

Recovery Snapshot: **9/11 Business Recovery Grant Program**



Grantee: New York City

Administering Agency: New York State's Empire State Development Corporation (ESDC) in conjunction with New York City Economic Development Corporation (EDC)

Program started: 11/22/2002

Program ended: 12/31/2002

Grants awarded: \$219 million

Businesses assisted: 8,214

Impact of Disaster: The World Trade Center attacks resulted in a staggering loss of life and extensive physical destruction to Lower Manhattan. Approximately 30 million square feet of commercial space was damaged or eliminated, and seven buildings in the World Trade Center site were completely leveled. Critical transportation infrastructure was disrupted or destroyed, including the PATH station, subway lines and surface streets. More than 100,000 jobs were displaced, and small and large businesses struggled to maintain viability.

Program Description: LMDC's Business Recovery Grant (BRG) program provided grants to businesses (including not-for-profit organizations) with fewer than 500 employees, located in Manhattan south of 14th Street, to compensate them for economic losses resulting from the disaster. The goal of the program was to keep businesses and jobs from deserting the city and moving to other States or overseas.

The program was designed to retain and create jobs and attract and retain large and small firms and non-profit organizations. Eligible businesses had to show a business lease, deed, or permit that was in effect on September 11, as well as a new business lease, deed, or permit, if relocated, that confirmed the ongoing viability of the enterprise.

Compensation was calculated based on days of lost gross revenue, with the maximum number of days and amounts determined by business location. Maximum grant amounts of \$50,000, \$100,000, \$150,000, and \$300,000 were available, depending on the location of the business. Benefits from the LMDC's BRG program were integrated with the WTC Disaster Retail Recovery Grant Program previously offered by ESDC. That program provided grants, capped at \$10,000, to small, non-retail businesses located in the "restricted area" of Lower Manhattan, and

grants to other non-retail businesses located south of Houston Street, which were tied to the application and approval of SBA loans.

Coordinating the Disaster Recovery Effort: Congress initially appropriated \$700 million to New York State for economic recovery and revitalization efforts through HUD's CDBG Program. That fund was managed by the Empire State Development Corporation (ESDC), a New York State agency. However, more than \$700 million was needed to fully fund the business recovery and revitalization of Lower Manhattan businesses. When an initial \$2 billion of CDBG disaster funds was appropriated for LMDC, \$350 million of the \$2 billion was allocated to support three business recovery programs administered by ESDC.

The following table shows how funds were allocated among the two agencies:

Program	ESDC (State)	LMDC (City)
WTC Business Recovery Grant Program	\$331,000,000	\$150,000,000
Small Firm Attraction and Retention Grants	\$105,000,000	\$50,000,000
Job Creation and Retention Program	\$170,000,000	\$150,000,000
Other Programs and Administration	\$94,000,000	\$0
Total	\$700,000,000	\$350,000,000

The BRG program accepted applications from January 25, 2002 through December 31, 2002. The last two days of the program brought in more than 19 percent of all small business applications. By September 1, 2002, when the program allowed for increased grant amounts, only 52 percent of the BRG allocation had been approved. By December 1, 2002, 88 percent had been approved and the BRG program was on target with program estimates. By December 31, 2002, the application deadline, ESDC had received applications from 15,306, 22 percent of which had applied in the last month of the program and over half of those came in on the last two days. The volume of applications received during the final days of the program resulted in a need for 110 percent of the BRG allocation.

ESDC was able to reallocate \$17.1 million from other underutilized business recovery programs (the Business Recovery Loan Program and the Bridge Loan Program) to cover part of the gap. ESDC estimated that a gap of \$54.5 million existed for BRG grants to nearly 2,100 small businesses. In August 2003, LMDC reallocated an additional \$54.5 million to the BRG program, a portion of which came from the underutilized Employment Training Assistance Program.

The Business Recovery Grant Program, by far the largest of the disaster recovery grant programs, ended on December 31, 2002. Final payments were made in 2003. The program provided \$219 million in grants to 6,858 firms with 52,310 employees. BRG total employment (including wage earners and owners) at small businesses assisted with the LMDC program funds was 63,459.

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