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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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January 12, 1982

MEMORANDUM FOR: Lawrence A. Kudlow
FROM: Justine Rodriguez *JR*
SUBJECT: Revised Fact Sheet for New York

President Reagan's Economic Recovery Program will, if given a chance, stop runaway inflation and revitalize the economy. New York City and New York State will share in this recovery:

- Personal income in New York State is projected to increase from \$180 billion in 1980 to \$336 billion in 1987, a net gain of \$156 billion. 38%, or nearly \$60 billion of this net gain, will take place in New York City.
- New York State wages and salaries are projected to increase from \$115 billion to \$210 billion over this period, a net gain of \$95 billion. About \$36 billion will be earned in New York City.
- Per capita personal income in New York State will grow from \$10,250 in 1980 to nearly \$18,000 in 1987, a net gain of \$7,745.
- In real terms (after adjusting for inflation) these increases represent a 24 percent gain in personal income, a 22 percent gain in wages and salaries, and a 17 percent gain in per capita personal income.
- The economic growth stimulated by this program will add substantially to the state and local tax base in New York and the rest of the nation.

NOTE: Assumes New York State and City constant 1980 (or 1979 share of U.S.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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January 12, 1982

MEMORANDUM FOR: LARRY KUDLOW
FROM: HAL STEINBERG *HS*
SUBJECT: President's Trip to New York

The following information may be of use to the President for his Thursday trip to New York. They are items of concern to New York officials that have been relayed to me by the First Deputy Comptroller and the former Deputy Mayor for Finance.

. Financial Conditions

- City projecting small surplus for Fiscal Year ending June 30, 1982; although surplus due in part to significant one-time revenues, unusually low debt service costs for the year, partial roll-over of prior year surplus.
- Fiscal Year 1983 projects a budget gap - \$800-900 million.
- Major causes are slow-up in revenues due to a slow-down in economy, impact of federal reductions, and expenditures rising faster than revenues.
- Mayor wants to eliminate gap with tax increase.
- Independently elected Comptroller resisting, claiming that the budget can be balanced by absorbing 10,000 slots in the normal attrition of 14,000 (out of 175,000 payroll) and providing a very small wage increase.

. Capital needs

- Major capital needs projected for the 1980's to replace the heavy building program in the first part of this Century.
- Comptroller study reports \$40 billion capital needs; New York City/OMB identifies \$30 billion (water and sewer mains - \$16 billion; mass transit - \$10 billion; bridges).
- 1983 capital budget of \$2 billion requires \$1 billion of City funds.
- High interest rates having a major adverse impact on the ability to borrow long term.

THE WHITE HOUSE
WASHINGTON

Economic Statistics for New York City (most current available)

Unemployment Rate: December 1981...9.0%

November 1981...8.3%

(data from B.L.S.. Department of City & State Data 202/523-1001)

Inflation Rate: November 1981...C.P.I. 267.8
down 0.1% from October 1981)

November 1980 to November 1981 the rate of
inflation was 9.4%

(data from B.L.S.. Department of Prices & Living Conditions
202/272-5160)

Major Current Construction:

Approximately 500 State and Federally assisted projects are under construction. Major projects are defined as those in excess of \$2 million.

(Information from Phil Schroeder - Mayor's Office of Management and Budget, 212/566-0516)

Crime Rate: For the first nine months of 1981

Murders: 1,318 Up 2%

Rapes: 3,042 Up 4%

Robberies: 79,458 Up 7.9%

Aggravated
Assaults: 33,605 No change

Total 117,423 Up 5.4%

(data from the Office of Crime Analysis, N.Y. City Police Commissioner, 212/374-5076)

NY PRIVATE SECTOR INITIATIVES

NYCity Partnerships: SUMMER JOBS FOR YOUTH 250 volunteers called 45,000 NYbusinesses and found 14,000 jobs for economically disadvantaged youth. 30% of these jobs were at pay above the minimum wage. The previous year only 6000 jobs were available when run by the government.

Training Opportunities Program places 1,000 11th and 12th grade public school students in high demand occupations in the private business. TOP pays their salaries for 6 weeks, pays 50% of the student wage for the next 7-1/2 months.

Jobs For Westchester Residents: Since 1974, the Westchester Chamber has placed 400 disadvantaged Westchesterites in private sector employment, through CETA, wages have been 50% subsidized for 60-80 days. The retention rate in the last year was 86%.

Small Business Management Advisory & Employment Generating Program: White Plains Chamber offers professional small business management consulting to small and minority businesses to increase their capacity to retain and/or hire disadvantaged job seekers. Served 18 small and minority businesses out of 50 eligible businesses at a cost of \$3,231 each. Results: 37 new full-time and 8 new part-time positions for an annual payroll increase of \$537,000. in 1981. Same firms expect to add 216 full time and 46 part-time positions or \$2.2 million in payroll by Sept. 30, 1982.

Private Sector Initiative Program - HHS Region II Activities

The Office of the Regional Director, HHS, has developed a multi-faceted plan to implement the President's Private Sector Initiative Program in Region II. The activities focus on two areas, Fortune 500 companies whose corporate headquarters are in the region, and foundations located in the metropolitan area.

The program calls for developing linkages between selected Fortune 500 companies, foundations and the public not-for-profit sector. Staff is developing a presentation package which will delineate the intent and philosophy of the initiative, describe the array of federal programs appropriate to the initiative, e.g., aging, head start, etc., and provide alternatives for participation. Concurrently, staff is reviewing annual reports in order to determine which corporations and foundations will be contacted during the first phase of the project. It is expected that companies will be contacted by the middle of February.

In addition to the activities of the Office of the Regional Director, the Regional Administrator, Office of Human Development Services (OHDS), during the past year, has been engaged in a broad array of activities to foster increased interaction between the public and private sectors in Region II. Some of the activities include:

- o April, 1981, OHDS co-sponsored a conference in Rochester, New York on "Developing Public/Private Partnerships in Human Services." The conference focused on identifying opportunities for future ventures and discussing public/private experiences in human services. A similar conference is being planned for New Jersey.
- o Regional staff were instrumental in obtaining staff and fiscal resources from banking institutions in New York and New Jersey to conduct management seminars for non-profit agencies. In New York, Chemical Bank provided resources for a five-day seminar which addressed management styles, fiscal controls, financing, marketing, etc.
- o Staff have worked with the Middlesex, New Jersey County Economic Opportunity Corporation, the Middlesex County Employment and Training Administration, and the Private Industry Council in implementing an improved jobs transportation program aimed at getting more job applicants and workers to new and expanding office and industrial parks located outside the county's urban areas and off the scheduled routes of public transportation providers.
- o Staff have been assisting the Middlesex County Economic Opportunity Council and county officials to plan and implement coordination of human service transportation activities in the county.

Volunteerism Initiative - HHS Region II

Under HHS auspices, a year-round volunteerism program, supported entirely by federal employees, has been established. In December, a food drive called "Harvest for the Hungry" was launched at 26 Federal Plaza in December. The drive, which has as its goal the collection of canned goods, is being sponsored by a different federal agency each month. Federal employees are donating part of their lunch hour to staff the collection table and also are bringing in canned goods. The food is being distributed through the Community Food Bank, an approved Second Harvest Agency, in Newark, New Jersey. To date, over 700 cans of food have been collected. There has been an excellent response from the workforce.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

January 12, 1982

MEMORANDUM FOR: Craig L. Fuller, Deputy Assistant
to the President and Director of
the Office of Cabinet Administration

FROM: Samuel R. Pierce, Jr.

SUBJECT: Expanding Housing Opportunities
in New York

I am familiar with the above captioned subject, and have had a brief discussion with David Rockefeller, during which I indicated my interest in pursuing the matter further at an appropriate time. There may be a proper role for the Administration and this Department to play, depending, for example, upon the nature and extent of private investment in the ultimate program.

In view of the subject matter, i.e., expanding housing opportunities for middle income residents of New York City, and the very preliminary nature of the proposal at this time, I suggest that the President's response be limited to the following:

1. The proposal appears to have merit in that its emphasis is upon significant private sector investment in housing in New York City.

2. This Department is interested in exploring the proposal further to determine the appropriate federal government role, if any.

Dept of Housing and Urban Development

Status Report on Block Grant Programs

New York State

New York State has assumed responsibility for the following Block Grant Programs:

<u>BLOCK GRANT PROGRAM</u>	<u>FY 1982 FUNDS *</u>
Social Services	\$184,877,557
Alcohol, Drug Abuse and Mental Health	\$ 40,836,000
Low Income Energy Assistance	\$222,238,631

*Estimated Amount to be Awarded During
FY 1982

Dept of Health and Human Services

NEW YORK CITY LOAN GUARANTEE PROGRAM: STATUS REPORT

The Loan Guarantee Act of 1978 authorizes the Secretary of the Treasury to guarantee up to \$1.65 billion of City bonds. Its objective is to provide the City with long-term capital financing during the final years of its recovery from the 1975 fiscal crisis.

The Act makes issuance of the guarantees contingent upon the City meeting a set of stringent conditions. These include a truly balanced budget by its FY 1982 and maintaining that balance in the future. The Act also provides that guarantees may be approved only if adequate long-term financing is not obtainable by the City in the private market or from other sources to meet its essential needs.

Last November, Treasury approved issuance of \$300 million in guarantees. The key determination reached in approving those guarantees was that there were reasonable grounds for concluding that, if the City's request were not approved, there would be a shortfall of at least \$300 million in the City's sources of financing, which would jeopardize the plan and impair investor confidence.

The City has scheduled the sale of the remaining \$300 million of guaranteed bonds for February 18, and Treasury is expecting to receive a formal request for the guarantees by January 20.

As the City's recovery from the fiscal crisis proceeds, and it is now nearly complete (the requirement for a balanced budget was met in FY 1981, for example), it becomes increasingly difficult to conclude that the statutory conditions for issuance of guarantees are met.

The Act requires the City to prepare a four-year financing plan defining its requirements and the sources of funding. It also requires Treasury to evaluate each element of that plan before any guarantees are approved. The Department's evaluation last November suggested that as much as \$300 million of the City's planned uses of capital may not satisfy the Act's requirements. Since November, the Financial Control Board and the Special Deputy State Controller have determined that the City's capital spending may fall up to \$200 million short of the current plan's projections.

In light of the questionable elements of the City's current plan identified last November and the new projections of capital spending by the official State monitors of the City, it may be difficult to conclude in February--as in November--that the guarantees are necessary to enable the City to meet its essential capital needs. Should it not be possible to reach this conclusion, the Act would not permit approval of the impending request for guarantees.

January 13, 1982

Dept of the Treasury

Immigration and Refugee Issues

The President should know that immigration is an issue of some importance to the people of New York City. New York has one of the largest Haitian and Cuban populations in the country, as well as an extremely large population of illegal aliens.

The New Yorkers will be pleased to know that the President supports strong enforcement of our laws against illegal immigration, and has demonstrated his resolve by directing the U.S. Coast Guard to patrol the seas near Haiti for illegal migrants. The Administration is also committed to a legislative program which will deal realistically and humanely with illegal aliens now here, including the granting of legal status to qualified individuals.

Finally, the President should be reminded that at one time, Fort Drum, a military installation in the Watertown area of upstate New York, was under consideration for use as a detention center for undocumented Haitian and Cuban aliens currently detained elsewhere. Other arrangements have obviated the current need to use Fort Drum, which is now being upgraded as a military installation, but the need to use Fort Drum for detention or related purposes may again arise.

Dept of State

NEW YORK CITY BRIEFING

Ellis Island/Statue of Liberty National Monuments

Secretary Watt and the National Park Service (NPS) are implementing plans for innovative rehabilitation of these historic structures, through a combination of private-sector fundraising, new leasing authority (still requiring adequate protection of NPS property), and minimum Federal investment.

For example, in an effort to save deteriorating immigration buildings on Ellis, the NPS solicited proposals in mid-December (1981) from private sources to preserve some of the structures and convert them to appropriate private use.

Plans for the Statue of Liberty have not yet been publicly announced, but involve a group of French businessmen who would head up a fundraising effort in France and the U.S.

Ellis Island and Statue of Liberty rehabilitation are planned for completion by 1986--the centennial of the statue's first lighting for which a major celebration is being put together by private citizens.

No major question or controversy seems to be involved at this stage, but the President should be aware of these highly visible projects exemplifying his philosophy of reliance on the private sector to accomplish tasks that formerly would have been funded primarily out of the Federal Budget.

Dept of the Interior

On December 30, a Newark policeman shot and killed Frank Melvin, a Guardian Angel. Police assert the policeman mistook Melvin for a burglar reaching for his gun; the Angels allege that he was killed in cold blood because the police dislike the Angels' crime prevention program. The shooting occurred in Newark, but the Angels are based in New York where Curtis Sliwa, their leader, resides. An inquiry is underway by state officials. The FBI is conducting a preliminary inquiry -- not an investigation -- to determine if an investigation should be opened. Sliwa and other members of the group, after marching from New Jersey, met with Civil Rights chief Brad Reynolds and Community Relations head Gil Pompa. The two assured the Angels that the Department of Justice would conduct an inquiry to determine if any civil rights violations occurred.

TIMES SQUARE HISTORIC PRESERVATION LITIGATION

Natural Resources Defense Council v. City of New York involves a challenge to a decision by HUD to fund efforts for a renewal of a portion of the Times Square area in New York City. The suit was expanded in December to include a challenge to actions taken by the Advisory Council on Historic Preservation recommending the entry of a memorandum agreement under which certain historic sites would be destroyed. The latter challenge was premised on allegations of improper political influence.

In December the trial court declined to issue a preliminary injunction sought by the plaintiffs on the basis that the decision of the Advisory Council was precipitated on improper political pressure. On January 6, 1982, the Court of Appeals for the Second Circuit reversed that decision and directed the trial court to enter a preliminary injunction. The matter is now before the trial court.

The allegations involving improper political influence arise from telephone calls which were made to the Advisory Council by Lyn Nofziger and Joe Canzeri of the White House at the time the matter was under consideration of the Council. According to our best information, calls were made by those people but both they and the recipients of the calls at the Council, Alexander Aldrich, Council Chairman, and its Executive Director, Robert Garvey, claim no pressure was asserted. The calls were designed to see that the Council acted promptly on the matter before it. Plaintiffs have been deposing Council staff members with respect to the allegations. On January 7, 1982, plaintiffs noticed depositions of both Mr. Canzeri and Mr. Nofziger. The matter was brought to the attention of White House counsel immediately. On January 11, 1982, White House counsel advised trial counsel, Gaines Gwathmey, Assistant United States Attorney for the Southern District of New York, that it would make Mr. Nofziger and Mr. Canzeri available at the White House for depositions on January 19, 1982, for one-half hour each.

At a status conference with Judge Duffey on January 11, the Court was apprised of the White House offer. The Court moved the depositions to the White House but refused to limit the depositions to one-half hour.

WESTWAY LITIGATION

Two consolidated lawsuits have been filed in the U.S. District Court for the Southern District of New York seeking to halt the construction of the proposed West Side Highway Project in New York City (Westway). The project will cost approximately 2 billion dollars of which 90% are federal funds. The project will be constructed on a landfill in the Hudson River running from the Battery up to approximately 42nd street, a distance of 4.6 miles creating approximately 113 new acres of land for residential and commercial development and 93 acres for a park to be run by the State of New York. Construction time is approximately ten years.

The first suit, Action For Rational Transit v. West Side Highway Project challenges are raised under the Clean Air and the National Environmental Policy Act. Plaintiffs allege that the Federal Highway Administration failed to conform with the New York State clean air implementation plan and that the Environmental Impact Statement prepared by the Highway Administration was deficient. In the second suit the Sierra Club is challenging the Army Corps of Engineers on the permitting associated with dredge and fill portions of the project. Again the action is brought under the National Environmental Policy Act and the Clean Water Act.

United States District Judge Thomas Greisa has already ruled in the Government's favor on all claims in the Action for Rational Transit suit and on a number of claims in the Sierra Club suit including the transit trade-in issue. He has set a trial, however, on the issue of Westway's impact on Hudson River fisheries, especially on the striped bass population. The trial will begin on January 19th and include testimony from experts, and officials of the Corps of Engineers, National Marine Fisheries Service of the Department of Commerce, Fish and Wildlife Service of the Department of Interior, and perhaps the Environmental Protection Agency.

We expect a ruling by the end of February or early March. The State has set a schedule with the first construction phase to start in the early spring.

NEW YORK CITY MASS TRANSIT ISSUES

The Administration supports use of Federal mass transit funding for rehabilitation of existing systems rather than for operating subsidies or development of new mass transit systems. This policy is beneficial to New York, because New York has one of the oldest subway systems in the country and that system is in a serious state of disrepair. This is demonstrated by the fact that New York's percentage of the total UMTA budget is increasing.

The Administration plans to phase out mass transit operating subsidies by 1985 because operating costs should not be the responsibility of Federal taxpayers, the subsidies have driven up costs, and have caused artificially low fares.

New York City currently receives about \$175 million per year from the Federal government which can be used for operating assistance. This is less than 10% of the transit authority's budget. The likely loss of this money between now and 1985 has not led to major New York opposition to the Administration's mass transit policy for these reasons:

- Federal operating subsidies are a small percentage of the MTA's (Metropolitan Transit Authority's) operating budget,
- the City will continue to receive Federal capital subsidies, and
- there is a major capital initiative for mass transit in New York City.

The Transit Authority is implementing a five year capital plan to raise and use \$7.4 billion. The State has enacted new taxes and bonding authority that form the basis of the MTA's capital program. This will fund a major rehabilitation of New York's transit facility. Very roughly, 10% to 20% of these funds will be Federal (about \$200 to \$300 million per year). Federal funds will be used to rehabilitate subway and commuter rail right of ways, structures, signals, power sources, etc.

The Transit Authority is also taking advantage of the new leverage leasing tax law. This provision allows tax write offs for purchase of transit equipment. From one transaction in 1981, New York will obtain over \$100 million under this new tax provision. New York hopes to use leverage leasing to buy over \$2 billion of equipment in the next 5 years. The provision is expected to reduce the City's cost of capital acquisition and rehabilitation by 10 to 20%.

The 5 year plan combined with the benefits of leverage leasing will allow MTA to raise fares and effectively compensate for the withdrawal of Federal operating assistance.

UMTA Grants to New York City (dollars in millions)

	<u>1981</u>	<u>1982</u>	<u>1983</u>
Operating Grants.....	180	150*	80*
Capital Grants.....	400	370*	300*
Total.....	<u>580</u>	<u>520*</u>	<u>380*</u>

*Much of UMTA funding is discretionary and therefore difficult to predict. These are our best estimates of what New York City will receive.

The Air Traffic Controller workforce at the three metropolitan area airports (JFK International, Newark and LaGuardia) was reduced by approximately 93% as a result of the PATCO strike. However, staffing levels have now reached 90% of the pre-strike level by utilizing staff personnel, military, and new hires. The military controllers are being gradually phased-out as the new hires become qualified.

Currently, the volume of air traffic handled is approximately 80% of the pre-strike level.

Traffic delays are encountered daily at the three metropolitan area airports. New York is not unique in this respect. National quota flow programs to other busy airports (i.e., Dallas-Fort Worth, Chicago and Houston) cause some delays. The FAA Headquarters imposed pro rata reduction and the General Aviation Reservation system has alleviated some of the delays. A typical day would indicate delays of 45 minutes or less incurred by some 20 to 40 aircraft at the three metropolitan area airports.

NEW YORK
NORTHEAST CORRIDOR IMPROVEMENT PROJECT

The Northeast Corridor Improvement Project is a \$2.19 billion program to revitalize passenger rail service between Washington and Boston.

A total of \$138 million will be spent for New York.

Major projects include:

- New York Pennsylvania Station (\$6 million) - In process.
- New York Equipment Service Facility (\$8 million) - Planned for 1983.
- North and East River Tunnels under the Hudson and East Rivers (\$19 million) - In process.
- Major track and bridge improvements (\$46 million) - In process.

Work will be completed in 1985.

AGRICULTURE BRIEFING

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Distribution of Excess Commodity Cheese

New York program is slowly progressing. Initial distributions of the 2.4 million pound allotment is expected on February 8, 1982.

National School Lunch Program

As a result of recent legislation requiring the inclusion of social security numbers of free and reduced-price applications, New York City experienced some difficulty in getting applications for such meals returned to school officials (see attached). Approximately 100,000 fewer applications than last year have been approved.

Supplemental Feeding Program for Women, Infants, and Children (WIC)

The FY 1981 WIC grant for New York City totaled \$43 million with 101,000 participants monthly. A New York Times editorial on January 8, 1982 suggested this program be spared Federal budget cuts. The program currently has waiting lists for participation at most local agencies in the city.

Food Stamp Program

New York City has taken major initiatives to reduce program abuse. In September 1981, a total of \$48.5 million in food stamps were issued to 479,000 households representing 1.2 million persons. Administrative costs of operating the program in New York City approximates \$75 million, half of which is Federal.

SUBJECT: Transfer of Surplus Federal Properties
 to New York for Correctional Use

New York's prison system is critically overcrowded. The situation was recently aggravated when federal district judge Morris Lasker ordered the state system to accept all inmates in New York City's Rikers Island facility as soon as they became eligible for state custody.

As part of the Administration's program of transferring suitable surplus federal properties to states and localities for correctional use, the Attorney General intervened with the General Services Administration (GSA) to urge transfer of the surplus Watertown Air Force Station to New York for use as a prison. The transfer was announced jointly by the Department and GSA last September. The Watertown facility contains several dormitories and housing units as well as a dining hall, and is thus eminently well suited for conversion to correctional use. New York plans to house over 200 medium security inmates at Watertown, beginning in the early spring of this year.

Since the situation in New York remains serious even with the Watertown transfer, the Associate Attorney General has recently written to GSA to urge transfer to New York of the Lockport Air Force Station, an 80 acre site containing 69 buildings. A decision by GSA is expected shortly.

January 12, 1982

Assistance to New York City

Community Development Block Grants

NOTE: The 1983 budget will propose the same budget authority as provided in 1982 -- \$3,456 million.

1979 (act.).....\$241.3 million
1980 (act.).....\$259.9 million
1981 (act.).....\$254.8 million
1982 (est.).....\$221.6 million

The Community Development Block Grant (CDBG) program provides grants to units of local government for locally determined and implemented community and economic development projects, principally for the benefit of lower-income persons. Entitlement cities, such as New York City, receive CDBG funds by a formula allocation method. A very large portion of these funds (about 30% on a nationwide basis) are estimated to be used for housing rehabilitation. Hence, of the Federal CDBG funds New York City received, it is estimated that New York City spent \$72 million in 1979, \$78 million in 1980, and \$76 million in 1981 on housing rehabilitation -- a total of \$226 million in three years.

Urban Development Action Grants

NOTE: The 1983 budget will propose the same budget authority as provided in 1982 -- \$440 million.

1979 (act.).....\$9.4 million
1980 (act.).....\$8.3 million
1981 (act.).....\$53.9 million
1982 (est.).....\$9.1 million to date; estimated total for the year
unavailable; dependent on relative merits of competing
applications.

The Urban Development Action Grant program provides competitive grants to units of local government. These grants are used in conjunction with other public and private funds to promote locally designed and implemented economic development projects in distressed areas.

Rehabilitation Loan Fund

NOTE: This program is proposed for termination in 1983.

1979 (act.).....\$7.2 million
1980 (act.).....\$4.6 million
1981 (act.).....\$4.0 million
1982 (est.).....unavailable

Rehabilitation Loan Fund resources are allocated to units of local government for the rehabilitation of single-family and multi-family housing units. The average term is 20 years and the average interest rate is 3 percent.

Urban Homesteading

NOTE: The 1983 budget will propose \$9 million in budget authority -- an amount estimated to continue the 1982 program level.

Twenty-nine properties have been transferred to New York City and rehabilitated in an effort to promote neighborhood revitalization and provide housing opportunities for lower- and middle-income families.

The Urban Homesteading program transfers HUD, VA, and Farmers' Home properties to participating cities for use in approved and locally administered homesteading programs.

Section 108 Community Development Loan Guarantees

NOTE: This program is proposed for a 50% reduction in 1982 and termination in 1983.

New York City has received no loan guarantees through this program. Whether or not New York City might receive a loan guarantee in 1982 depends on the competitiveness of its application (if it applies) and the total resources provided.

Section 108 Loan Guarantees are made on a competitive basis to entitlement cities (such as New York City) so as to provide cities with large, up-front community development funds. These funds may be used for land acquisition and improvements to publicly owned property. The Federal Financing Bank serves as the lending source for these loan guarantees, charging an interest rate of the Treasury rate plus one-eighth. Future CDBG awards are used to guarantee repayment.

Neighborhood Reinvestment Corporation

NOTE: The 1983 Budget will propose a funding increase for this Corporation from \$13.9 million in 1982 to \$15.5 million in 1983.

Neighborhood Housing Services:

With the help of the Federally supported Neighborhood Reinvestment Corporation, Neighborhood Housing Services (NHS) programs are now helping to revitalize seven neighborhoods in New York City.

<u>Boroughs</u>	<u>Neighborhoods</u>
Brooklyn	East Flatbush Kensington/Windsor Terrace
Bronx	Williambridge/Wakefield Soundview
Staten Island	West Brighton
Queens	Laurelton Jamaica

The Neighborhood Reinvestment Corporation has contributed grant funds to NHS and Community Development Block Grant Funds have been committed through the City of New York. However, far away the largest contributions will come from private businesses and financial institutions. In New York City, over a million dollars a year will be raised by the business community to support this seven-neighborhood effort, resulting in more than \$80 million in reinvestment in those neighborhoods over the next five or six years. The reason NHS works is because it is a partnership of the neighborhood residents themselves, the private sector and local government. 45,000 families will benefit from this effort in New York City.

Apartment Improvement Program:

The Neighborhood Reinvestment Corporation has also established two Apartment Improvement Programs in NYC; one in the Northwest Bronx and the other in the Pelham Parkway area. Two new AIP programs are being contemplated in the borough of Queens. These programs involve a partnership among building owners, tenants, local government and lenders. The AIP program produces physically rehabilitated and financially restructured buildings which result in a better quality of life for the residents and a reasonable return for the owners.

Other Activities:

The Neighborhood Reinvestment Corporation has also participated with the Northwest Bronx Community and Clergy Coalition in developing an arson prevention program to help stabilize the Bronx neighborhoods in which the AIP program is operating.

C

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

January 13, 1982

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: ED ROLLINS/PAUL RUSSO *P.R.*
SUBJECT: NEW YORK - POLITICAL OVERVIEW

I. SUMMARY

New York will be one the the key states in the 1982 Elections.

Democrat Governor Hugh Carey's bid for a third term in the Gubernatorial Race will provide the Republicans an excellent opportunity to take control of the second largest state in the nation, and the largest electoral block in the East.

The other major statewide race is Democrat Senator Daniel Patrick Moynihan's bid for reelection. While Moynihan's position seems somewhat more secure than Governor Carey's, the Republicans should be able to put up a strong enough fight to keep Moynihan campaigning at home, instead of out on the hustings for other Democrat candidates.

New York will lose five U.S. House Members due to reapportionment. With the state's delegation reduced to 34, New York's numerical strength, as a proportion of the whole House, will be at its weakest point in history. Therefore, a strong effort will be required just to retain the seventeen

Republican seats we now hold.

The New York Republican State Committee will need to raise a great deal of money to compete successfully in this high-cost media state. A Presidential Fund-raiser is under consideration to help erase the State Committee's current debt, and contribute to funding its 1982 campaign effort.

Considering the significant position of "The Empire State" in the National political equation, we will have to put a good deal of emphasis on New York as a part of the overall 1982 Campaign.

II. ELECTED OFFICIALS

GOVERNOR - Hugh Carey - Democrat - Elected in 1974

SENATOR - Daniel Patrick Moynihan - Democrat - Elected in 1976

SENATOR - Alfonse D'Amato - Republican - Elected in 1980

U.S. HOUSE OF REPRESENTATIVES - 17 Republicans 22 Democrats

III. REPUBLICAN PARTY OFFICIALS

REPUBLICAN STATE CHAIRMAN - George Clark, Jr.

REPUBLICAN NATIONAL COMMITTEEMAN - Richard M. Rosenbaum

REPUBLICAN NATIONAL COMMITTEEWOMAN - Eunice B. Whittlesey

IV. DISCUSSION

A. THE GUBERNATORIAL RACE - 1982:

Democrat Governor Hugh Carey is seen as a highly vulnerable target for defeat in his bid for a third term. Although Congressman Jack Kemp announced that he would not be a Gubernatorial candidate, four major Republican

contenders have entered the race for a chance to knock off Carey in the Fall. The leading Republican candidates are:

JAMES EMERY- Minority Leader of the State Assembly, he has wide support among his fellow State Legislators.

LEWIS LEHRMAN- Chairman of the Board of the Rite-Aide Corporation. Lehrman is expected to pour much of his own money into the race, and will likely be the Conservatives Party's candidate in November.

EDWARD "NED" REGAN- State Comptroller, the only state-wide elected Republican in Albany.

RICHARD ROSENBAUM- Former Republican State Chairman, and current Republican National Committeeman; he has backing from the remnants of Governor Rockefeller's Organization.

State Republican Chairman George Clark has openly expressed his support of Ned Regan for the Nomination, and has made telephone calls to the County Chairmen urging them to also support Regan. A controversy developed last week among the candidates regarding the President's political position in the Gubernatorial Primary. Lyn Nofziger sent a telegram to George Clark stating the President's longstanding policy that he "will remain neutral in all primary races involving non-incumbents." A copy of the telegram was sent to each of the fifty Republican State Chairmen.

B. THE U.S. SENATE RACE - 1982:

Former U.S. Representative Bruce Caputo, an early Reagan supporter, is the only announced candidate for the Republican Nomination to run against Democrat Senator Daniel Patrick Moynihan. A Moynihan-Caputo Race in the Fall would be a

definite uphill struggle for the Republican, but hopefully, Caputo will be a strong enough candidate to keep Moynihan in New York campaigning on his own behalf, instead of for other Democrats throughout the Nation.

C. THE U.S. HOUSE RACES - 1982:

The U.S. House races in New York will require a very strong Republican effort. At least seven Republican incumbents are considered to be facing some degree of difficulty in their reelection bids. These seven endangered members were all first elected to Congress in 1978 or 1980. They are:

William Carney - First District
Greg Carman - Third District
John LeBoutillier - Sixth District
Guy Molinari - Seventeenth District
William Green - Eighteenth District
George Wortley - Thirty-Second District
Gary Lee - Thirty-Third District

On the other side of the coin, at least seven incumbent Democrats are in vulnerable positions. Therefore, the final alignment of New York's 34 Member Congressional Delegation is still very much in doubt.

NEW YORK - MISCELLANEOUS

POPULATION- 17,748,000
NICKNAME- THE EMPIRE STATE
MOTTO- EVER UPWARD

NOTE:

NEW JERSEY'S NEW GOVERNOR

Across the Hudson River from New York, Republican Tom Kean will be sworn in as New Jersey's new Governor on Tuesday, January 19, 1982.

D

THE WHITE HOUSE

WASHINGTON

January 13, 1982

MEETING WITH NEW YORK PARTNERSHIP

DATE: January 14, 1982

LOCATION: Waldorf Astoria Hotel

TIME:

FROM: JAMES S. ROSEBUSH

I. PURPOSE

To speak to the New York Partnership on Private Sector Initiatives

II. BACKGROUND

New York Partnership is the premier community alliance to encourage private sector leadership in addressing community problems

III. PARTICIPANTS

New York Partnership leadership

IV. PRESS PLAN

V. SEQUENCE OF EVENTS

Focus

11:45 AM James Rosebush will bring to the suite for a brief welcome: David Rockefeller (founder of the Partnership and host of the luncheon) Bud Staley (Retired President of New York Telephone and Jobs Task Force leader) and Bill Verity, Chairman, President's Task Force on Private Sector Initiatives

11:47 AM Rosebush will bring seven students into the suite. These students, led by Lisa Flower were placed in jobs by the Partnership last summer. Lisa Flower, will present you with a Partnership Tee-shirt. You will have a informal conversation with them about their jobs last summer. This meeting will last for eight minutes at which time the students will depart and you will proceed to the VIP reception.