to the support of Empire State Development, which provided subsidies, and the Rensselaer County Industrial Development Agency (IDA), a countywide entity that provided tax exemptions. At the site of the company's expansion in East Greenbush, existing roadways

[47] Empire State Development declined to be interviewed for this chapter.

and sewage facilities were insufficient to accommodate Regeneron's expansion. Further, the Town Board said that it does not have adequate amenities to motivate Regeneron employees to live in the town and thus spend money locally. While plans are underway to upgrade necessary infrastructure and the town is receiving development proposals for luxury apartments and other amenities suited for Regeneron employees, the town finds itself in a precarious situation. East Greenbush is a recipient of Regeneron development and expansion, but is also burdened with infrastructure and service costs and a sudden change in its future.

Although ESD is a marginal actor in the case of Regeneron's development and presence in East Greenbush when compared to, for example, how it operates in redevelopment projects, ESD has complicated the relationship between East Greenbush and the company, particularly when it comes to environmental mitigation measures the Town requires of the company. This case illuminates the local political impacts of ESD's grant operations.

A History of Expansions, A History of Subsidies

Regeneron has steadily benefitted from state and county level support for its operations, and its 2018 expansion is no exception. The company launched as a biotech start-up in New York City in 1988. Within a year, the company grew to four people and moved its headquarters to Tarrytown, a village in the town of Greenburgh, Westchester County. At the time, Leonard Schleifer, its founder, cited IBM's proximity as a reason to locate in the area (McCurry, 2010). In July 1991, Regeneron announced it was starting construction of a plant in Rensselaer County. At the time, the state invested $250,000 worth of equity in the company by purchasing 80,000 shares (Feron, 1991). Two years later, in 1993, Regeneron opened its first manufacturing plant at what it now calls its Red Mill campus in East Greenbush, which is located near the University at Albany Health Sciences Campus (Kennedy, 2019).

The company's first major expansion was in 2006, when it weighed a move to New Jersey. After Regeneron received a $4 million grant from ESD, a $3.5 million property tax abatement, and $1.5 million in sales tax abatements from the IDA in Westchester County, where its headquarters are located, they decided to remain in New York State (Brenner, 2007).

In 2009, Regeneron announced a $40 million investment project to create more than 300 jobs in the state. For the expansion, the company took on a 15-year lease for 131,000 square feet of additional lab and office space at its research facility in Tarrytown. Following the expansion, the company received a $2.1 million grant from ESD. The Westchester County IDA additionally awarded Regeneron $1.5 million in tax abatements (Cetawayo, 2009).

The company again announced plans to expand in 2010 by moving into an additional building at its headquarters in Tarrytown. Regeneron's vice president of facilities, Joanne Deyo, told *Site Selection Magazine* at the time that the company decided to expand in place to avoid uprooting of employees (McCurry, 2010). The state and locality again kicked in incentives; Regeneron received a $2.25-million grant from the Empire State Development Corporation and the Westchester County IDA provided sales tax abatement and payment-in-lieu-of-taxes (PILOT) incentives worth about $1.5 million.

Two years later, Regeneron announced plans to spend $70 million to expand at its Red Mill campus in East Greenbush by adding a new 65,000 square foot building for use as a manufacturing capacity for Regeneron products for clinical trials, in addition to expanding its existing office facilities. At the time, the company employed approximately 540 individuals in East Greenbush (Sanzone, 2012). For the project, ESD awarded $6.7 million in Excelsior Jobs Program tax credits (a program of the Department of Economic Development). In addition to the ESD assistance, the Rensselaer County IDA awarded Regeneron a PILOT agreement. The County Legislature funded the company's connection to East Greenbush's sewage treatment system. At the time, Rensselaer County Legislature Chairman Martin Reid told *Troy Record*, "The Legislature was happy to help provide needed sewer services to allow for the Regeneron expansion, and the progress of this project is an example of government working together cooperatively at different levels to create jobs and further economic development in New York State" (Sanzone, 2012).

The next year, in 2013, Regeneron received $10.2 million in Excelsior Jobs Program tax credits to construct two new buildings at its Tarrytown campus. Those buildings opened in 2015, when the company received $2.125 million in grants from ESD's Downstate Revitalization Fund for an additional expansion in Tarrytown. The total cost of the project was $39 million. ESD's proposed incentive required that Regeneron maintain a baseline employment of 978 jobs and create 300 net new jobs by January 1, 2016 (ESD board minutes, 2015).

Since Regeneron's first expansion in Tarrytown, county Industrial Development Agencies (IDAs) have continued to grant tax exemptions and Empire State Development has continued to support the company with tax exemptions (via the Department of

Economic Development) and grants (via the Empire State Development Corporation) (Table 6.1 summarizes the company's benefits from 2002-2018). Regeneron's benefits from the public purse are by no means the largest in the state. For example, in 2019 Empire State Development pledged a $500 million grant to Cree, a nanotechnology company, to build a manufacturing facility in Marcy near Utica (Moriarty, 2019). But, Regeneron's steady stream of benefits indicates a strong relationship with state and local entities.

Table 6.1: ESDC, DED, and IDA Awards to Regeneron, 2002-2018

Year	Type	Program	Location	Value ($)
2002	Grant	Empire State Development Corporation (Strategic Training Alliance Program)	Unknown	250,000
2003	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	4,867,425
2004	Grant	Empire State Development Corporation (Biomedical and Biotechnology Initiatives Fund)	Unknown	250,000
2004	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	637,700
2005	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	487
2006	Grant	Empire State Development Corporation (Economic Development Fund)	Westchester	4,000,000
2006	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	140,144
2006	Tax Exemption	Industrial Development Agency	Westchester	5,000,000
2007	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	306,897

2008	Grant	Empire State Development Corporation (Economic Development Fund)	Unknown	200,000
2008	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	1,079,756
2009	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	220,211
2009	Grant	Empire State Development Corporation (Downstate Revitalization Fund)	Westchester	2,125,000
2009	Tax Exemption	Industrial Development Agency	Westchester	1,500,000
2011	Grant	Empire State Development Corporation (Economic Development Fund)	Westchester	4,000,000
2011	Tax Exemption	Industrial Development Agency	Rensselaer	519,000
2011	Tax Exemption	Industrial Development Agency	Westchester	402,500
2012	Tax Credit	Department of Economic Development (Excelsior Jobs Program)	Rensselaer	6,700,000
2012	Tax Exemption	Industrial Development Agency	Rensselaer	952,031
2012	Tax Exemption	Industrial Development Agency	Westchester	299,500
2012	Grant	Empire State Development Corporation (Economic Development Fund)	Rensselaer	200,000
2012	Tax Credit	Department of Economic Development (Excelsior Jobs Program)	Rensselaer	6,700,000
2013	Tax Credit	Department of Economic Development (Excelsior Jobs Program)	Westchester	10,200,000

2013	Tax Exemption	Industrial Development Agency	Rensselaer	1,852,420
2013	Tax Exemption	Industrial Development Agency	Westchester	1,336,000
2014	Tax Exemption	Industrial Development Agency	Mount Pleasant	13,628,726
2014	Tax Exemption	Industrial Development Agency	Westchester	1,360,022
2014	Tax Exemption	Industrial Development Agency	Westchester	1,844,082
2014	Tax Exemption	Industrial Development Agency	Rensselaer	1,508,235
2015	Tax Exemption	Industrial Development Agency	Mount Pleasant	12,233,585
2015	Tax Exemption	Industrial Development Agency	Westchester	1,150,515
2015	Grant	Empire State Development Corporation (Downstate Revitalization Fund)	Westchester	2,125,000
2015	Tax Exemption	Industrial Development Agency	Rensselaer	2,191,601
2016	Tax Credit	Department of Economic Development (Empire Zone Tax Credit)	Unknown	15,000,000
2016	Tax Exemption	Industrial Development Agency	Mount Pleasant	3,166,516
2016	Tax Exemption	Industrial Development Agency	Rensselaer	273,599
2016	Tax Exemption	Industrial Development Agency	Westchester	1,998,998
2017	Tax Exemption	Industrial Development Agency	Mount Pleasant	6,550,521
2017	Tax Exemption	Industrial Development Agency	Rensselaer	1,841,463
2017	Tax Exemption	Industrial Development Agency	Westchester	1,275,170

2018	Tax Exemption	Industrial Development Agency	Westchester	2,211,471
2018	Tax Exemption	Industrial Development Agency	Rensselaer	1,428,963
2018	Grant	Empire State Development Corporation (Life Science Initiative Fund)	Westchester	24,000,000
2018	Grant	Empire State Development Corporation (Life Science Initiative Fund and New York Works Program)	Rensselaer	70,000,000
2018	Tax Credit	Department of Economic Development (Excelsior Jobs Program)	Rensselaer	70,000,000
TOTAL SUPPORT				**287,527,538**

Sources: Sanzone, 2012; Roberts, 2012; ESD, 2015; ESD, 2018; New York State Authorities Budget Office (ABO), 2020; ESD, 2020 via FOIL request
Note: This table may not be comprehensive

The $800 Million Expansion

In September 2018, Regeneron and Empire State Development announced the company would invest $800 million to develop part of a 130-acre campus off Tempel Lane in East Greenbush, less than a 5-minute drive from its existing Red Mill campus. Planned for the site was a 346,000 square foot "finish and fill" manufacturing center, where Regeneron would fill, package, and label some of its own vials and syringes (Cooper, 2019); a 1,100-space parking garage; and a four-story, 240,000-square-foot science building where Regeneron would house its quality control employees and its process science team (Cooper, 2018b). In this section, I discuss the context for Regeneron's expansion plans, the specific details of the expansion plan, as well as the environmental impacts and necessary mitigation measures.

Project Context

Regeneron began operating in East Greenbush in 1993 when it opened its first manufacturing plant at what was a former Sterling-Winthrop factory (Clark, 2020). The Town of East Greenbush is a suburb of Albany, and is located in Rensselaer County, 160 miles north of New York City. The county is divided into the cities of Troy and Rensselaer, as well as 14 towns that contain six incorporated villages. Like much of the county, East Greenbush's urban environment is rural to suburban. Early suburbs arose along trolley lines between 1895 and 1925, and growth was further encouraged by the completion of the New York State Thruway, which provided a fast commute route to Albany, the state's capital (Horne, 2005).[48]

East Greenbush's population is mostly white, and the town's population has been relatively stable since the 2010 census.[49] According to 2018 population estimates, median income in East Greenbush is $84,841 (US Census Bureau, 2019). Table 6.2 shows population characteristics for East Greenbush.

Project Site

The site of Regeneron's expansion is north of Red Mill Road (NY Route 151), south of 3rd Avenue, and west of US Route 4 and is primarily accessed via Tempel Lane (CHA, 2018). (Figure 6.1 shows the project site). In East Greenbush, Regeneron operates

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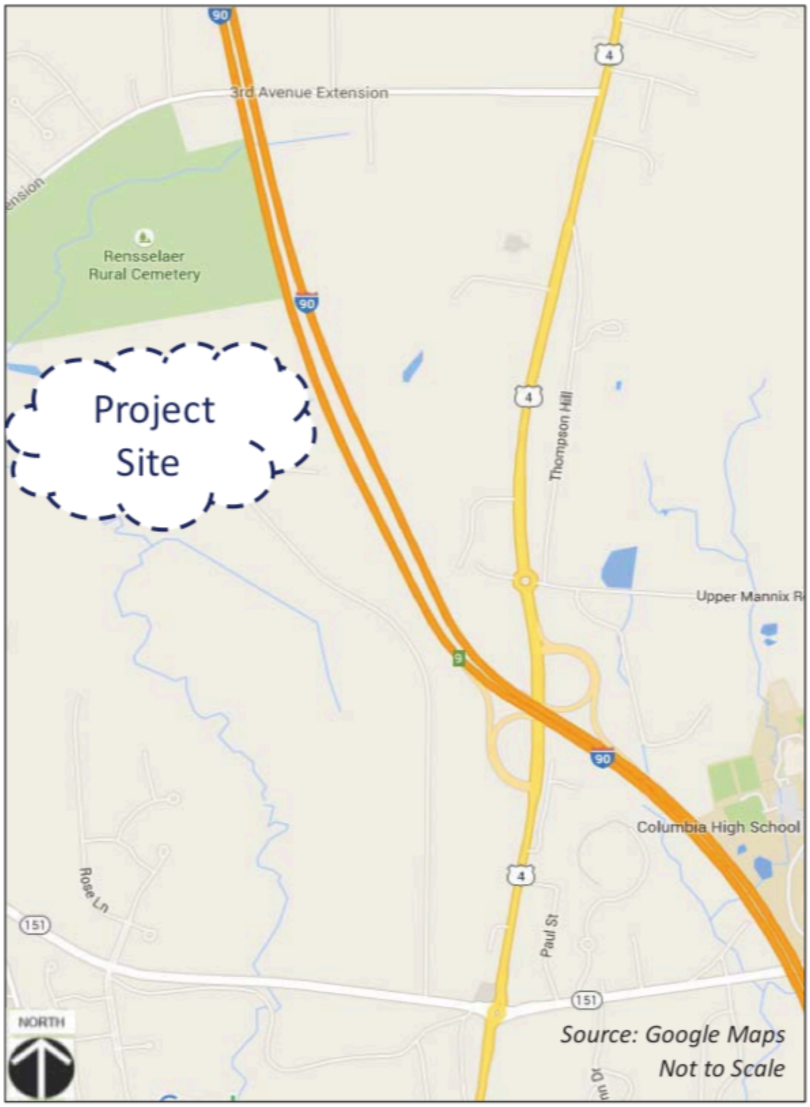
[48] The New York State Thruway is a 426-mile highway that runs from New York City to Buffalo. The highway is managed by the New York State Thruway Authority. See https://www.thruwa.ny.gov.

[49] April 2010 population for East Greenbush was 16,473 while the July 2018 population estimate was 16,348. The population of Rensselaer County was equally stable, with 159,429 in 2010 and a July 2018 population estimate of 159,442.

manufacturing facilities, off Discovery Drive, at its Red Mill Campus. In addition to its East Greenbush sites, the company has a facility in North Greenbush at the Rensselaer Technology Park, while its headquarters remain in Tarrytown, Westchester County.

Figure 6.1: Tempel Lane Campus Project Site



Source: CHA, 2018

The project site considered for development as early as 2002, when the Town of East Greenbush and Rensselaer County collaborated to conduct a land use analysis of future growth and associated impacts. The Rensselaer County Industrial Development

Agency (IDA), issued a Generic Environmental Impact Statement (GEIS) and Concept Plan for the Mill Creek Commerce Park, an area that includes the Regeneron project site at Tempel Lane (Laberge Group, 2002). The GEIS recommended a "target growth" scenario with "some commercial and light industrial development adjacent to existing residential and cemetery uses" (Ibid., v). Even under this scenario, the GEIS found that there would be some loss of open space and wetlands, as well as impacts on historic and archaeological resources that could not be mitigated. The GEIS additionally noted that the area under consideration serves "both regional as well as local needs" (vii), serving as a harbinger of tensions to come concerning Regeneron's expansion in the area several years later.

Following the GEIS, Mill Creek Commerce Park sponsors cleared and roughly graded the site to support future commercial development. Preliminary access roads and wetland crossings were also installed (Amended findings statement, 2018). Despite these preparations, the site remained undeveloped until Regeneron purchased the land in 2016 and began planning to build on the site.

Expansion Plans

The company's plans for expansion at Tempel Lane date to December 14, 2015, when Regeneron submitted a Full Environmental Assessment Form (FEAF), part of the State Environmental Quality Review Act (SEQRA) Process, to the Town of East Greenbush.[50] The proposed development encompassed a 130.71 acre parcel in the Mill

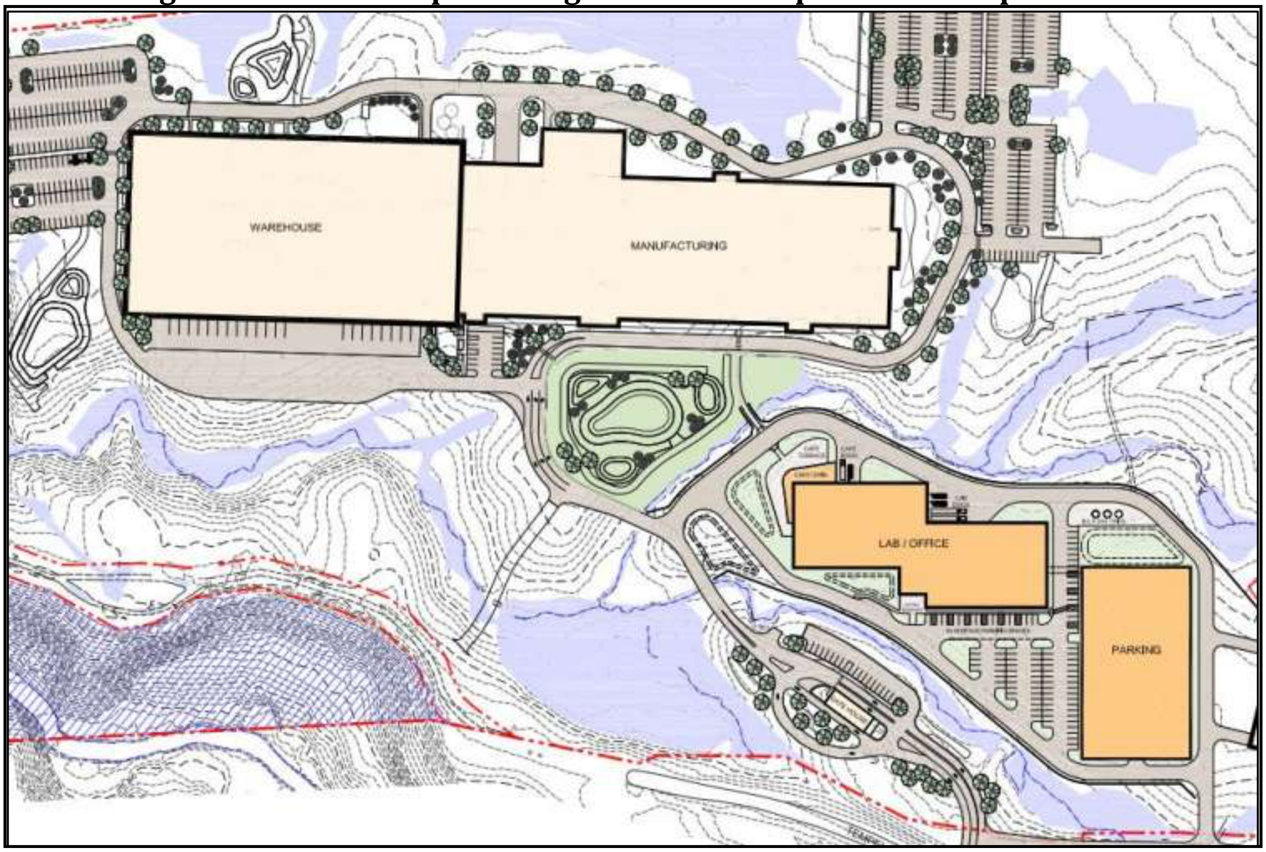
[50] SEQRA requires all state and local government agencies to consider the environmental impacts of development by assessing environmental significance of all actions, such as the construction of a new building,

Creek Commerce Park area and included plans for buildings, related site improvements, and utility connections (Amended Findings Statement, 2018).

Regeneron's proposed development fit with the existing zoning for the site: Corporate Office/Regional Commercial (OC). According to East Greenbush's 2008 Comprehensive Zoning Law, the intent of OC zoning is "to permit and encourage a grouping of office and commercial uses, easily accessible by major roads, and built to a high standard." Further, the allowed uses include "corporate office centers, tourist accommodations, convention centers, and regional level commercial uses such as a regional shopping center. The regulations are designed to encourage large scale campus-type developments, and to discourage a strip form of development." (Comprehensive Zoning Law, 2008, 29).

The 2015 development proposal included plans for a manufacturing facility along with associated office, laboratory, and warehouse space totaling 485,400 square feet plus a parking structure. With the exception of the warehouse, which would require a special permit, the proposed development was consistent within the site's existing zoning. Further, Regeneron's growth also fit with the Town's 2006 Land Use Plan Update, which identified a "Tech Valley," of which East Greenbush is a part. The plan stated, "East Greenbush has been actively seeking commercial and corporate offices development in and off of northern Route 4" (Land Use Plan, 2006, 8). Figure 6.2 shows the proposed development.

Figure 6.2: 2015 Proposed Regeneron Development at Tempel Lane



Source: Rulison, 2018

Regeneron later decided to split its 2015 proposal into phases, and first moved ahead with developing a warehouse and parking lot. The plan for this first phase was approved by the town board in 2017 and completed in February, 2019. Regeneron constructed the warehouse with 212,300 square feet of gross floor area, related site improvements, and necessary utility connections. The remainder of the project as of early 2020 included a 325,110 square foot building for manufacturing, Phase 2; and a 240,000 square feet office/lab space, which is Phase 3. In addition, the company planned a parking garage to accommodate 1,064 cars, a surface parking lot, and various utility structures, including an electrical switching yard, as part of Phase 3 (Jacobs, 2019). A rendering of the office/lab building, also known as Building 27, is shown in Figure 6.3.

Figure 6.3: A Rendering of Building 27 at the Tempel Lane Site

Source: Jacobs, 2020

As of early 2020, the manufacturing facility was under construction. At an August 2019 Town Board meeting, the board adopted a resolution to affirm compliance with the SEQR findings statement and approve the site plan for Phase 3.

Environmental Impacts and Mitigation

The SEQR statement of amended findings set forth mitigation measures for development at the Tempel Lane site. These measures were largely consistent with the Mill Creek Commerce Park findings, which proposed the following mitigation measures:

1. An erosion and sediment control plan to prevent negative impacts to site grading and wetlands;
2. A stormwater Pollution Prevention Plan to prevent negative impacts causes by stormwater runoff;

3. New water and sanitary sewer infrastructure to serve the Project site;
4. Off-site improvements to prevent negative impacts to the traffic network; and
5. Additional staffing and equipment to support the Police and Fire municipal services.

All of these were required for the Regeneron project with the exception of additional staffing and equipment to support the police and fire services (Amended Findings Statement, 2018). Although the mitigation measures were addressed as of 2020, two in particular proved to be contentious in East Greenbush's relationship with Regeneron: water and pumping stations and road paving.

As part of Phase 1 of the project, Regeneron installed a 16-inch water main from 3rd Avenue to the warehouse site. While the main is owned by Regeneron, the Town of East Greenbush and Regeneron acknowledged that connections with other water mains might be necessary in the future. No other mitigation was required.

Upgrades to the town's pumping stations to accommodate the expansion were required. The town sewer system in the collection area serving the project site has a fixed capacity and relies on pumping stations. The projected flow from the project area required additional pumping capacity. Further, the project required an on-site pump station, which would be constructed and maintained by the company.

Finally, traffic impact analyses raised further issues. CHA, a consulting firm, completed a traffic impact study for Regeneron in 2018. As part of that study, over 12 intersections were studied under different scenarios: with and without the project-generated traffic for the build year of 2020. Following the study, it was determined that Regeneron would be required to undertake several improvements to Tempel Lane (from the site to Route 151), each corresponding with a different phase of site development. In

Phase 1, spot repairs would be made where pavement was crumbling. In Phase 2, spot repairs would be made where needed. In Phase 3, there would be a "full depth reclamation with new asphalt top course for existing roadway (32' width)" (CHA, 2018). In addition to the road repaving, several other traffic mitigation measures would be required, including expanding nearby roundabout lanes and constructing turn lanes (Ibid.). According to the Amended Findings Statement, these additional mitigation measures were "critically important to the town."

Intergovernmental Support to Regeneron

Regeneron built on its history of expansions and government support from multiple levels of government when it announced its $800 million expansion in September 2018. Specifically, the company would be receiving benefits from Empire State Development as well as the Rensselaer County IDA. Benefits to Rengeron from these government entities have muddied the relationship between East Greenbush and the company. In this section, I discuss support for Regeneron's expansion from these two levels of government, and how that support impacts Rengeron's relations with the Town of East Greenbush, particularly when it comes to required mitigation measures.

Empire State Development Support

On September 11, 2018, Empire State Development announced $140 million in subsidies to Regeneron to aid with its $800 million expansion. The grants included a $70 million grant from Empire State Development Corporation and $70 in Excelsior Jobs Program state tax credits from the Department of Economic Development (ESD, 2018).

Before announcing its decision to expand in East Greenbush, Regeneron weighed expanding its campus in Limerick, Ireland. In 2018, Dan Van Plew, executive vice president and general manager of Regeneron, told the *Albany Business Review*: "At this stage, I have a better chance with the established team [in East Greenbush]. The Irish site is still getting up and running and I felt like it would be a burden to have another site coming up alongside it." He went on to note that once New York State came forward with incentives, the decision to expand in New York became final, saying, "We had the idea, but to actually call it locked and loaded, I think, is when the state got involved. It mattered" (Cooper, 2018b).

Of the 2018 expansion and ESD's support, Leonard S. Schleifer, M.D., Ph.D., president and chief executive officer of Regeneron said:

> Regeneron was founded as a proud New York company 30 years ago, and we appreciate the continued commitment of Governor Cuomo's administration to make New York the ideal location to build and expand an innovative life science company. As our number of approved and investigational medicines continues to grow, our need for world-class manufacturing teams and facilities also increases. These state incentives, along with other state and federal policies, have helped Regeneron keep and expand our operations in New York State, which will benefit the local economy and help us achieve our mission of bringing new medicines to people with serious diseases. (ESD, 2018).

ESDC's $70 million grant was approved by the Public Authorities Control Board (PACB) on January 16, 2019.[51] According to the PACB, $10 million of the grant came from the Life Science Initiative, with the remaining $60 million coming from the New York Works Economic Development Fund (Public Authorities Control Board, 2019). The Life Science Initiative, launched in April 2017, aims to capitalize on the state's existing academic

[51] For an explanation of the PACB, see chapter 1.

life science assets in support of commercial life sciences by encouraging and retaining life science start-ups. Building on its existing cluster development approach described in Chapter 4, the initiative invests in the state's academic institutions, talent training, entrepreneurial support, infrastructure, and tax incentives to build a suite of life science companies in the state (ESD, 2019d). The New York Works Economic Development Fund is an annual legislative appropriation to ESD, and distributed at ESD's discretion. The purpose of the fund is to "provide capital grants to support projects that facilitate an employer's ability to create new, or retain existing, jobs, or to fund infrastructure investments necessary to attract new businesses or expand existing businesses" (Division of Budget, 2020).

As discussed, mitigation measures were required as part of Regeneron's development at Tempel Lane, namely substantial upgrades to roadways, water systems, and the sanitary system. On August 6, 2019, Empire State Development formally offered the Town of East Greenbush $2 million in incentives to support infrastructural improvements necessary for Regeneron's expansion. According to ESD's incentive proposal, the Town of East Greenbush will invest $10,637,200 for such upgrades and ESD will in turn give the Town "incentives valued at $2,000,000" (Incentive Proposal, 2019). The $2 million is meant to be a reimbursement for a portion of infrastructure and site work at the Tempel Lane site.

Regeneron is contributing funds to have Tempel Lane repaved as part of the development agreement with the Town. Dr. Jack Conway, Town Supervisor, explained, "Yeah, we have a $2 million grant from ESD because Regeneron has to pay for the road" (Conway, 2020b). He went on to clarify:

> It's basically the state defraying the cost of Regeneron building the road. But, we can get $2 million or 20% of the project costs whichever is less… We need this project to be $10 million so that the $2 million comes in as $2 million. So we worked out this deal. Regeneron is going to put $9.2 million into escrow for the road. We have a developer's agreement in which we committed $800,000 of the GEIS funds, they paid to do the design and construction inspection on those pump stations.[52]

Although Regeneron has agreed to pay for the road, the company's contribution to the road and other infrastructure upgrades was contentious. Of the tension between the company and the town, Conway (2020b) said:

> ...it took [Regeneron] about three plus years to tell us that they had no intention of building this road. They did not want to build this road. They want isolation. They want privacy, they want security. So we said you know, you put your security thing out by the road and you're set back 100 yards, you're good to go, but traffic's going to be going by. But finally, they came to understand that we weren't kidding. That the approvals that the full build out of the site, that road had to be built, the traffic studies were done. So partly Regeneron, you know, was like, why do we have to build the road.[53]

Adam Yagelski, the Director of Planning and Zoning in East Greenbush, explained that, in an effort to avoid paying for the paving of Tempel Lane, the company went so far as to construct its own "utility corridor." He explained (Yagelski, 2020b):

> As part of [Phase 1, the manufacturing building], they decided to build — instead of running the utilities down the Tempel Lane extension — they built what they call the "North Utility Corridor" with either a 12- or 16-inch water main. It has a six inch and a one and a half or two inch force main. It's got all the communications and electricity and natural gas. And it's got a road that goes over it… there's a stream crossing and some wetlands. I mean they've got 70-foot spans in there. It's

[52] According to Local Law No. 1 of 2010 of East Greenbush, non-residential developments are required to pay $0.98/square foot of built space to the town in mitigation fees. Those fees will be used to "plan for and mitigate impacts due to growth." These are referred to as "GEIS fees." See: https://www.eastgreenbush.org/application/files/5915/4360/8251/GEIS_Local_Law_Update-DRAFT_FINAL.pdf

[53] When Conway says "security thing out by the road," he is referring to the security checkpoint the company has at the entrance to its premises.

> expensive. And it's basically a secondary construction access and a maintenance access. But I mean, they had to acquire property from the [adjacent] cemetery. They had to do things to avoid wetland impacts. And then, when they knew they wanted to expand the campus and do the next phase, they had of course bigger plans than they had originally communicated to us. We had to go back and look at SEQR again. They tried to make the case that the North Utility Corridor was their required secondary access.

Conway added: "...they did that in order to get off the hook for the road...they were trying to not build this road as hard as they could." (Conway, 2020b).

When asked about ESD's role in the dispute over the road paving and other infrastructural upgrades, Conway explained "ESD started to get impatient with us because we were the grantee [on the $2 million grant]." Yagelski added, "[The incentive proposal] is a done deal. Now, it's — we don't want to see it until either a) there's a press release or something pressworthy or newsworthy, or b) it has a bow on it and you're ready to get your $2 million."

Conway went so far as to suggest that ESD actually has very little interest in the Town of East Greenbush and is only interested in growing Regeneron in the region. Of the $2 million grant, he said:

> So we applied — I think it was 2016 or 2017 — we applied for a $2 million grant through the Consolidated Funding Application process to help Regeneron with this road that they're building through town. And ESD made it clear to us about 20 minutes after we applied that we were going to get the grant — but don't get too excited because it has nothing to do with you; it's just for Regeneron. And so, we have the $2 million. We have access to the $2 million grant. But yeah, it's all about Regeneron (Conway, 2020a).[54]

[54] Entities and localities can apply for economic development funding from New York State using a single application, the Consolidated Funding Application, or CFA. See: https://apps.cio.ny.gov/apps/cfa/

Industrial Development Agency Support

As discussed, Regeneron has also received support from county Industrial Development Agencies to fuel its many expansions. In the case of its latest expansion in East Greenbush, the company asked the Rensselaer County IDA to approve $15.7 million in state and local tax breaks, in the form of a PILOT for its manufacturing facility (Rulison, 2018). The PILOT, however, has proven to be controversial at the local level. Namely, there were concerns around transparency related to the PILOT. Conway, however, said that he did not receive information concerning the PILOT agreement prior to the IDA's public hearing concerning the PILOT (according to regulations, the PILOT should have been forwarded to the town two days before the hearing). Another resident, Mike Ferrar, expressed similar concerns around the transparency of the PILOT, saying, "we should know what the IDA is giving." In a written statement, resident Lee Cookson said:

> The near 16-million-dollar tax breaks that you, the Rensselaer County IDA, are proposing will have quadruple, negative bottom line impact on the taxpayers of East Greenbush. For us this will almost certainly negatively impact our EG Town Taxes, EG School Taxes, Rensselaer County taxes and NYS taxes. On the other hand, these breaks will have a handsome and very positive impact on Regeneron's bottom line, rewarding its shareholders and executives.

Cookson went on to call into question any benefits that the town has received from Regeneron's presence in the community (Public Hearing, 2018).

In an interview, Conway clarified his thoughts about the PILOTs that the IDA authorizes. He said, "If you're a company like Regeneron that's going to bring 1,500 jobs to town — that's what an IDA is for" (Conway, 2020a). At the same time, he noted, "it does put the town in a position where we worry that the services we're going to have to provide to this campus will not be covered by the taxes they pay."

Rebecca Clark,[55] who works for Rensselaer County, was dismissive of the town's concerns with PILOT agreements. She first noted that many of the company's tax breaks would be authorized according to New York State taxation law, regardless of the IDA's PILOT. Clark said: "we do give them PILOTs. So yes, they don't pay taxes… but, that's usually just following the 485-b[56] so they can get that one way or the other whether they go through the IDA or not" (Clark, 2020). She clarified:

> If you look at 485-b in the New York State taxation law — if you build a commercial building, in the first year you only have to pay 50% of the taxes, and in the second year, 65% and ad infinitum [sic] until you 10 are years out — or 11 years out — and then you pay 100%. So that's the standard PILOT. Now the only thing that [Regeneron is] actually getting is when they work with the IDA, they get to write off the sales tax.

Clark again emphasized the benefit of the PILOT by asserting that the town is actually in a *better* position due to the PILOT, suggesting that the town would not know how to handle the increase in tax revenue. She said:

> The savings for Regeneron is about $64 million in sales tax from the $800 million expansion. And of that, $32 million is the state part of the sales tax, and $32 million would be the county and local tax. So, it would be like an $8 million boost for about four years, and then everything would go back down again. So what would happen is if we actually didn't have that we probably run into issues. Because if you got the $8 million all of a sudden an extra income that you know, it's like, it's more than you're normally going to have. You are really going to increase your spending. And then the State Comptroller is going to yell at you because here you know, you can't expect to have this money all the time. So you can increase your spending, or you put it in your savings and then you get the Comptroller saying well, you got to reduce your tax. But, if you do that for four years, and then with the tax cap, you can't increase

[55] This is a pseudonym.

[56] Section 485-b of the Real Property Tax Law authorizes a partial exemption from real property taxation for commercial, business, or industrial property constructed, altered, installed or improved subsequent to July 1, 1976 or a later date as specified in a county's, city's, town's, or village's local law or in a school district's resolution.

> your taxes again. Even though you've got now an $8 million hole in your budget, right?

She went on to say, “They don't understand the PILOT agreements actually don't do that much. They don't hurt the communities that much.”

While Regeneron seemingly has a good relationship with both ESD and the Rensselaer County IDA, East Greenbush is caught in the middle. Of East Greenbush’s situation, Conway said: “ESD is only interested in the Town of East Greenbush because of Regeneron. The state is only interested in the Town of East Greenbush because of Regeneron and Rensselaer County is only interested in the Town of East Greenbush because it can make a killing through its IDA on us because of Regeneron” (Conway, 2020a).

Regeneron in East Greenbush

Regeneron began operating in East Greenbush in 1993. Since then, the company has expanded multiple times and, by the time its latest expansion is complete, the company will have close to 4,000 employees in the region (Cooper, 2019). The company’s presence in the small town presents some challenges in addition to the infrastructural challenges noted in the previous section. In this section, I discuss the role that Regeneron plays in East Greenbush and the challenges that its presence poses.

Jobs for Whom?

East Greenbush’s median income is $84,461 and unemployment is at 4% (US Census Bureau, 2019). By contrast, median income for New York State is $65,323 and $65,851 for

Rensselaer County (Ibid.). With a strong economy in East Greenbush, the Town Board questions whether the jobs that Regeneron is creating are needed in their town. Yagelski (2020a) said:

> You know, this is a pretty well-to-do bedroom community, there's a lot of people that work for state government, and local business people and such that live in the town and so it's pretty stable in terms of its local economy and I think the unemployment rate in this town is like in the very low single digits.

Conway (2020a) echoed the sentiment, noting a tension in creating jobs for the region while the town does not necessarily need them. He said, "But when people tell me 4,000 jobs — I think — yeah, we didn't really need any of them. The people of East Greenbush didn't need any of them. But the people of the Capital Region do and the people of the state do."

Rebecca Clark, who works for Rensselaer County, had a different perspective on the strength of the East Greenbush economy, asserting that only a part of the town was well-off and that the jobs Regeneron is creating are good for the town. She said:

> [Regeneron has] done a lot to help bring the economy back in that part of the county. East Greenbush and the City of Rensselaer are pretty much lower income areas, with the exception of the one corner of East Greenbush and that neighborhood is — it's more the affordable housing and things like that. Their main drag, Columbia Turnpike which is US-9 and 20, has been somewhat abandoned through time. It used to be the main road to get to New York City before they built the Thruway so it is a very important roadway and it's been neglected over the time. So I think actually this new expansion is even going to bring things in on that too.

Benefits of Regeneron

Clark suggested that Regeneron provides some ancillary benefits to localities. Mark Lacivita (2020), chair of the planning board in neighboring North Greenbush where Regeneron operates a research facility, felt similarly, remarking:

> The local deli… you see a lot of people coming in from for lunch with their Regeneron ID cards… And I noticed that they take online or fax orders, and now there's like seven guys working behind the counter at that place, and they're busy all the time… And not only that, but we had a project subdivision come up with called Heywood Farms with 68 houses all within the $400 - $500,000+ range. It was a planned development district — we did clustering on that. So the lots are small for North Greenbush — they're three or three quarters an acre to an acre. They sold that out faster than expected.

Both Clark and Lavcivita recognize the benefits of having a company like Regeneron in their respective localities. Officials in East Greenbush are working to capitalize on Regeneron's presence by using GEIS fees to upgrade parks and infrastructure. Conway said:

> So what we're going to do with the rest of that 2.1 million [in GEIS fees]… is we're going to use it for infrastructure for replacing lines and upgrading pump stations and not just the two they're using, but the others throughout town. And an old town like this to put that much money and proper effort into rebuilding a sewer infrastructure is a beautiful thing and you have to give Regeneron credit. That's where their benefits aren't ancillary; they're direct (Conway, 2020b).

At the same time, officials in East Greenbush suggested that they are not yet set up to maximize the benefits that Regeneron could provide the way that North Greenbush is. Conway said, "Some of the ancillary benefits are there. But, we're not built to maximize them yet. We need better restaurants, we need luxury apartments" (Conway, 2020a). Toward this end, both Conway and Yagelski explained that since Regeneron announced its expansion, the Town Board has received different kinds of development proposals such as luxury apartments and other amenities for mobile professionals. Conway said, "We're getting a lot of apartment proposals that we hadn't seen in years because Regeneron has a young workforce. Very well-compensated for their age. And people want mobility" (Conway, 2020b).

Struggling to Keep Place

Regeneron's growth and development has posed capacity issues for the Town Board in East Greenbush. Adam Yagelski explained the scope of the work required to facilitate Regeneron's expansion and how the Town Board struggles to meet their needs when he said:

> There's multiple discrete projects: there's pump stations, roadways to build, Regeneron's traffic mitigation projects that they agreed to as part of the statement of findings for the Tempel Lane Campus EIS (environmental impact statement) — the Town Board has basically required them to mitigate the environmental impacts. There are all these pieces to coordinate and all of these chainsaws flying through the air… there's all these layers of involvement to make all this stuff happen and DPW (the Department of Public Works), the supervisors office, and my department — there's basically 3-4 people on the Town's end to manage this. And all of this flows through us. And again, this is just the $10 million [infrastructure] project, separate from the Regeneron's ESD project (the expansion project). Even if Regeneron gives us the money, there's still going to be a significant outlay of resources… Even if Regeneron provides us millions of millions of dollars, it's still going to cost the taxpayers staff time and other money (Yagelski, 2020a).

Regeneron's presence and demands on the Town Board has led to some changes internal to the government of East Greenbush. Town Supervisor Conway echoed Yagelski's sentiment, noting that the amount of work required to manage Regeneron's expansions, and the infrastructure development related to their new campus, has caused the Town Board to hire additional staff members. During the course of researching for this dissertation, the planning and zoning department hired an additional staff person. In addition, Regeneron pushed the company to accept electronic funds transfers. Yagelski explained:

> They want us to look at our processes probably in the same way that they look at their own processes and make improvements… for example, their check process involves requests from up here going down to Tarrytown, which is their headquarters, and then coming back in the mail, and it flies around Town Hall wherever it lands, because sometimes they don't have the right name or department on it. So they've asked us and now, in at least one department, we accept electronic funds transfers. But that's a big change for us… they have tried to push us to make those adjustments. You might say — improvements, you might say — bringing us into the contemporary moment where we accept electronic funds transfers (2020b).

After Yagelski explained the implementation of electronic funds transfers, Conway added, “That makes us look like Mickey Mouse to them. But we are. We (the Town Board) are 20 and we have a $20 million budget and a town of 16,400 people” (Conway, 2020b).

Power Dynamics

Conway’s remark suggests that there is a complex power dynamic between the small town and the company that has support from higher levels of government. To be sure, Regeneron is an international company with a market capitalization of $40 billion. The company has an international presence, boasting an international headquarters in Dublin, Ireland and a manufacturing facility in Limerick, Ireland. Regeneron ended 2018 with $4.6 billion in cash and marketable securities. By contrast, East Greenbush is a town of 16,000 with a budget of $20 million dollars. Because of this stark difference, leadership within the Town of East Greenbush suggested that their relationship with Regeneron is characterized by an imbalance of power. Conway said:

> We look like amateurs. We look like Podunkville. And, we're a nuisance to give them their due… We're a nuisance because they've hit a moment in the trajectory of their corporate growth, where they're as hot as could be and they need to get everything in place to take advantage of that momentum… they're not mad at us because they don't like us or they think we're not that good… We're just in the way.

Despite the perceived imbalance of power, Conway explained that he is dedicated to protecting the public interest of East Greenbush in spite of any pressures that Regeneron might place on the town and community. He said, "my job is to protect the public interest of the people of East Greenbush. Now, that includes the people who work here and the people who do business here, but it's primarily the residents — the people who live here." He continued, "It matters to me that what we're doing now doesn't destroy the town… That would be terrible. So what we're doing is, we're playing fair. But to us, playing fair means fair to the people of East Greenbush" (2020b).

Community Impact

As Conway navigated the complex relationship between Regeneron and the development of East Greenbush, he asserted that serving the public interest is his top priority. Conway cited conversations with residents in which they expressed concern about the rate at which Regeneron is expanding, and the kinds of developments that go along with it, including the required traffic mitigation measures. He said,

> People are asking — Well, you know, how big are they going to get and how much growth can we handle? We love this town. As somebody said to me, and it's kind of an awkward phrase. But it makes the point — I don't want to live in East Concrete. I want to live in East Greenbush. And this is a town that was rural, and is now a rural small town. It's now kind of a suburban mid-sized town for this part of the world. And that transition has affected a lot of people who've lived here for a long time.

Even in spite of community concerns, Regeneron prides itself on its positive impact on the communities in which it operates. In October 2019, the company hosted its third annual “Day for Doing Good,” in which employees in the United States, Ireland, and the United Kingdom participate in volunteer activities with non-profit organizations (Regeneron, 2019). Further, in late 2019, the company announced the opening of the “Regeneron DNA Learning Center,” at its location in Westchester County, where middle and high school students can learn about science in a hands-on environment (Mirza, 2019).

Along these lines, Rebecca Clark of Rensselaer County cited the company’s work in the county. She suggested that they are invested in the community when she said, “They work together with the school district… they know that they have to go reach out into the high schools to get kids interested in science, so they’re not just bringing in people from the outside” (Clark, 2020).

Bridget Gibbons, Director of Economic Development for Westchester County, where Regeneron’s headquarters are located, similarly praised Regeneron’s presence in that community. She said, “We are very proud of the company. They were a start-up and they’re an incredibly successful company so we’re proud to have them.” She went on to discuss their work with the local community, noting, “they often host events at their location around workforce development and also what are the best practices for making science fun and keeping children engaged in science” (Gibbons, 2020).

But in East Greenbush, the relationship has not always been so positive. Conway said, “They haven't sponsored a little league team, you know, we're still working out the relationship… they need to do better.” To be sure, the scale of developments proposed in East Greenbush outpaces those of neighboring North Greenbush as well as Tarrytown, Westchester County. Officials in East Greenbush find themselves in a precarious position as they struggle to accommodate an internationally renowned company with significant backing and support from higher levels of government, while also serving the public interest of its citizens.

Officials in higher levels of government have either been dismissive or oblivious to the challenges that officials in East Greenbush are facing as they struggle to keep pace with Regeneron's rapid growth, as evidenced by ESD's limited capacity to support the Town Board outside of giving them a grant. Even officials at the county level were dismissive of the Town's challenges. Rebecca Clark at Rensselaer County said:

> The biggest problem Regeneron runs into in their East Greenbush site is that the politics keeps changing in East Greenbush. And some of the people who have been in there have not been necessarily friendly — they look at them, like, look at Regeneron, and they have dollar signs in their eyes and they say, "Okay, how much money can we get out of them?"

To be sure, Conway acknowledged the rocky nature of the Town's relationship with Regeneron, particularly under his predecessor. But, since Conway has been in office, he claims he has been working to professionalize and depoliticize the town's administration. For instance, he explained that they hired a lawyer to work with Regeneron to professionalize and improve the relationship between the Town Board and the company. He said, "We came here and just by following the rules, we transformed government. We took politics out and we hire on merit" (Conway, 2020b). But, he went on to note, "And the ironic part of dealing with Regeneron is that in our most professional incarnation that we've ever had in this town — we look like amateurs."

The Future of East Greenbush

As of early 2020, Regeneron's expansion in East Greenbush, as well as required mitigation measures, were under construction. The company has regularly benefited from the support of state- and county-level government, all while the Town of East Greenbush is forced to contend with its demands. Regeneron's most current expansion reveals that state- and county-level plans can sometimes interfere with local planning efforts, forcing towns to react. For instance, partially in response to Regeneron's growth in the town, as of early 2020 East Greenbush officials were working with residents to update the town plan. Conway said, "we're updating our comprehensive plan because we know this is the time in which this town and its residents need to make a statement — a formal statement — about what they want this town to be" (Conway, 2020a).

Chapter 7: ESDC and Implications for Democracy

The previous chapters explored the Empire State Development Corporation through both a historical and contemporary lens. In light of the evidence presented, how can we begin to make sense of ESDC? And, what lessons does ESDC teach us about intergovernmental politics and public authorities more broadly? The goal of this chapter is to develop ideas that expand an understanding of public authorities engaged in economic development in other settings.

In my analysis of ESDC, I rely on the two sets of literature discussed in Chapter 2: that on public authorities and that on intergovernmental politics. I further draw on the philosophy of Iris Marion Young (1990, 2000, 2011) to make claims about EDSC's role in democratic planning. Specifically, Young's work reveals a tense and, at times, conflicting relationship between ESDC and democratic planning principles.

Planning in the United States exists within the context of a representative democracy. A strong democracy ideally has institutions of direct democracy (such as referendum), but representation, whereby people are elected at the local, state, and national levels to represent the public, is necessary as not all people can be present at all the decisions or in all the decision-making bodies whose actions impact her life (Young, 2000). While electing representatives can raise issues of exclusion and representativeness, elected officials can also bring expertise and knowledge to bear on issues facing the public.

The same can be said of democratic planning in a representative democracy. Elected officials make planning decisions in many ways. Depending on their jurisdictional level, elected representatives dictate the allocation of tax dollars for infrastructure, develop laws designed to protect the environment, and design fair housing programs, as examples.

As will be explained, public authority planning stands in sharp contrast to democratic planning in a representative democracy. This includes planning carried out by legislatures and state agencies, which are subject to various transparency and accountably checks. To be sure, had the projects discussed in this dissertation been carried out by state agencies, they would have been subject to legislative oversight and stringent checks by the State Comptroller and other bodies. Further, state agencies are more politically accessible by elected representatives and likely more comprehensible to the public. It is thus dubious that the outcomes would have been the same, especially in the context of local opposition and business influence.

Consistent in this analysis of ESDC is the concept of power and how a public authority effects it. In the first section, I examine how ESDC exercises its power via its legal authority. By leveraging its authority over localities, ESDC engages in intergovernmental politics that eschew the democratic planning process. Second, I discuss how ESDC exercises power through remaining opaque to the public and escaping rigorous government oversight, in turn subverting deliberative democracy. I end by discussing the involvement of businesses in ESDC's decision making processes, and how the role for businesses in ESDC's decision making perpetuates a nondecision environment in which ESDC officials act as though they have no choice but to prioritize businesses

Intergovernmental Politics

Proponents of public authorities assert that their isolation from the electorate allows experts to act above politics because their operations take place outside the purview of routine legislative and budgetary processes (Doig and Mitchell, 1992). In this section, I revisit this idea. While operating under an apolitical guise, public authority officials actively engage in politics. By politics, I mean that ESDC comes into conflict with other groups and governments in determining the future.[57] Namely, by leveraging its unique powers — the legal authority to acquire property by condemnation, override local zoning and building codes, issue tax-exempt bonds, and grant money to private entities — ESDC engages in intergovernmental politics. This suite of legal powers can help or hinder a locality's planning efforts. But, whether it helps or hinders is largely irrelevant in the eyes of ESDC officials; the authority's mandate is to act state-wide together with regional councils. Consequently, local concerns are often subordinated to state-wide or regional concerns.

By leveraging its unique powers (i.e., what it has the legal authority to do) and engaging in intergovernmental politics under an apolitical guise, ESDC officials eschew the democratic planning process and thus, local interests. Through imposing its plans on localities, ESDC does not attend to such normative outcomes of planning as what local communities want and need. This argument is consistent with Young (1990) who critiques the welfare capitalist society for depoliticizing the process of public policy formation. This becomes important when considering the intergovernmental triad (the relationship between the state, locality, and public authority), and what the locality loses when its planning process is subverted.

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[57] This definition borrows from Hannah Pitkin (1981, 343) who defines politics as "the activity through which relatively large and permanent groups of people determine what they will collectively do, settle how they will live together, and decide their future, to whatever extent is within their power," and from Sbragia (1996,7) who defines intergovernmental politics as "groups coming into conflict rather than as governments coming into conflict." Sbragia additionally asserts: "Where there is an undoubtedly strong constitutive element to the distribution of power among different governmental units, that distribution is not so overwhelming as to eliminate the kinds of behavior we routinely classify as 'political' when exhibited by representatives of societal interests such as interest groups."

ESDC is a statewide economic development planning entity, but when it acts, it does so in localities. When ESDC and localities have shared interests, ESDC can facilitate local planning by providing financial, administrative, or legal resources that may be lacking locally (as in the case of Queens West). Conversely, in promoting economic development within state boundaries, ESDC may do so regardless of a locality's needs, local planning procedures, or local interests. In these cases, ESDC might interfere with or subvert local planning efforts in its achievement of statewide or regional economic development goals (as in the case of Regeneron in East Greenbush).

By design, ESDC is an intergovernmental entity. When it acts in localities, ESDC necessarily engages with local elected officials like mayors, county executives, and legislative representatives. Anthony Picente, who previously worked in a regional office, as well as ESDC's former chair and CEO, Kenneth Adams, both expressed the importance of working closely with localities on ESDC projects. But, the nature of the relationship between ESDC and localities is not always consistent across projects. Adams went so far as to suggest that the engagement with localities is mostly about optics. He said, "In the good projects, you want everybody to participate. You know you gotta give everybody the chance to meet the CEO of the company, get a handshake, and put it in the newsletter" (Adams, 2019). Further, in interacting with localities, ESDC leverages its unique powers which often creates intergovernmental political tension.

Queens West was mired in intergovernmental politics even before ESDC, then operating as UDC, joined the project. First, the city and the Port Authority could not reach an agreement concerning zoning changes at the site. Then, legislation authorizing the Port Authority to undertake waterfront development was delayed due to disagreements between Mayor Ed Koch and Governor Mario Cuomo. Even when UDC joined the project, the project remained a tangle of competing governmental interests. Namely, questions arose as to whether UDC was a partner to the City of New York and the Port Authority in the project or whether it was the lead agency. Further, there was tension over the locality's exact role. The City's Public Development Corporation (PDC) represented the city, but without an obvious role for the Department of City Planning, a role for the City of New York was unclear. For instance, one community member suggested that Department of City Planning officials felt snubbed when UDC joined the project, because the project no longer had to follow city zoning. Still, an official in the Queens Borough President's office suggested that the city government had no interest in the project.

Despite these tensions, UDC facilitated local planning efforts. Initially, responsibility for the project was split between the Port Authority and the City of New York. Under this arrangement, the project failed to move from its planning phases to implementation. Only when UDC joined the project did the project move forward. Importantly, the authority leveraged its condemnation powers to assemble the land necessary for the site. And, because the project was not subject to the city's land use review process, community opposition posed no threat to the project's success. From the point of view of local politicians like Queens Borough President Claire Shulman, ESDC aided local planning efforts. She and her predecessor, Donald Manes, championed the Queens West Development. Marcie Kesner, who worked for Schulman at the time said "UDC was the savior; they're the ones who figured out how to make this work" (Kesner, 2019). To be sure, some local politicians favorably viewed the project. However, ESDC subverted local planning processes and regulations through its use of eminent domain and ability to ignore local planning regulations, in particular, the community input processes.

ESDC again engaged in intergovernmental politics in the case of Regeneron, albeit with a less direct role than in the case of Queens West. Along with the Rensselaer County IDA, ESDC supported a business-focused project in the Town of East Greenbush by doling out direct subsidies and tax breaks to Regeneron in support of its expansion. To be sure, state support played a role in the company's decision to expand its East Greenbush facilities. Dan Van Plew, executive vice president and general manager of Regeneron, told the *Albany Business Review*: "We had the idea, but to actually call it locked and loaded, I think, is when the state got involved. It mattered" (Cooper, 2018b). Through leveraging one of its unique powers — its ability to provide financial subsidies to private entities — ESDC engaged in intergovernmental politics and impacted local planning efforts. But, in this case, ESDC involvement hindered local planning efforts. Although Regeneron's development was consistent with the land use plans for the development site, ESDC support diminished the locality's control over the development. Moreover, Regeneron's expansion caused planning challenges for the Town Board of East Greenbush. In fact, sentiment in East Greenbush was that ESDC didn't care about the locality at all; Jack Conway, the town supervisor said, "ESD is only interested in the Town of East Greenbush because of Regeneron" (Conway, 2020a).

Project success in the case of Regeneron was not solely in the hands of ESDC though. For example, the company relied on the Town of East Greenbush to approve permits and provide other monitoring and administrative support for its ongoing construction and operations. However, when it came to required mitigation measures, there was tension over who would take responsibility — the company, the locality, or the state. Specifically, the road to Regeneron's new site needed repaving. Although it was customary for the business to pay for the repaving, Regeneron tried to get around paying for it by building its own utility corridor to the site of their new facilities (Yagelski, 2020b). In the end, rather than letting the locality and the company negotiate, ESDC intervened. ESDC offset the cost of Regeneron paying for the road by giving a grant. ESDC's intervention was a political act; it reiterated its support for business interests.

In both cases, ESDC had the legal authority to undertake projects irrespective of local context due to state preeminence (Frug and Barron, 2008). Further, ESDC is a statewide entity that serves state-wide and regional interests. That developments take place and that jobs are created is the state's concern, regardless of the specific location of those jobs and what the local community needs. To be sure, ESDC operates at a statewide and regional level. In an interview, Conway (2020a) remarked, "when people tell me 4,000 jobs — I think — yeah, we didn't really need any of them. The people of East Greenbush didn't need any of them. But the people of the Capital Region do and the people of the state do."

Together, these cases reveal that ESDC does not attend to the concerns of local planning. When public authorities operate in localities — whether they help or hinder a locality's planning efforts — they necessarily override that locality's planning thus sacrificing the democratic planning process. In sum, public authority planning uncouples legal authority from normative planning processes and sacrifices public input in the planning process. By subverting any possibility for direct public input through democratic planning processes, planning outcomes suffer.

My finding is consistent with Young (1990) who critiques the welfare capitalist society for depoliticizing the process of public policy formation. Young alleges that the welfare state "defines policy as the province of experts" (10), thus legitimizing the exclusion of the public from policy (and planning) activities. Young further notes:

> In the ideology of expertise, the knowledgeable and only the knowledgeable have a right to rule, because they are the masters of the objective and the value-neutral discipline applying to the area of social life in question, and thus their decisions are necessary and correct. Rule by experts claims to transcend politics, claims not to entail submission by some to the will of others. With the rule of experts we seem to witness an end to ideology and achieve scientific organization in social life. It is therefore difficult for people to challenge the doctors, social workers, engineers, statisticians, economists, job analysts, city planners, and the myriad of other experts whose judgements determine their actions or the conditions of their actions (80).

Through engaging in intergovernmental politics under an apolitical guise, ESDC acts as the ruling expert and marginalizes democratic planning principles and processes.

This analysis also builds on that of Smith (2010). Namely, Smith asserts that the intergovernmental triad (the formal partnership between the locality, state, and the public authority) mainly benefits the locality. He specifically attends to what the locality gains in terms of physical and financial capital due to interventions from external political actors with greater legal authority and more resources. He says, "City government appears to gain in that development projects are being carried out without taking up valuable lines on the city budget — in most cases city officials are increasing capacity without giving up fiscal resources" (439). The cases presented are consistent with Smith; localities do gain as far as capital resources are concerned. And, Smith does concede that localities lose some control over areas within their jurisdiction in the case of redevelopment projects. However, Smith does not attend to the planning process or the normative outcomes of planning, or the fact that localities can become overburdened with mandates to support new developments. This research adds to Smith's conclusion to assert that the subversion of the democratic planning process is a loss to the locality. By acting under an apolitical guise and decoupling politics from a locality's planning regulations and processes, ESDC supports an undemocratic planning process that does not attend to the normative values of planning.

Isolation

Public authority scholars concede that public authorities are difficult to understand and monitor (Doig and Mitchell, 1992; Walsh, 1978; Weiner, 2007; Henriques, 1986; Smith, 1969). This difficulty, moreover, isolates public authorities from public and governmental scrutiny. Drawing on Young (2000) and her notion of deliberative democracy, this isolation subverts deliberative democratic processes. Rather than focusing on ESDC's apolitical guise as in the previous section, this section instead focuses on ESDC's isolation; it is through opacity and subversion that ESDC consolidates and exercises power.

ESDC was launched in an effort to make the state's economic development programs easier to access and understand (Bacheller, 2019). By consolidating the Urban Development Corporation, the Job Development Authority, the Science and Technology Foundation, and the Department of Economic Development into a single entity, the Pataki administration also created a more centralized system for the state's economic development activities. At the same time, Governor Andrew Cuomo took steps to decentralize some agency decision-making when he created the Regional Economic Development Councils (REDCs). But, REDC members, who are not elected, work directly with ESDC to make decisions that were previously made by members of the legislature.

While increased centralization of economic development spending and decision making does not necessarily mean that ESDC amassed increased power, this research suggests that ESDC's centralization created a more complex, opaque organization. ESDC exercises its power, in part, by remaining opaque and this occurs by isolating it from public scrutiny. The precise activities, budgets, administrative operations, and governance of each entity under the umbrella of ESDC are not apparent. First of all, the difference between ESD and ESDC is ambiguous. And further, it is impossible to know whether a project or a program operates under the purview of DED or ESDC (which includes UDC and JDA) without combing through meeting minutes, state legislation, and/or ESD's annual reports. Even then, one is not guaranteed to find everything about a project's funding, origin, or management. Further, as seen in the case of Regeneron, a single project can receive support from any one of these entities without it being apparent which entity is the granting entity (see Table 6.1).

When ESDC acts in localities, it does so in isolation from the public. In the case of Queens West, community members were largely excluded from the planning process even though they actively sought to involve themselves. Debra Whitelaw of the Hunters Point Community Development Corporation (HPCC) said of ESDC community meetings: "We were there testifying. We were always there, testifying, doing everything. They just kept saying that it was too late for anything to be changed. But nothing was even built (2019)!" Corrine Stoewsand, community planning consultant for HPCC, similarly expressed dismay with ESDC's transparency and openness to community input, saying, "the process took a couple of years from getting it designed and approved (2019)"

Adding to ESDC's opacity is the suite of subsidiaries that it maintains. The Urban Development Corporation (UDC), operating as ESDC, is the parent corporation for multiple subsidiary corporations. Each subsidiary of UDC is an independent entity with identical powers to UDC, a board, president, and dedicated staff. There is no legislation governing when UDC can and cannot establish a subsidiary. As of 2019, there were 14 active subsidiaries and more than 120 inactive subsidiaries. With so many separate entities operating with different budgets, reports, and timelines, Henriques' question is apt: "How is a citizen to make sense of it all?" (1986, 35). To be sure, citizens can only attempt to make sense of it all when they know it exists, and as mentioned in Chapter 4, former Assemblyman Brodsky conceded, "I don't think anyone even knows [ESD] exists" (2019).

ESDC operations are not only outside the public view; the authority is isolated from rigorous governmental scrutiny. As discussed, it is true that the public authorities within ESDC (UDC and JDA) are subject to oversight by the Authorities Budget Office (ABO), the Public Authorities Control Board (PACB), and the State Comptroller. In all cases, however, these oversight agencies do not have significant authority over the ESDC's operations. Specifically, information submitted to the ABO is self-reported and not verified, and the PACB only has authority to approve or disapprove projects based on financial feasibility. Finally, while the Comptroller has the legal authority to audit ESDC projects, there are no repercussions to ESDC based on the outcome of audits. For example, in 2016 the State Comptroller audited ESDC and found that UDC (acting as ESDC) failed to meet more than half of the statutorily-mandated outcome reporting requirements for the programs it managed from April 1, 2012 through September 30, 2016, and there were no consequences for these failures (Office of the State Comptroller, 2016).

ESDC’s escape from oversight isolates its operations and is another way that it exercises power. The evidence presented confirms Gerwig’s (1961, 651) assertion that the use of public authorities is analogous to “empire building.” To this end, Gerwig criticizes public authorities for being removed from direct administrative, legislative, and electoral control. Caro (1974) agrees. In his biography of Robert Moses, the once-powerful head of New York’s Triborough Bridge and Tunnel Authority, Jones Beach Parkway Authority, and State Power Authority, Caro suggests that public authority officials operate in a “dictatorial, peremptory, arbitrary, and arrogant fashion” (632). ESDC's disregard for reporting deadlines is a display of its arrogant behavior.

At the same time, the difficulty in deciphering ESDC’s projects and programs is perhaps a function of the organization’s flexibility. Because public authorities can make decisions without the input of and critique from committees, public hearings, or regulatory review, they are often considered more efficient and nimbler than public agencies. While this flexibility might introduce benefits into the planning process, this research suggests that efficiency and nimbleness come with consequences for a public authority’s functional accountability and thus, impacts democratic planning (Bovens, 2010). Further, ESDC’s isolation and opacity as manifested in its arrogant behavior indicate that the entity is not concerned accountability as a virtue.

Like its engagement in intergovernmental politics under an apolitical guise, ESDC’s isolation subverts democratic outcomes. Young (2000) advances a normative ideal of democracy: deliberative democracy. She defines this type of democracy as “a process of communication among citizens and public officials, where they make proposals and criticize one another, and aim to persuade one another of the best solution to collective problems" (54). Further, this process must be open and public, and those affected by policy proposals must be included in the discussions. If ESDC activities are isolated from the public view and from governmental oversight, they cannot be open and public. ESDC's decision making processes necessarily do not uphold normative ideals of democracy.

This analysis again extends Smith's understanding of the intergovernmental triad (2010). According to Smith, each member of the intergovernmental triad has different interests and varying levels of legal authority. States are the strongest members of the intergovernmental triad due to their statutory power over local governments and their ability to create public authorities that then assume authority in local development politics. But, public authorities remain a focus of the triad for Smith because they derive their power through implementation of development and are thus given powers to plan future developments, through, for example, their ability to go to the bond market and avoid legislative oversight. The existence of the triad depends on public authorities' ability to lobby for projects. Smith (2010, 439) ultimately asserts: "All actors in the triad, then, have shared interests in the creation and maintenance of this formal mechanism for growth."

Even though ESDC is a creature of the state, because of the opacity of its decision-making processes and the lack of rigorous oversight from the public and other levels of government, ESDC becomes stronger than the government that created it. That is, public authorities are created by an act of the state legislature. But, because of the lax oversight afforded by the legislature and other levels of government, like the Comptroller, public authorities become stronger than the legislature and other offices that are meant to impose checks and balances on the government. The public authority thus becomes the informal center of the urban development relationship between the public authority, parts of the state government, and the locality (Banfield, 1961b).

Isolation, however, is one argument in favor of public authorities; Banfield argued that public authorities are the “natural habitat” for impartial experts, allowing them to flourish (Banfield, 1961a). ESDC exercises power by leveraging its isolation and thus sacrificing normative ideals of democracy. How much this isolation allows for “expertise” to flourish is murky. Instead, there is a prominent role for businesses.

A Role for Businesses

While there are competing theories over the role that business elites play in urban development and politics (Dahl, 1961; Stone, 1989, as examples), it is generally accepted that businesses have an interest in urban growth, i.e., in growing markets for their product. States and localities also have an interest in growth, as they rely on tax revenues to fund their operations (Molotch, 1976). Public authority boards of directors are one formal avenue in which the private sector promotes its agenda for urban growth (Smith, 2010). In this section, I discuss the role for businesses in ESDC and argue that private sector interests extend beyond the public authority board; private interests are enhanced by public authorities. I again invoke Young (2000), to show that by involving businesses throughout its operations, ESDC supports a nondecision environment in which its officials act as though they have no choice but to prioritize businesses, either through including them in decision making processes or through favoring their needs in projects. To be sure, giving businesses a prominent role in operations and decision making is another way that ESDC exercises its power throughout the state.

Business has guided economic development decision-making at ESDC since the entity was founded during the Pataki administration. Even during the planning phases of ESDC, businesses were involved. Before he took office, Governor Pataki tasked economic development chief and then-transition officer, Charles Gargano, with identifying why New York State had failed to create and retain jobs over recent decades. As part of this, Gargano, a former businessman himself, met with business people throughout the state (Bacheller and Mahoney, 1995; Gargano, 1995a). The results of these meetings—or at least the meetings' optics—would serve the administration when they marketed their economic development policy decisions to the public and the business community. When ESDC was launched less than one year into Pataki's tenure, it was part of a wider effort to remake the state's business climate and included other efforts such as reducing taxes, slimming government spending, and trimming government regulations. These efforts were aimed at improving the business climate and attracting new businesses to the state.

The focus on businesses is further exemplified by ESDC's first chair and CEO. Pataki appointed Gargano to lead the consolidation of economic development agencies and serve as Commissioner of the Department of Economic Development. At the time, Pataki praised Gargano's business background and "real world sensibilities," asserting that these qualities would help the state "more efficiently deliver services that encourage new growth in the private sector and reduce spending" (Pataki, 1995, 7). Placing a businessman at the helm of the state's economic development agencies was indicative of the state's approach to economic development and the prominent role that businesses would play—and continue to play—in the decision making of the authority and the state's approach to economic development.

A role for businesses in authority operations dates back to the 1970s before ESDC was even formed. Following UDC's default in 1975, Governor Carey, enabled by the Moreland Act, authorized a critical inquiry into the authority. Following the inquiry, Carey encouraged UDC to take on industrial and commercial activities. This transition to commercial and industrial projects, as first seen with Donald Trump's purchase of the Commodore Hotel in New York City, paved the way for increased business and private entity involvement in state economic development decisions. This fits squarely with Walsh's (1978, 6) analysis of public authorities, in which she notes: "Because of their insulation [from democratic oversight, public authorities] overemphasize financial returns and reflect or accept the viewpoints of banking and business participants. They bias government investment in favor of physical infrastructures for short-term economic return." The new UDC—and eventually ESDC as a whole—reflected the viewpoints of business participants.

The needs of private businesses were prioritized in the Queens West project. Namely, when the community group, the Hunters Point Community Coalition (HPCC), proposed an alternative plan to the one put forth by ESDC, it was criticized for not providing enough return to private developers. When criticizing the plan, the Queens Deputy Borough President Peter Magnani cited the amount of return on infrastructure investment that developers expected. The alternative plan, which proposed 562,025 feet of office space instead of the 2.1 million proposed by ESDC, was ultimately not adopted.

A role for businesses was further exemplified in the case of Regeneron, where the physical capital needs of a private company were prioritized over a small town's needs. While it is impossible to know ESDC's motivation, as ESDC personnel declined to be interviewed about matters concerning Regeneron, the Town Supervisor noted that ESDC gave the town a grant to specifically help Regeneron offset the cost of paving a road. The Supervisor said, “ESD[C] made it clear to us about 20 minutes after we applied that we were going to get the grant – but don't get too excited because it has nothing to do with you; it's just for Regeneron” (Conway, 2020a).

The degree to which businesses have a hand in decision making at ESDC is obscured. Building on the opacity discussed in the previous section, it is unclear how ESDC decides which projects to undertake and why, and what type of support each project receives. Chapter 4 detailed a myriad of decision-making processes including scoring by the Regional Economic Development Councils (REDCs), business courtship, and a cost-benefit tool. But making decisions through these various means are not “firm rules.” In an interview, Jeffrey Janisewski (2019), Senior Vice President of Strategic Business Development at ESD, iterated that that cost-benefit tool is a tool only, noting “there is no rationalizing some decisions.” David Catalfamo (2019), Senior Vice President for ESD from 1994-2004, similarly did not offer a clear answer about how ESDC projects are selected, noting that they are “both courted and opportunistic,” suggesting a level of discretion.

That ESDC operates with a certain level of discretion is typical of bureaucracies. Similar to other formal organizations, planning bureaucracies like ESDC operate with informal strategy and discretion, blurring the line between formal and informal as individuals negotiate interests both external to the organization and those within it (Innes et al., 2007). Informality and discretion thus complement formal rules and “flesh out formal rules and procedures” (Keehn, 1990, 1021). These strategies can mirror the efforts and motivations of individuals and become institutionalized, dictating what and how issues are dealt with (Keehn, 1990; Selznick, 1949). Further, deviations from formal, written rules are often necessary to achieve organization goals and are sometimes said to be "unwritten laws" (Selznick, 1948, 27). In sum, a certain level of informality – or discretion – is necessary in order for ESDC to function. However, the pervasiveness of businesses in ESDC operations suggests that businesses play a prominent role in shaping the direction of the state's economic development agenda. ESDC supports a business agenda as opposed to a labor- or community-focused agenda.

Here, I again invoke Young (2011) to assert that the involvement of businesses in ESDC operations enables the public authority to support a nondecision environment. Young contends that through reification, individuals escape responsibility for structural injustices. Reification, she says, "consists in actors' treating products of human action in particular social relations as though they are things or natural forces" (154). Because ESDC's mission is to support economic development throughout the state, its officials frequently act as though they have no choice but to prioritize businesses, either through including them in decision making processes or through favoring their needs in projects. This nondecision environment allows ESDC to escape responsibility for any planning decisions that overly favor businesses, in turn undermining democratic planning processes.

This conclusion again extends Smith (2010)'s understanding of the intergovernmental triad. Smith asserts that the intergovernmental triad represents a formal partnership – as opposed to an informal partnership as in regime theory – between city and state governments, their officials, and private sector elites due to the private sector's role on public authority boards. Despite this formal role for businesses on public authority boards, I argue that the private sector plays a much more prominent role in public authority operations than Smith suggests. By staffing public authorities with former businesspersons and prioritizing the needs of the private sector in development decisions, business interests dominate public interests. Along these lines, Henriques (1986) discusses how public authorities' isolation from the public allows public authority personnel to act with relative independence and make "discretionary, swift decisions" (32). But, she additionally contends that, "'[d]iscretion' is just another way of saying 'power'"(24). ESDC exercises power by allowing the private sector to play an outsized role in its operations and decision making.

How ESDC exercises power has consequences for democratic planning. First, by overriding local planning regulations and processes and engaging in politics under an apolitical guise, ESDC eschews democratic planning. Second, through its isolation from the public and other government entities, ESDC shirks deliberative democracy. Finally, by giving businesses a prominent role in operations and decision making, ESDC officials support a nondecision environment that favors business interests.

The consequences of public authorities for democratic planning outlined in this chapter are not rules of public authorities. The challenges discussed can be mitigated. I discuss steps to democratize public authority planning in the next chapter.

Conclusion: The Best Mechanism for Economic Development?

This dissertation asked how public authorities operate and what the implications are for intergovernmental politics and local democratic planning. By examining ESDC's history and operations and two of its projects, I was able to draw conclusions about public authorities engaged in economic development more broadly. This research argued that when a public authority carries out economic development, it can facilitate local economic development planning by overcoming local political inertia, or it can hinder a locality's planning efforts by substituting statewide economic development interests for local interests. In both cases, there are consequences for local democratic processes. In this concluding chapter, I provide a summary of the main findings and suggest ways that public authorities involved in economic development, such as ESDC, can elevate democratic planning processes. I end by noting this study's limitations and offering suggestions for future research.

Main Findings

The empirical chapters addressed the research question — how do public authorities interact with localities and what are the implications for politics and planning — through both an historical and contemporary lens. Chapter 3 traced the entrepreneurial turn in New York State's approach to economic development beginning with the Erie Canal in the late 19th century. When Governor Rockefeller launched a series of public authorities to manage economic development in the 1960s, the state began to move away from developing vital infrastructure as a means to encouraging economic development. Instead, the state gradually assumed the role of a market developer, broker, financial partner, and risk-bearer in economic development efforts and in its dealings with the private sector. The first example of this was UDC's deal with real estate developer Donald Trump on the Commodore Hotel in the 1970s in New York City. Under the leadership of Governor Pataki, the state further solidified this entrepreneurial approach. His administration moved to cut taxes and reduce regulatory requirements as part of a wider effort to remake the state's business climate. The Pataki administration launched ESDC in an effort to make the state's economic development programs easier to understand and access. This was the first step toward centralizing economic development efforts.

Chapter 4 discussed the evolution of ESDC from its early years through early 2020. By explaining the entity's formal and informal operations, and how they have changed over time, I showed how ESDC increasingly centralized and de-democratized economic development spending in the name of depoliticization. For example, by taking some economic development spending away from the legislature and folding them into Regional Economic Development Councils, economic development spending was further isolated from elected officials. The result is a public authority that is more isolated from the public and other elected officials.

In Chapter 5, I detailed the development of Queens West in New York City. The project faced regulatory challenges that UDC was uniquely positioned to overcome. Namely, three factors that would halt any other redevelopment project did not threaten Queens West. First, the project's unpopularity with the local community was not a detriment to the project because it was not subject to New York City's Uniform Land Use Review Procedure, which is normally required for any zoning changes and provides a forum for citizen involvement in the planning process. Second, assembling land for the project posed no problems due to UDC's condemnation powers. Third, although New York City's "tight" zoning restrictions (Kesner, 2019) would have imposed limitations on the project's height and bulk, UDC could bypass New York City zoning, these restrictions did not limit the scale of the project. UDC's presence in the intergovernmental triad ensured Queens West's success.

Chapter 6 shifted to a more contemporary program of ESDC, which is its industrial development grants program. Although ESDC was a marginal actor in the case of Regeneron's development and presence in East Greenbush when compared to, for example, how it operated in the Queens West project, ESDC's presence ensured project success. Namely, by providing benefits to the company to expand and granting funds to the locality specifically for use by Regeneron, ESDC lent both physical and symbolic support to the project. Regeneron noted that ESDC support was a crucial factor in its decision to remain in New York State. Broadly, benefits to Regeneron from ESDC complicated the relationship between East Greenbush and the company, particularly when regarding environmental mitigation measures that the Town required of the company. This case ultimately illuminated the local political impacts of ESDC's grant operations.

In the final chapter, Chapter 7, I returned to the theoretical framework established in Chapter 2 to interpret ESDC's operations. This chapter discussed the several themes that emerged from this research concerning how a statewide public authority operates in localities. First, ESDC engages in intergovernmental politics with localities under an apolitical guise and eschews democratic planning principles. Second, ESDC is isolated from the public and other governmental entities due to its opacity and lax governmental oversight; it favors an expert-based and business-friendly planning over deliberative democratic planning. Finally, the prominent role for businesses in ESDC operations supports a nondecision environment in which ESDC defaults to supporting business interests throughout its operations. While I showed that the use of a public authority to carry out economic development ultimately diminishes democratic planning, these are not necessarily imperatives of public authority involvement. That is, ESDC could take steps to ensure more deliberative and democratic planning processes.

Restoring Democracy

Public authorities like ESDC are a product of political decisions. Therefore, whatever flaws they have can be mitigated with ample political will. A number of changes can be made that will make them more democratic. In this section, I make recommendations for how public authorities can elevate democratic processes and just outcomes. With these steps, public authorities can equalize their position in the intergovernmental triad and form more equal partnerships with state agencies, the legislature, and localities.

First, public authorities need to be subject to stricter and more public oversight, mandated by state legislatures. Public authorities should be subject to the same oversight, procurement guidelines, and reporting requirements as routine state agencies. Further, public authority operations should be made public and easy to understand by adopting uniform budget and reporting standards. In New York State specifically, oversight agencies like the Authorities Budget Office (ABO) and the Public Authorities Control Board (PACB) should be strengthened through increased staffing, funding, and the ability to exercise greater oversight over the operations of all public authorities in the state.

Along these lines, the number of public authorities and subsidiaries created should be limited. Public authorities and public authority subsidiaries are constantly created and dissolved, rendering their governance and the broad landscape of public authorities nearly incomprehensible. By streamlining activities and limiting their numbers, the public and elected officials can begin to better understand their breadth and work.

Third, more diverse voices should be brought into the public authority planning process. Toward that end, public authority boards should include representatives from municipal government, labor, and statewide advocacy groups. By ensuring a diversity of perspectives and goals, public authorities can better serve a diverse constituency.

Finally, public authorities involved in economic development should be required to produce a local public balance sheet to frame potential projects in terms of public and private benefits (Imbroscio, 2010). The public balance sheet would show how actions of the private sector impose costs on the public and the larger community. While aid to corporations and other businesses may help corporations and other businesses, conventional economic theory writes off other impacts as externalities. The public balance sheet, by contrast, suggests that these social costs should be accounted for. Specifically, the actual costs to the community of private economic choices should be considered, in turn guiding decisions about public authority intervention. The public balance sheet would provide "a way of tallying up… the tangible, measurable, and quantifiable, costs being imposed on citizens individually and collectively by the actions of the private sector" (Feagin and Parker, 1990, 290). Further, a public balance sheet suggests compensatory grants to localities are possible.

Research Limitations

This research only provided a narrow view of ESDC due to several limitations encountered during the research process. First, I faced difficulty accessing current ESDC employees for interviews. While retired and former employees of ESDC were generally willing to speak with me, I was only able to speak with four current employees at ESDC, and two of them only agreed to speak on background and under the condition of anonymity. Had more employees been willing to speak, I would likely have a more complete picture of how the entity currently functions. The issue of access was particularly detrimental to the Regeneron case, for which I was unable to speak with any current ESDC employees.

The second challenge to this research was the complexity and size of the entity. ESDC is a large organization with numerous programs, a sizable budget, a large staff, and a complex organizational structure. Because of this complexity, the issue of what aspects of ESDC to focus on was challenging and limited the depth of research. I chose to provide an overview of the authority's board, finances, structure, and operations. But, more in depth research on any of these aspects or any of its programs is needed.

Third, I faced challenges with access to documents such as project plans and budgets. As discussed, the individual timelines, budgets, and reports of any project are not accessible in one place. While I was able to access some documents via Freedom of Information Law (FOIL) requests, that method is not a replacement for truly public and transparent access to documents.

Future Research

Given the challenges with identifying public authorities outlined in Chapter 1, and the difficulty accessing and understanding public authorities addressed throughout this dissertation, future research into public authorities will continue to be challenging. But, the outcomes of this research suggest some possible directions for future research.

First, in order to better understand ESDC and its economic development mission, this research should be extended across the United States. More research could answer questions such as: are there other statewide economic development entities like ESDC? If so, what sort of planning processes do those entities use and how do they engage with localities? By contextualizing public authorities engaged in economic development, we can begin to understand the various methods for — and institutions involved in — state-led economic development. For example, Rhode Island does statewide economic development via a public authority, the Rhode Island Economic Development Corporation; Colorado with a state agency, the Colorado Office of Economic Development and International Trade; and Florida via a public-private partnership, Enterprise Florida. State public authorities are only one mechanism. This research would contribute to existing work on economic resilience and the kinds of governmental and non-governmental entities that can enable a flexible and just approach to economic development.

To contextualize the oversight and accountability of ESDC, further research might explore what oversight, accountability, and transparency standards apply to other public authorities in other states. As an example, grant awards to companies like Regeneron are not publicly posted in New York State. But, other states like Illinois have a so-called "database of deals," where awards to private entities are tracked in a public forum. This research could potentially inform best practices for oversight to apply to public authorities throughout the country.

The third direction for future research focuses on public authorities. First, an inventory of public authorities in the United States would serve to update the work of Mitchell, 1990 outlined in Chapter 1. Such an inventory would also provide a useful guide to determine the use of public authorities in the United States more broadly. Is public authority use expanding as it did following the second World War? For what are public authorities being used? Second, this line of inquiry would also attend to why public authorities are being used for public service functions over other entities and government agencies and build on the work of Radford (2013), Bunch (1991), Leigland (1994), Frant (1997), and Bourdeaux (2005).

Finally, more research should explore how localities perceive statewide public authorities involved in a range of activities, not just economic development. Across the country, public authorities supplement routine government functions by building infrastructure, maintaining bridges, building stadiums and convention centers, managing public housing, and running mass transit systems. These special purpose governments are a fixture of urban development and service delivery. More work is needed to determine how different types of public authorities interact with localities to better understand if public authorities are indeed the best mechanism for different public service-related functions.

Conclusion

When a public authority carries out economic development, it can facilitate local economic development planning by overcoming local political inertia, or it can hinder a locality's planning efforts by substituting statewide economic development interests for local interests. In both cases, there is a negative effect on local democratic processes. Specifically, by overriding local laws, acting in isolation from the public and the legislature, and allowing the businesses community special access to the public authority, the public authority subverts deliberative and inclusive democratic processes.

As government officials manage the tension between building a robust, business-centric environment in service of a strong revenue base, and serving the needs of the wider public, they need to come to terms with the effects that the use of public authorities has on the democratic process. While public authorities should not be eliminated — as they are arguably necessary until state debt limits are raised — more can be done to ensure that public authorities incorporate transparency, inclusivity, and fairness into their planning processes.

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Appendix A: Public Authorities in New York State

Source: Authorities Budget Office, 2019

Table 1: Summary Table of Public Authorities in New York State

Type	Total Number
Local	107
Local - IDA	109
Local - LDC	315
State	47
TOTAL	**578**

Note: LDC = Local Development Council; IDA = Industrial Development Agency

Table 2: Public Authorities in New York State

Type	Public Authority Name	City
Local	Albany Community Development Agency	Albany
Local	Albany County Airport Authority	Albany
Local	Albany Municipal Water Finance Authority	Albany
Local	Albany Parking Authority	Albany
Local	Albany Port District Commission	Albany
Local	Albany Water Board	Albany
Local	Amsterdam Urban Renewal Agency	Amsterdam
Local	Cayuga County Water and Sewer Authority	Auburn
Local	Town of Islip Community Development Agency	Bay Shore
Local	Water Authority of Southeastern Nassau County	Bellmore
Local	Binghamton Urban Renewal Agency	Binghamton
Local	Buffalo Municipal Water Finance Authority	Buffalo
Local	Buffalo Sewer Authority	Buffalo
Local	Buffalo Urban Renewal Agency	Buffalo
Local	Buffalo Water Board	Buffalo
Local	Erie County Water Authority	Buffalo
Local	Clifton Park Water Authority	Clifton Park
Local	Franklin County Solid Waste Management Authority	Constable
Local	Elmira Urban Renewal Agency	Elmira
Local	Village of Elmira Heights Urban Renewal Agency	Elmira Heights
Local	Village of Fairport Urban Renewal Agency	Fairport
Local	New York City Water Board	Flushing

Local	Freeport Community Development Agency	Freeport
Local	City of Fulton Community Development Agency	Fulton
Local	Saratoga County Water Authority	Gansevoort
Local	Wilton Water and Sewer Authority	Gansevoort
Local	Haverstraw Urban Renewal Agency	Garnerville
Local	Glen Cove Community Development Agency	Glen Cove
Local	Glens Falls Urban Renewal Agency	Glens Falls
Local	Gloversville Community Development Agency	Gloversville
Local	Orange County Water Authority	Goshen
Local	Water Authority Of Great Neck North	Great Neck
Local	Harrison Parking Authority	Harrison
Local	Suffolk County Judicial Facilities Agency	Hauppauge
Local	Incorporated Village of Hempstead Community Development Agency	Hempstead
Local	Rockland County Solid Waste Management Authority	Hillburn
Local	City of Hudson Community Development And Planning Agency	Hudson
Local	Huntington Community Development Agency	Huntington
Local	Islip Resource Recovery Authority	Islip
Local	Ithaca Urban Renewal Agency	Ithaca
Local	Jamestown Urban Renewal Agency	Jamestown
Local	Ulster County Resource Recovery Agency	Kingston
Local	Livingston County Water and Sewer Authority	Lakeville
Local	Nassau County Bridge Authority	Lawrence
Local	Little Falls Urban Renewal Agency	Little Falls
Local	New York City Educational Construction Fund	Long Island City
Local	New York City School Construction Authority	Long Island City
Local	Mechanicville Community Development Agency	Mechanicville
Local	Eastern Rensselaer County Solid Waste Management Authority	Melrose
Local	Middletown Community Development Agency	Middletown
Local	Nassau County Sewer and Storm Water Finance Authority	Mineola
Local	Mount Vernon Urban Renewal Agency	Mount Vernon
Local	Onondaga County Resource Recovery Agency	N Syracuse
Local	Water Authority of Western Nassau County	New Hyde Park

Local	American Museum of Natural History Planetarium Authority	New York
Local	New York City Health and Hospitals Corporation	New York
Local	New York City Housing Development Corporation	New York
Local	New York City Municipal Water Finance Authority	New York
Local	New York City Transitional Finance Authority	New York
Local	Trust for Cultural Resources of The City Of New York	New York
Local	Niagara Falls Public Water Authority	Niagara Falls
Local	Niagara Falls Urban Renewal Agency	Niagara Falls
Local	Niagara Falls Water Board	Niagara Falls
Local	Nyack Parking Authority	Nyack
Local	Suffolk County Water Authority	Oakdale
Local	Olean Urban Renewal Agency	Olean
Local	Town Of Erwin Urban Renewal Agency	Painted Post
Local	Village of Patchogue Community Development Agency	Patchogue
Local	Port Jervis Community Development Agency	Port Jervis
Local	North Hempstead Solid Waste Management Authority	Port Washington
Local	Dutchess County Resource Recovery Agency	Poughkeepsie
Local	Dutchess County Water And Wastewater Authority	Poughkeepsie
Local	Poughkeepsie Urban Renewal Agency	Poughkeepsie
Local	Town of Riverhead Community Development Agency	Riverhead
Local	Genesee Valley Regional Market Authority	Rochester
Local	Greater Rochester Sports Authority	Rochester
Local	Monroe County Airport Authority	Rochester
Local	Monroe County Water Authority	Rochester
Local	Rochester Urban Renewal Agency	Rochester
Local	Village of Rockville Centre Community Development Agency	Rockville Centre
Local	Town of North Hempstead Community Development Agency	Roslyn Heights

Local	Chautauqua, Cattaraugus, Allegany And Steuben Southern Tier Extension Railroad Authority	Salamanca
Local	Saratoga Springs City Center Authority	Saratoga Springs
Local	Schenectady Metroplex Development Authority	Schenectady
Local	Schenectady Urban Renewal Agency	Schenectady
Local	Village of Spring Valley Urban Renewal Agency	Spring Valley
Local	Clifton-fine Health Care Corporation	Star Lake
Local	Central New York Regional Market Authority	Syracuse
Local	Onondaga County Water Authority	Syracuse
Local	Syracuse Parking Authority	Syracuse
Local	Syracuse Regional Airport Authority	Syracuse
Local	Syracuse Urban Renewal Agency	Syracuse
Local	Trust for Cultural Resources Of The County Of Onondaga	Syracuse
Local	Tonawanda (City) Community Development Agency	Tonawanda
Local	Green Island Power Authority	Troy
Local	Rensselaer County Water And Sewer Authority	Troy
Local	Oneida County Sports Facility Authority	Utica
Local	Oneida-herkimer Solid Waste Management Authority	Utica
Local	Upper Mohawk Valley Memorial Auditorium Authority	Utica
Local	Upper Mohawk Valley Regional Water Board	Utica
Local	Upper Mohawk Valley Regional Water Finance Authority	Utica
Local	Utica Urban Renewal Agency	Utica
Local	Victor Urban Renewal Agency	Victor
Local	Wayne County Water and Sewer Authority	Walworth
Local	White Plains Urban Renewal Agency	White Plains
Local	Yonkers Community Development Agency	Yonkers
Local	Yonkers Parking Authority	Yonkers
Local - IDA	Albany City Industrial Development Agency	Albany
Local - IDA	Albany County Industrial Development Agency	Albany
Local - IDA	Orleans County Industrial Development Agency	Albion
Local - IDA	Amherst Industrial Development Agency	Amherst
Local - IDA	Amsterdam Industrial Development Agency	Amsterdam

Local - IDA	Auburn Industrial Development Agency	Auburn
Local - IDA	Cayuga Industrial Development Agency	Auburn
Local - IDA	Babylon Industrial Development Agency	Babylon
Local - IDA	Saratoga County Industrial Development Agency	Ballston Spa
Local - IDA	Genesee County Industrial Development Agency	Batavia
Local - IDA	Steuben County Industrial Development Agency	Bath
Local - IDA	Allegany Industrial Development Agency	Belmont
Local - IDA	Broome Industrial Development Agency	Binghamton
Local - IDA	Erie County Industrial Development Agency	Buffalo
Local - IDA	Ontario County Industrial Development Agency	Canandaigua
Local - IDA	Madison County Industrial Development Agency	Canastota
Local - IDA	St. Lawrence County Industrial Development Agency	Canton
Local - IDA	Clarence Industrial Development Agency	Clarence
Local - IDA	Clifton Park Industrial Development Agency	Clifton Park
Local - IDA	Schoharie County Industrial Development Agency	Cobleskill
Local - IDA	Cohoes Industrial Development Agency	Cohoes
Local - IDA	Corinth Industrial Development Agency	Corinth
Local - IDA	Cortland Industrial Development Agency	Cortland
Local - IDA	Greene County Industrial Development Agency	Coxsackie
Local - IDA	Delaware County Industrial Development Agency	Delhi
Local - IDA	Bethlehem Industrial Development Agency	Delmar
Local - IDA	Dunkirk Industrial Development Agency	Dunkirk
Local - IDA	Essex County Industrial Development Agency	Elizabethtown
Local - IDA	Cattaraugus Industrial Development Agency	Ellicottville
Local - IDA	Chemung Industrial Development Agency	Elmira
Local - IDA	Fairport Industrial Development Agency	Fairport
Local - IDA	Brookhaven Industrial Development Agency	Farmingville
Local - IDA	Sullivan County Industrial Development Agency	Ferndale
Local - IDA	Montgomery County Industrial Development Agency	Fonda
Local - IDA	Livingston County Industrial Development Agency	Geneseo
Local - IDA	Geneva Industrial Development Agency	Geneva
Local - IDA	Glen Cove Industrial Development Agency	Glen Cove

Local - IDA	Glens Falls Industrial Development Agency	Glens Falls
Local - IDA	Warren And Washington Counties Industrial Development Agency	Glens Falls
Local - IDA	Green Island Industrial Development Agency	Green Island
Local - IDA	Village of Groton Industrial Development Agency	Groton
Local - IDA	Guilderland Industrial Development Agency	Guilderland
Local - IDA	Hamburg Industrial Development Agency	Hamburg
Local - IDA	Suffolk County Industrial Development Agency	Hauppauge
Local - IDA	Hempstead Industrial Development Agency	Hempstead
Local - IDA	Herkimer Industrial Development Agency	Herkimer
Local - IDA	Hornell Industrial Development Agency	Hornell
Local - IDA	Columbia Industrial Development Agency	Hudson
Local - IDA	Hudson Industrial Development Agency	Hudson
Local - IDA	Islip Industrial Development Agency	Islip
Local - IDA	Tompkins County Industrial Development Agency	Ithaca
Local - IDA	Chautauqua Industrial Development Agency	Jamestown
Local - IDA	Fulton County Industrial Development Agency	Johnstown
Local - IDA	Ulster County Industrial Development Agency	Kingston
Local - IDA	Hamilton County Industrial Development Agency	Lake Pleasant
Local - IDA	Lancaster Industrial Development Agency	Lancaster
Local - IDA	Colonie Industrial Development Agency	Latham
Local - IDA	Town of Lockport Industrial Development Agency	Lockport
Local - IDA	Lewis County Industrial Development Agency	Lowville
Local - IDA	Wayne County Industrial Development Agency	Lyons
Local - IDA	Putnam County Industrial Development Agency	Mahopac
Local - IDA	Franklin County Industrial Development Agency	Malone
Local - IDA	Town Of Malone Industrial Development Agency	Malone
Local - IDA	Mechanicville-Stillwater Industrial Development Agency	Mechanicville
Local - IDA	Middletown Industrial Development Agency	Middletown
Local - IDA	Wallkill Industrial Development Agency	Middletown
Local - IDA	Nassau County Industrial Development Agency	Mineola
Local - IDA	Town of Montgomery Industrial Development Agency	Montgomery
Local - IDA	Mount Vernon Industrial Development Agency	Mount Vernon

Local - IDA	Rockland County Industrial Development Agency	New City
Local - IDA	New Rochelle Industrial Development Agency	New Rochelle
Local - IDA	Orange County Industrial Development Agency	New Windsor
Local - IDA	New York City Industrial Development Agency	New York
Local - IDA	Newburgh Industrial Development Agency	Newburgh
Local - IDA	Niagara Town Industrial Development Agency	Niagara Falls
Local - IDA	Chenango Industrial Development Agency	Norwich
Local - IDA	Otsego County Industrial Development Agency	Oneonta
Local - IDA	Oswego County Industrial Development Agency	Oswego
Local - IDA	Tioga County Industrial Development Agency	Owego
Local - IDA	Town of Erwin Industrial Development Agency	Painted Post
Local - IDA	Peekskill Industrial Development Agency	Peekskill
Local - IDA	Yates County Industrial Development Agency	Penn Yan
Local - IDA	Clinton County Industrial Development Agency	Plattsburgh
Local - IDA	Port Chester Industrial Development Agency	Port Chester
Local - IDA	Port Jervis Industrial Development Agency	Port Jervis
Local - IDA	Dutchess County Industrial Development Agency	Poughkeepsie
Local - IDA	Poughkeepsie Industrial Development Agency	Poughkeepsie
Local - IDA	City of Rensselaer Industrial Development Agency	Rensselaer
Local - IDA	Riverhead Industrial Development Agency	Riverhead
Local - IDA	Monroe Industrial Development Agency	Rochester
Local - IDA	Oneida County Industrial Development Agency	Rome
Local - IDA	Salamanca Industrial Development Agency	Salamanca
Local - IDA	Niagara County Industrial Development Agency	Sanborn
Local - IDA	City of Schenectady Industrial Development Agency	Schenectady
Local - IDA	Schenectady County Industrial Development Agency	Schenectady
Local - IDA	Concord Industrial Development Agency	Springville
Local - IDA	Onondaga County Industrial Development Agency	Syracuse
Local - IDA	Syracuse Industrial Development Agency	Syracuse
Local - IDA	Rensselaer County Industrial Development Agency	Troy
Local - IDA	Troy Industrial Development Authority	Troy
Local - IDA	City of Utica Industrial Development Agency	Utica

Local - IDA	Mount Pleasant Industrial Development Agency	Valhalla
Local - IDA	Wyoming County Industrial Development Agency	Warsaw
Local - IDA	Seneca County Industrial Development Agency	Waterloo
Local - IDA	Jefferson Industrial Development Agency	Watertown
Local - IDA	Schuyler County Industrial Development Agency	Watkins Glen
Local - IDA	Westchester County Industrial Development Agency	White Plains
Local - IDA	North Greenbush Industrial Development Agency	Wynantskill
Local - IDA	Yonkers Industrial Development Agency	Yonkers
Local - LDC	Albany CSO Pool Communities Corporation	Albany
Local - LDC	Albany County Business Development Corporation	Albany
Local - LDC	Albany County Capital Resource Corporation	Albany
Local - LDC	Albany County Land Bank Corporation	Albany
Local - LDC	Capitalize Albany Corporation	Albany
Local - LDC	City of Albany Capital Resource Corporation	Albany
Local - LDC	Orleans County Local Development Corporation	Albion
Local - LDC	Orleans Land Restoration Corporation	Albion
Local - LDC	Town of Amherst Development Corporation	Amherst
Local - LDC	Auburn Local Development Corporation	Auburn
Local - LDC	Cayuga County Development Corporation	Auburn
Local - LDC	Cayuga Tobacco Asset Securitization Corporation	Auburn
Local - LDC	Wyandanch Rising Inc.	Babylon
Local - LDC	Maplewood Manor Local Development Corporation	Ballston Spa
Local - LDC	Saratoga County Capital Resource Corporation	Ballston Spa
Local - LDC	Batavia Development Corporation	Batavia
Local - LDC	Genesee County Funding Corporation	Batavia
Local - LDC	Genesee Gateway Local Development Corporation	Batavia
Local - LDC	Genesee Tobacco Asset Securitization Corporation	Batavia
Local - LDC	Steuben Area Economic Development Corporation	Bath

Local - LDC	Steuben Tobacco Asset Securitization Corporation	Bath
Local - LDC	Allegany County Capital Resource Corporation	Belmont
Local - LDC	Binghamton Local Development Corporation	Binghamton
Local - LDC	Broome County Land Bank	Binghamton
Local - LDC	Broome County Local Development Corporation	Binghamton
Local - LDC	Broome Tobacco Asset Securitization Corporation	Binghamton
Local - LDC	Bolton Local Development Corporation	Bolton Landing
Local - LDC	Greater Brockport Development Corporation	Brockport
Local - LDC	Bronx Overall Economic Development Corporation	Bronx
Local - LDC	Brooklyn Bridge Park Corporation	Brooklyn
Local - LDC	Brooklyn Navy Yard Development Corporation	Brooklyn
Local - LDC	NYC Technology Development Corporation	Brooklyn
Local - LDC	Buffalo Economic Renaissance Corporation	Buffalo
Local - LDC	Buffalo Erie Niagara Land Improvement Corporation	Buffalo
Local - LDC	Buffalo Niagara Convention Center Management Corporation	Buffalo
Local - LDC	Buffalo Urban Development Corporation	Buffalo
Local - LDC	Buffalo and Erie County Industrial Land Development Corporation	Buffalo
Local - LDC	Buffalo and Erie County Regional Development Corporation	Buffalo
Local - LDC	Cheektowaga Economic Development Corporation	Buffalo
Local - LDC	Erie Tobacco Asset Securitization Corporation	Buffalo
Local - LDC	Finger Lakes Regional Telecommunications Development Corporation	Canandaigua
Local - LDC	Ontario County Economic Development Corporation	Canandaigua
Local - LDC	Ontario County Four Seasons Development Corporation	Canandaigua
Local - LDC	Ontario County Local Development Corporation	Canandaigua
Local - LDC	Ontario Tobacco Asset Securitization Corporation	Canandaigua
Local - LDC	Madison County Capital Resource Corporation	Canastota

Local - LDC	Canton Capital Resource Corporation	Canton
Local - LDC	St. Lawrence County Industrial Development Agency Civic Development Corporation	Canton
Local - LDC	St. Lawrence County Industrial Development Agency Local Development Corporation	Canton
Local - LDC	Putnam County Economic Development Corporation	Carmel
Local - LDC	Putnam Tobacco Asset Securitization Corporation	Carmel
Local - LDC	Carthage Industrial Development Corporation	Carthage
Local - LDC	The Castleton-Schodack Local Development Corporation	Castleton
Local - LDC	Greene Tobacco Asset Securitization Corporation	Catskill
Local - LDC	The Catskill Local Development Corporation	Catskill
Local - LDC	Village of Chittenango Local Development Corporation	Chittenango
Local - LDC	Clayton Local Development Corporation	Clayton
Local - LDC	Schoharie County Capital Resource Corporation	Cobleskill
Local - LDC	Cohoes Local Development Corporation	Cohoes
Local - LDC	Southern Tier Network, Inc.	Corning
Local - LDC	Cortland County Business Development Corporation	Cortland
Local - LDC	Cortland County Development Corporation	Cortland
Local - LDC	Cortland Tobacco Asset Securitization Corporation	Cortland
Local - LDC	The Greene Local Development Corporation	Coxsackie
Local - LDC	Delaware County Local Development Corporation	Delhi
Local - LDC	Dobbs Ferry Local Development Corporation	Dobbs Ferry
Local - LDC	Chadwick Bay Regional Development Corporation	Dunkirk
Local - LDC	Dunkirk Local Development Corporation	Dunkirk
Local - LDC	Town of Dewitt Local Development Corporation	East Syracuse
Local - LDC	Essex County Capital Resource Corporation	Elizabethtown
Local - LDC	Greater Wawarsing Local Development Corporation	Ellenville

Local - LDC	Cattaraugus County Capital Resource Corporation	Ellicottville
Local - LDC	Chemung County Capital Resource Corporation	Elmira
Local - LDC	Chemung Tobacco Asset Securitization Corporation	Elmira
Local - LDC	Local Development Corporation Of The Town Of Union	Endwell
Local - LDC	Fairport Local Development Corporation	Fairport
Local - LDC	Town of Brookhaven Local Development Corporation	Farmingville
Local - LDC	Sullivan County Funding Corporation	Ferndale
Local - LDC	The Sullivan County Infrastructure Local Development Corporation	Ferndale
Local - LDC	Montgomery County Capital Resource Corporation	Fonda
Local - LDC	Town Of Moreau Local Development Corporation	Fort Edward
Local - LDC	Washington County Local Development Corporation	Fort Edward
Local - LDC	Washington Tobacco Asset Securitization Corporation	Fort Edward
Local - LDC	Livingston County Capital Resource Corporation	Geneseo
Local - LDC	Livingston County Development Corporation	Geneseo
Local - LDC	Livingston Tobacco Asset Securitization Corporation	Geneseo
Local - LDC	Cornell Agriculture and Food Technology Park Corporation	Geneva
Local - LDC	Geneva Local Development Corporation	Geneva
Local - LDC	Glen Cove Local Economic Assistance Corporation	Glen Cove
Local - LDC	Counties of Warren And Washington Civic Development Corporation	Glens Falls
Local - LDC	Economic Development Corporation - Warren County	Glens Falls
Local - LDC	Glens Falls Civic Development Corporation	Glens Falls
Local - LDC	Greater Glens Falls Local Development Corporation	Glens Falls
Local - LDC	Glenville Local Development Corporation	Glenville

Local - LDC	Fulton County Center for Regional Growth, Inc.	Gloversville
Local - LDC	Orange County Economic Development Corporation	Goshen
Local - LDC	Munipro, Inc.	Greece
Local - LDC	Hamburg New York Land Development Corporation	Hamburg
Local - LDC	Suffolk County Economic Development Corporation	Hauppauge
Local - LDC	Suffolk Tobacco Asset Securitization Corporation	Hauppauge
Local - LDC	The Suffolk County Land Bank Corporation	Hauppauge
Local - LDC	Town Of Hempstead Local Development Corp.	Hempstead
Local - LDC	Herkimer Tobacco Asset Securitization Corporation	Herkimer
Local - LDC	Lloyd Community Development Corporation	Highland
Local - LDC	Hilton Local Development Corporation	Hilton
Local - LDC	Village Of Holley Development Corporation	Holley
Local - LDC	Hoosick Local Development Corporation	Hoosick Falls
Local - LDC	Hornell Area Industrial Development Corporation	Hornell
Local - LDC	Columbia County Capital Resource Corporation	Hudson
Local - LDC	Columbia Economic Development Corporation	Hudson
Local - LDC	Columbia Tobacco Asset Securitization Corporation	Hudson
Local - LDC	Hudson Development Corporation	Hudson
Local - LDC	Hudson Valley Agribusiness Development Corp	Hudson
Local - LDC	The Town of Huntington Economic Development Corporation	Huntington
Local - LDC	Town of Huntington Local Development Corporation	Huntington
Local - LDC	Town of Islip Economic Development Corporation	Islip
Local - LDC	Municipal Electric and Gas Alliance, Inc	Ithaca
Local - LDC	Tompkins County Area Development	Ithaca
Local - LDC	Tompkins County Development Corporation	Ithaca
Local - LDC	Tompkins Tobacco Asset Securitization Corporation	Ithaca

Local - LDC	Chautauqua County Capital Resource Corporation	Jamestown
Local - LDC	Chautauqua County Land Bank Corporation	Jamestown
Local - LDC	Jamestown Local Development Corporation	Jamestown
Local - LDC	Crossroads Incubator Corporation	Johnstown
Local - LDC	Fulton County Economic Development Corporation	Johnstown
Local - LDC	Johnstown Economic Development Corporation	Johnstown
Local - LDC	Queens Economic Development Corporation	Kew Gardens
Local - LDC	City of Kingston Local Development Corporation	Kingston
Local - LDC	Golden Hill Local Development Corporation	Kingston
Local - LDC	Ulster County Capital Resource Corporation	Kingston
Local - LDC	Ulster County Economic Development Alliance, Inc.	Kingston
Local - LDC	Ulster Tobacco Asset Securitization Corporation	Kingston
Local - LDC	Warren County Local Development Corporation	Lake George
Local - LDC	Warren Tobacco Asset Securitization Corporation	Lake George
Local - LDC	Village of Lancaster Community Development Corporation	Lancaster
Local - LDC	Town of Colonie Local Development Corporation	Latham
Local - LDC	Local Development Corporation Of Laurelton, Rosedale, And Springfield Gardens	Laurelton
Local - LDC	Cattaraugus County Economic Sustainability And Growth Corporation	Little Valley
Local - LDC	Cattaraugus County Land Bank Corporation	Little Valley
Local - LDC	Greater Lockport Development Corporation	Lockport
Local - LDC	Niagara Tobacco Asset Securitization Corporation	Lockport
Local - LDC	Long Beach Local Development Corporation	Long Beach
Local - LDC	Wayne County Civic Facility Development Corporation	Lyons
Local - LDC	Wayne Economic Development Corporation	Lyons
Local - LDC	Wayne Industrial Sustainability Development Corporation	Lyons
Local - LDC	Lewis County Development Corporation	Lyons Falls
Local - LDC	Franklin County Civic Development Corporation	Malone
Local - LDC	Franklin County Local Development Corporation	Malone
Local - LDC	Saratoga County Prosperity Partnership, Inc	Malta

Local - LDC	Town of North Hempstead Business And Tourism Development Corporation	Manhasset
Local - LDC	Catskill Watershed Corporation	Margaretville
Local - LDC	Business Development Corporation For A Greater Massena	Massena
Local - LDC	Chautauqua Tobacco Asset Securitization Corporation	Mayville
Local - LDC	Roberts Road Development Corporation	Mayville
Local - LDC	Nassau County Local Economic Assistance Corporation	Mineola
Local - LDC	Nassau County Tobacco Settlement Corporation	Mineola
Local - LDC	Town of Montgomery Capital Resource Corporation	Montgomery
Local - LDC	Emerald Corporate Center Economic Development Corporation	Monticello
Local - LDC	Sullivan County Agricultural Local Development Corporation	Monticello
Local - LDC	Sullivan Tobacco Asset Securitization Corporation	Monticello
Local - LDC	Local Development Corporation Of Mount Vernon	Mount Vernon
Local - LDC	Tusten Local Development Corporation	Narrowsburg
Local - LDC	Rockland County Economic Assistance Corporation	New City
Local - LDC	Rockland Second Tobacco Asset Securitization Corporation	New City
Local - LDC	Rockland Tobacco Asset Securitization Corporation	New City
Local - LDC	New Rochelle Corporation For Local Development	New Rochelle
Local - LDC	New Rochelle Local Development Corporation	New Rochelle
Local - LDC	Orange County Funding Corporation	New Windsor
Local - LDC	Build NYC Resource Corporation	New York
Local - LDC	Community Fund for Manhattan	New York
Local - LDC	Fiscal Year 2005 Securitization Corporation	New York
Local - LDC	Governors Island Corporation	New York
Local - LDC	Hudson Yards Development Corporation	New York

Local - LDC	Hudson Yards Infrastructure Corporation	New York
Local - LDC	NYC Neighborhood Capital Corporation	New York
Local - LDC	New York City Business Assistance Corporation	New York
Local - LDC	New York City Economic Development Corporation	New York
Local - LDC	New York City Energy Efficiency Corporation	New York
Local - LDC	New York City Land Development Corporation	New York
Local - LDC	Star (Sales Tax Asset Receivable) Corporation	New York
Local - LDC	Tsasc, Inc.	New York
Local - LDC	The Mayors Fund to Advance New York City	New York
Local - LDC	Theater Subdistrict Council Local Development Corporation	New York
Local - LDC	Newburgh Community Land Bank	Newburgh
Local - LDC	The City of Newburgh Local Development Corporation	Newburgh
Local - LDC	NFC Development Corporation	Niagara Falls
Local - LDC	Niagara Power Coalition	Niagara Falls
Local - LDC	Town of Babylon L. D. Corporation Ii	North Babylon
Local - LDC	Lumber City Development Corporation	North Tonawanda
Local - LDC	Wheatfield Local Development Corporation	North Tonawanda
Local - LDC	Development Chenango Corporation	Norwich
Local - LDC	Ogdensburg Growth Fund Development Corp.	Ogdensburg
Local - LDC	Olean Local Development Corporation	Olean
Local - LDC	Otsego County Capital Resource Corporation	Oneonta
Local - LDC	Operation Oswego County	Oswego
Local - LDC	Oswego County Civic Facilities Corporation	Oswego
Local - LDC	Oswego Tobacco Asset Securitization Corporation	Oswego
Local - LDC	Tioga County Local Development Corporation	Owego
Local - LDC	Tioga Tobacco Asset Securitization Corporation	Owego
Local - LDC	East of Hudson Watershed Corporation	Patterson
Local - LDC	Rockland Economic Development Corporation	Pearl River
Local - LDC	City of Peekskill Local Development Corporation	Peekskill
Local - LDC	Peekskill Facilities Development Corporation	Peekskill
Local - LDC	Finger Lakes Horizon Economic Development Corporation	Penn Yan

Local - LDC	Village of Penn Yan Local Development Corporation	Penn Yan
Local - LDC	Yates County Capital Resource Corporation	Penn Yan
Local - LDC	Yates Tobacco Asset Securitization Corporation	Penn Yan
Local - LDC	Clinton County Capital Resource Corporation	Plattsburgh
Local - LDC	Lake City Local Development Corporation	Plattsburgh
Local - LDC	The Development Corporation - Clinton County	Plattsburgh
Local - LDC	Town of Plattsburgh Local Development Corporation	Plattsburgh
Local - LDC	Ramapo Local Development Corporation	Pomona
Local - LDC	Rockland County Health Facilities Corporation	Pomona
Local - LDC	Port Chester Local Development Corporation	Port Chester
Local - LDC	Potsdam Community Development Corporation	Potsdam
Local - LDC	Dutchess County Economic Development Corporation	Poughkeepsie
Local - LDC	Dutchess County Local Development Corporation	Poughkeepsie
Local - LDC	Dutchess Tobacco Asset Securitization Corporation	Poughkeepsie
Local - LDC	Prattsville Local Development Corporation	Prattsville
Local - LDC	Riverhead IDA Economic Job Development Corporation	Riverhead
Local - LDC	Civic Center Monroe County Local Development Corporation	Rochester
Local - LDC	Greater Rochester Outdoor Sports Facility Corporation	Rochester
Local - LDC	Monroe County Industrial Development Corporation	Rochester
Local - LDC	Monroe Newpower Corporation	Rochester
Local - LDC	Monroe Security & Safety System Local Development Corporation	Rochester
Local - LDC	Monroe Tobacco Asset Securitization Corporation	Rochester
Local - LDC	Rochester Economic Development Corporation	Rochester
Local - LDC	Rochester Land Bank Corporation	Rochester
Local - LDC	Griffiss Local Development Corporation	Rome
Local - LDC	Griffiss Utility Services Corporation	Rome
Local - LDC	Oneida County Local Development Corporation	Rome
Local - LDC	Sackets Harbor Local Development Corporation	Sackets Harbor

Local - LDC	Salamanca Area Development Corporation	Salamanca
Local - LDC	Niagara Area Development Corporation	Sanborn
Local - LDC	Niagara County Brownfields Development Corporation	Sanborn
Local - LDC	Niagara County Development Corporation	Sanborn
Local - LDC	Saranac Lake Local Development Corporation	Saranac Lake
Local - LDC	Land Reutilization Corporation Of The Capital Region	Schenectady
Local - LDC	Schenectady County Capital Resource Corporation	Schenectady
Local - LDC	Seneca Falls Development Corporation	Seneca Falls
Local - LDC	Seneca Knit Development Corporation	Seneca Falls
Local - LDC	Sherburne Area Local Development Corporation	Sherburne
Local - LDC	Town of Wawayanda Local Development Corporation	Slate Hill
Local - LDC	Sleepy Hollow Local Development Corporation	Sleepy Hollow
Local - LDC	Village of South Glens Falls Local Development Corporation	South Glens Falls
Local - LDC	Southold Local Development Corporation	Southold
Local - LDC	West Brighton Community Local Development Corporation	Staten Island
Local - LDC	Greater Syracuse Property Development Corporation	Syracuse
Local - LDC	Onondaga Civic Development Corporation	Syracuse
Local - LDC	Onondaga Convention Center Hotel Development Corporation	Syracuse
Local - LDC	Onondaga Tobacco Asset Securitization Corporation	Syracuse
Local - LDC	Syracuse Economic Development Corporation	Syracuse
Local - LDC	Syracuse Local Development Corporation	Syracuse
Local - LDC	Ticonderoga Revitalization Alliance	Ticonderoga
Local - LDC	Town of Tonawanda Development Corporation	Tonawanda
Local - LDC	City of Troy Capital Resource Corporation	Troy
Local - LDC	Rensselaer Municipal Leasing Corporation	Troy
Local - LDC	Rensselaer Tobacco Asset Securitization Corporation	Troy
Local - LDC	Troy Community Land Bank Corporation	Troy

Local - LDC	Troy Local Development Corporation	Troy
Local - LDC	Tuxedo Farms Local Development Corporation	Tuxedo Park
Local - LDC	Tuxedo Local Development Corporation	Tuxedo Park
Local - LDC	Oneida Tobacco Asset Securitization Corporation	Utica
Local - LDC	Utica Harbor Point Local Development Corporation	Utica
Local - LDC	Village of Valatie Local Development Corporation	Valatie
Local - LDC	Victor Local Development Corporation	Victor
Local - LDC	The Walden Local Development Corporation	Walden
Local - LDC	Wyoming County Business Assistance Corporation	Warsaw
Local - LDC	Wyoming County Business Center	Warsaw
Local - LDC	Wyoming Tobacco Asset Securitization Corporation	Warsaw
Local - LDC	The Village of Waterford Local Development Corporation	Waterford
Local - LDC	Town of Waterford Capital Resource Corporation	Waterford
Local - LDC	Finger Lakes Regional Land Bank Corporation	Waterloo
Local - LDC	Seneca County Economic Development Corporation	Waterloo
Local - LDC	Seneca County Funding Corporation	Waterloo
Local - LDC	Seneca Tobacco Asset Securitization Corporation	Waterloo
Local - LDC	City of Watertown Local Development Corporation	Watertown
Local - LDC	Jefferson County Civic Facility Development Corporation	Watertown
Local - LDC	Jefferson County Local Development Corporation	Watertown
Local - LDC	Watertown Industrial Center Local Development Corporation	Watertown
Local - LDC	City of Watervliet Local Development Corporation	Watervliet
Local - LDC	Schuyler County Human Services Development Corporation	Watkins Glen
Local - LDC	Schuyler Tobacco Asset Securitization Corporation	Watkins Glen
Local - LDC	Bethel Local Development Corporation	White Lake

Local - LDC	Westchester County Local Development Corporation	White Plains
Local - LDC	Westchester Tobacco Asset Securitization Corporation	White Plains
Local - LDC	White Plains Center Local Development Corporation	White Plains
Local - LDC	Wyandanch Community Development Corporation	Wyandanch
Local - LDC	Yonkers Downtown Waterfront Development Corporation	Yonkers
Local - LDC	Yonkers Economic Development Corporation	Yonkers
Local - LDC	Energy Improvement Corporation	Yorktown Heights
Local - LDC	Albion Housing and Economic Development Corporation	
Local - LDC	Allegany County Telecommunications Development Corp	
Local - LDC	Batavia Regional Recreation Corporation	
Local - LDC	Chemung County Property Development Corporation	
Local - LDC	Eyer Land Development Corporation	
Local - LDC	Madison Grant Facilitation Corporation	
Local - LDC	Malone Economic Development Corporation	
Local - LDC	Nassau County Economic Development Corporation	
Local - LDC	Nassau County Land Bank Corporation	
Local - LDC	Oswegatchie Development Corporation	
Local - LDC	Oswego County Land Bank Corporation	
Local - LDC	Otsego County Development Corporation	
Local - LDC	Rome Community Brownfield Restoration Corporation	
Local - LDC	Southern Tier Economic Development, Inc.	
Local - LDC	Sullivan County Land Bank Corporation	
Local - LDC	Sullivan County Partnership For Economic Development	
Local - LDC	The Recreation and Economic Development Corporation Of Suffolk County	

Local - LDC	The Schoharie Community Development Corporation	
Local - LDC	Tompkins Consolidated Area Transit Inc.	
Local - LDC	Town of Allegany Economic Development Corporation	
Local - LDC	Town of Sullivan Development Corporation	
Local - LDC	Utica Industrial Development Corporation	
Local - LDC	Village of Highland Falls High Point Utility Local Development Corporation	
Local - LDC	Western Ontario Local Community Development Corporation	
State	Albany Convention Center Authority	Albany
State	Capital District Transportation Authority	Albany
State	Dormitory Authority of The State Of New York	Albany
State	Environmental Facilities Corporation	Albany
State	Homeless Housing Assistance Corporation	Albany
State	Housing Trust Fund Corporation	Albany
State	Hudson River-black River Regulating District	Albany
State	Natural Heritage Trust	Albany
State	Nelson A. Rockefeller Empire State Plaza Performing Arts Center Operating Corporation	Albany
State	New York Local Government Assistance Corporation	Albany
State	New York State Energy Research And Development Authority	Albany
State	New York State Thruway Authority	Albany
State	Buffalo Fiscal Stability Authority	Buffalo
State	Erie County Fiscal Stability Authority	Buffalo
State	Erie County Medical Center Corporation	Buffalo
State	Niagara Frontier Transportation Authority	Buffalo
State	Roswell Park Cancer Institute Corporation	Buffalo
State	Nassau Health Care Corporation	East Meadow
State	Nassau County Interim Finance Authority	Garden City
State	New York State Bridge Authority	Highland
State	New York State Olympic Regional Development Authority	Lake Placid
State	Battery Park City Authority	New York

State	Hudson River Park Trust	New York
State	Metropolitan Transportation Authority	New York
State	Municipal Assistance Corporation for The City of Troy	New York
State	New York Convention Center Operating Corporation	New York
State	New York Job Development Authority	New York
State	New York State Affordable Housing Corporation	New York
State	New York State Housing Finance Agency	New York
State	New York State Urban Development Corporation	New York
State	State Of New York Mortgage Agency	New York
State	State Of New York Municipal Bond Bank Agency	New York
State	Tobacco Settlement Financing Corporation	New York
State	United Nations Development Corporation	New York
State	Ogdensburg Bridge and Port Authority	Ogdensburg
State	Port off Oswego Authority	Oswego
State	Rochester-Genesee Regional Transportation Authority	Rochester
State	Roosevelt Island Operating Corporation	Roosevelt Island
State	Agriculture And New York State Horse Breeding Development Fund	Schenectady
State	New York State Thoroughbred Breeding Development Fund	Schenectady
State	Central New York Regional Transportation Authority	Syracuse
State	Long Island Power Authority	Uniondale
State	Utility Debt Securitization Authority (UDSA)	Uniondale
State	Westchester County Health Care Corporation	Valhalla
State	Development Authority of The North Country	Watertown
State	Power Authority of The State Of New York	White Plains
State	North Country Power Authority	Statewide

Appendix B: Sample Interview Guide

My dissertation seeks to understand the involvement of statewide public authorities in local economic development planning. As part of this, I am researching the Empire State Development Corporation. I am asking you to participate in this study because of your familiarity with the Empire State Development Corporation.

The information you provide during this interview will not be kept confidential and will be attributed to you in your official capacity. Please indicate if you would like the information you provide to be anonymized.

Any direct quotations will be verified and confirmed prior to publication if requested.

This interview should take 30 minutes. You can choose to not answer any of the questions I ask, and you can stop the interview at any time.

Obtain oral consent to participate.

I would like to record this interview if you are comfortable with that. The purpose of the recording is to ensure that I have accurately captured the details of your work with the Empire State Development Corporation. The recordings will only be used for transcription and will be stored on a password-protected drive on my computer. You do not have to be recorded to participate in the study. Please indicate if you would prefer that I do not record the interview.

Background

1. How long have you been with ESD (/were you with UDC prior to the creation of ESD? Or one of the other entities merged into ESD? If so, how seamless was that transition from working for xx to ESD?)
2. What positions have you held at ESD?
3. What is your educational training?
4. Where did you work prior to ESD?

Content

1. To get us started, I'd like to talk about ESD's early years using the 1996 strategic plan as a starting point. The 1996 strategic plan paints a dire picture of NYS's economy - what was the process for linking ESD's strategies to solving the problems described?
2. As a follow up: many of the strategies and goals laid out in that plan still largely guide ESD's activities. Were there other economic development strategies that were

considered but ultimately not included? Have new strategies and goals been added in response to a change in the economic or social environment in the state? (think: 9/11) What was the process for coming up with and adding those to ESD's list of policy options?

3. How would you describe ESD's project and policy priorities? How does ESD choose which projects are done or start new programs?
4. Do you think ESD's focus and operations change under different governors? Can you explain how?
5. Are there any other elected offices that influence ESD's focus and operations? How much does the legislature influence ESD?
6. What other government entities does the ESD work with? Can you explain the nature of those relationships? (potentially using an example of a project you are familiar with?)
7. Are ESD projects evaluated? If so, can you describe how and when that evaluation takes place?
8. Do you think ESD is concerned about public opinion? Why or why not? If so, how does public opinion influence how it operates?

Appendix C: UDC projects according to the 1969 Annual Report

Table1: Current and Proposed Redevelopment Projects as of 1969

City	Project	Details	Estimated Cost ($000's)
Amsterdam	Preston-Degraff	200 units of low-income and elderly housing	5,000
	Woodrow Wilson School Site	100 units of housing for moderate and low-income families	2,500
	Central Business District Renewal	feasibility study for 250,000 square feet of retail/commercial space	n/a
	Industrial Site	feasibility study for the development of a 140-acre site for industrial use	n/a
Binghamton	Ely Park	414 townhouses and 15,000 square feet of commercial space	25,350
	State Hospital Site	1,200 housing units with commercial space, an elementary school, a day-care center, a community center, and facilities for the eldery	30,000
	First Ward	feasibility study for expanding manufacturing firms and a parking structure	n/a
Buffalo	Waterfront	2,505 units of new housing	61,078
	Ellicott Urban Renewal	120 units of new housing	4,500
	Thruway Industrial Park	feasibility study for an industrial expansion at a 1,100-acre site	n/a
	Central Business District Study	Feasibility study for the possibility of restoring downtown	n/a
Ithaca	Scattered Site Housing	300 units of new housing, a two-acre park	7,500

	East Hill-College Avenue	375 units of new housing, 100,000 square feet of commercial space, parking structure for 800 cars	115,180
	Aurora-Green Commercial	feasibility study for a proposed 216-room hotel and a 100,000 square foot department store	n/a
	Tioga-Green Parking Garage	500-car above-ground parking garage, 200-car underground parking garage	16,600
	DeWitt Community Center	feasibility study for a community center	n/a
	Southwest Development	feasibility study for industrial, recreational, and other uses at a site near Lake Cayuga	n/a
Newburgh	Lake Street Houses	375 units of new housing and industrial development	259,114
	Regional Market	industrial development	100,000
New York City	Coney Island	997 units of new housing for the elderly and low-and middle-income residents, day-care facilities, cafeteria	35,644
	Twin Parks East and West	1,802 units of new housing for local residents	95,947
	Williamsburg	1,250 units of new housing (325 for moderate-income tenants and 925 for public housing), meeting rooms, day-care facilities	37,500
	106th Street	700 units of housing, a day-care center, commercial space, off-street parking	21,000
	East Harlem Pilot Block	463 units of housing, health center, day-care center, job training space, educational services, recreation space	18,000

	Harlem River Park	1,600 units of moderate- and low-income housing, a gymnasium, swimming pools, an amphitheater, a marina	97,900
	Roosevelt Island	creation of a new mixed-income town	552,000
	Arverne	feasibility study for 950 moderate- and low-income units	n/a
	Sunnyside Yards	feasibility study of an industrial, residential, and other uses project on a 300-acre site	n/a
Niagara Falls	Lehigh Valley Housing	400 garden apartments and townhouses	10,000
	Rainbow Center Urban Renewal	planning and feasibility study for a tourist and convention complex	n/a
Ogdensburg	Crescent Urban Renewal Project	50,000 square feet of construction and two blocks of rehabilitation	20,000
	Downtown Revitalization	study for a central business district revitalization	n/a
Ossining	Leonard Street Urban Renewal	feasibility study for strengthening the Central Business District	n/a
	Housing	feasibility study for new housing sites	n/a
Peekskill	Planning and Development Study	planning and feasibility study of the Central Avenue Area (25 acres between downtown and the waterfront areas)	n/a
	Civic Center Parking Garage	economic and architecture feasibility studies for a civic center and a 400-car parking garage	n/a
Pittsford	Gleason Estates	300-unit residential project	5,881
Rochester	Southeast Loop	3,000 units of new housing	81,000

	Genesee Gateway	1,000 units of low- and moderate-income housing	26,884
	Mt.Read - Emerson Industrial Park	feasibility study to develop 400 acres for industrial use	n/a
	Housing for the Elderly	2,500 units of housing for the elderly	60,000
	Western Gateway	feasibility study of the Western Gateway Development Program	n/a
Syracuse	Clinton Square Plaza	20-story office building, 4-story department store, 100,000 square feet of specialty stores, an enclosed mall, a hotel, a 1,200-car municipal garage	582,200
	Syracuse Hill	1,000 units of housing	25,000
	Parcels 4a and 4b	250-unit high-rise apartment building	6,250
Utica	ongoing evaluations for urban renewal projects		
White Plains	Battle Hill	shopping center, 1,000 units of housing, a 1,000 car parking garage	128,000
Yonkers	feasibility study for redevelopment of a 100-acre industrial/residential area along the waterfront and potential expansion of the Otis elevator company		n/a
Total estimated cost:			**2,430,028**
Total number of feasibility studies:			**19**

Table 2: Proposed Special Projects

New Communities	
Amherst	near Buffalo
Lysander	near Syracuse
Other Activities	
Mid-Hudson Redevelopment Program	provide assistance to the Regional Plan Association (RPA) with planning in Orange, Dutchess, Columbia, Greene, Putnam, Sullivan, and Ulster counties (suburban NYC)
New Technology	evaluate new building methods and develop criteria for evaluating the health and safety of new technologies
Westchester County	planned for 1970: countywide housing and development program

Appendix D: The 128 Inactive Subsidiaries of ESDC

Source: Obtained via FOIL request

106th Street Houses, Inc.
125th Street Mart Inc.
260-262 W. 125th Street Corp.
42nd St. Development Project, Inc.
900 Woolworth Redevelopment Corporation
Apollo Theatre Redevelopment Corporation
Apple Walk (Grote Street) Houses Incorporated
Archive Preservation Corporation
Arverne Houses Incorporated
Ashland Place Houses Incorporated
Averill Court Houses Incorporated
Beaver Road Houses Incorporated
Borinquen Plaza Housing Company Incorporated
BPC Development Corporation
Briarcliff Manor Houses Incorporated
Broadway East Townhouses Incorporated
Buena Vista Houses
Buffalo Waterfront Homes Site 2 Incorporated
Buffalo Waterfront Phase Houses
Buffalo Waterfront Phase III Houses
Canisteo Homes Incorporated
Carlken Manor Houses Incorporated
Cathedral Parkway Houses Incorporated
Centerville Court Houses Incorporated
Charlotte Lake River Houses Incorporated
Cherry Hill (Syracuse Hill III) Corporation
City-State Development Corporation
Claremont Gardens Houses Incorporated
Clifton Springs Houses
Clinton Avenue Paul Place Houses Incorporated
College Hill Houses Incorporated
Coney Island Site 1824 Houses Incorporated
Coney Island Site 1A Houses Incorporated
Coney Island Site 4A-1 Houses Incorporated
Coney Island Site 4A-2 Houses Incorporated
Coney Island Site Nine Houses Incorporated

Creek Bend Heights Houses Incorporated
Edgerton Estates Incorporated
Ellicott Houses Incorporated
Empire State Allsub Corporation
Empire State Community Development Corporation
English Road Houses Incorporated
Excelsior Capital Corporation
FDA Headquarters Incorporated
Fordham Commercial Redevelopment Corporation
Friendly Homes Houses
Fulton Park 4 Sites Incorporated
Fulton Park Site 2 Houses Incorporated
Genesee Gateway Houses Incorporated
Governors Island Redevelopment Corporation
Harborview Houses Incorporated
Harlem Canaan House Incorporated
Harlem River Park Houses Incorporated
Harriet Homes Incorporated
Harrison House Incorporated
Highland Canalview Houses Incorporated
Hillside Homes (Wellsville Houses) Incorporated
Housing Project Related Entities
Housing Project Related Entities - Continued
Housing Project Related Entities - Continued
Housing Project Related Entities - Continued
HUDC 323 St. Nicholas Realty Corporation
Jespersin-Rochester Houses
JUMA Development Corporation
Kennedy Square (Syracuse Hill I) Houses Incorporated
La Marqueta Redevelopment Corporation
Liberty Senior Citizens Houses Incorporated
Lindsay-Bushwick Houses Incorporated
Malone Town Houses Incorporated
Marinus Houses Incorporated
Melrose Site D-1 Houses Incorporated
Metro North Riverview Houses Incorporated
Metrocenter Development Corporation
New York State Mortgage Loan Enforcement Corporation

North Town Phase III Houses Incorporated
Oak Tree Development Corporation
Ogdensburg Crescent Mall Development Corporation
Painted Post Village Square Apartments Incorporated
Park Drive Manor Houses Incorporated
Parkedge House Incorporated
Parkside Houses Incorporated
Perinton-Fairport Houses Incorporated
Presidential Plaza Apartments Incorporated
Rebraf Redevelopment Corporation
Rochester-Downtown Center Incorporated
Rockland Manor Houses Incorporated
Roosevelt Island Development Corporation
Rutland Road Houses Incorporated
Schemerhorn Houses Incorporated
SE Loop Area Three B Houses Incorporated
Seaport Redevelopment Corporation
South Fallsburgh Houses Incorporated
Southeast Loop Phase IIA Houses Incorporated
St. Paul's Upper Falls Housing Company Incorporated
Stanwix Houses Incorporated
State Street Houses Incorporated
Syracuse Intown Houses Incorporated
Ten Broeck Manor Houses Incorporated
Times Square Hotel, Inc.
Tompkins Terrace Incorporated
Twin Parks NE Site 2 Houses Incorporated
Twin Parks Northeast Houses Incorporated
Twin Parks Northwest Incorporated
UDC Nonprofit Houses Incorporated
UDC Special Development Corporation
UDC Utica Redevelopment Corporation
UDC-Commercial Center Inc.
UDC-Harlem, Inc.
UDC-Love Canal, Inc.
UDC-St. George Inc.
UDC-Ten Eyck Development Corporation I
UDC-Ten Eyck Development Corporation II
UDC-Ten Eyck Development Corporation III

UDC/Albee Square Redevelopment Corporation
UDC/Commodore Redevelopment Corporation
Ulster Senior Citizens Houses Incorporated
Unity Park Houses Incorporated
Unity Park II (Niagara Park) Corporation
Valley Vista Houses Incorporated
Van Rensselaer Village Houses
Vark Street Houses Incorporated
Vernon Avenue Houses Incorporated
Village Manor Houses Incorporated
Warburton Houses Incorporated
Woodbrook Houses Incorporated
Woodrow Wilson Houses, Incorporated
Wright Park Phase II, Incorporated
Young Manor, Inc.