LoHud.com
New York's Lower Hudson Valley

December 17, 2008

SFC: Tighter Empire Zone rules wouldn't hurt Yonkers project

Len Maniace
The Journal News

YONKERS - Gov. David Paterson proposed a major change yesterday to the state Empire Zone program, a program that is expected to provide a crucial state subsidy to the city's $1.6 billion downtown redevelopment.

The change would raise the bar for businesses to qualify for state subsidies, which in turn would lower state costs to $338 million for the 2009-10 fiscal year from $610 million this year.

Joseph Apicella, the project manager for developer Struever Fidelco Cappelli, said the change should not affect the Yonkers project. He contended it should be able to meet the higher bar.

"This project could not be built without the support of the Empire Zone at the current levels," Apicella said. "And there's nothing I've seen in the governor's proposal that would curtail that."

Neither Apicella nor Yonkers mayoral spokesman David Simpson could immediately say yesterday how much of an Empire Zone break the SFC project is counting on, but the largest part is expected to be a property-tax subsidy.

The change Paterson proposed would require each project to produce greater benefits. The new standard would be $20 of actual investment for every dollar of state subsidy. The current requirement for participating businesses is $15 for every dollar.

Yonkers has 329 businesses participating in the Empire Zone program, Simpson said. Mount Vernon also has an Empire Zone. It was not immediately clear how many of those businesses would be affected by the proposed changes.

The Empire Zone program has been criticized by the state comptroller's office for a lack of oversight by municipalities in determining that businesses receiving benefits are meeting requirements of the program.

The SFC development, whose centerpiece is River Park Center, a shopping and entertainment complex topped by a baseball stadium and two apartment towers, already has faced questions about its viability and specifically its plan to finance more than $160 million in infrastructure improvements that SFC and the city say are needed before that project could be built.

That financing plan, Deputy County Executive Larry Schwartz wrote in a recent letter to SFC, would rely on the sale of non-investment grade bonds, often referred to as junk bonds, for which there are unlikely to be buyers in the current economy.