

NEW YORK STATE ACTION PLAN

Empire State Development in Cooperation with New York City Economic Development Corporation

**World Trade Center Disaster
Final Action Plan for New York Business Recovery and Economic Revitalization
January 30, 2002**

Objective

The attack on the World Trade Center had a substantial, negative impact on the New York City economy. Although the attack was directed at the World Trade Center in lower Manhattan, its economic impacts were broader, strongly affecting industries as disparate as financial services, travel and tourism and retail.

Ensuring economic recovery in New York City will require concerted actions by all levels of government and the private sector. The task will involve several steps:

- First, we must help affected businesses survive the physical damage and economic dislocation that has resulted from the attack, so that they may continue to provide jobs.
- Second, we must ensure that New York City does not lose substantial employment as a result of corporate relocations outside the City because of the attack.
- Third, we must undertake necessary actions to rebuild the area of Manhattan that was destroyed or damaged.

National Objective

The activities contained in this Action Plan have been designed to meet community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the City of New York where other financial resources are not available to meet such needs.

Economic Impacts of the World Trade Center Disaster

- The World Trade Center disaster had an immediate and devastating impact on the businesses of lower Manhattan, as well as on other New York City businesses that suffered economic dislocation as a result of the attack
- 17,965 businesses, representing 563,097 employees were dislocated or disrupted
- All businesses at the World Trade & World Financial Centers (WTC & WFC) with direct employment of 36,522, and annual earnings of \$4.1 billion, were dislocated.
- WTC & WFC disrupted employment indirectly impacts an estimated 68,003 additional jobs.
- Infrastructure vital to economic recovery—including transportation, telecommunications and 30 million square feet of commercial workspace—was destroyed or seriously damaged.

In the four months since the attack, the economic devastation has continued to snowball outward from lower Manhattan, causing damage to other businesses in nearly every sector of the economy and every part of the City.

- New York City lost 79,000 jobs in October alone—a month in which employment generally rises.
- Job losses by sector include: 18,300 retail and wholesale; 13,400 restaurants and bars; 6,900 transportation and utilities.
- The securities industry, which accounts for 25% of state tax revenues, estimates a 75% decline in profits for 2001. 15,000 jobs have been lost.
- Of the 19,000 Wall Street area jobs that have left the City, most are considered at risk for not returning. These jobs support as many as 30,000 support service jobs that may also be at risk.
- Visitor spending in NYC dropped by \$357.2 million from Sept. 11- Nov. 4, with an estimated loss of \$66.1 million in city, state and federal taxes from tourism alone.
- Tourism to NYC, which generates \$16.9 billion annually, supporting direct employment of 145,900, saw revenues drop by more than 40 percent in the 10 days following the attack.
- Attendance at arts and cultural attractions was down by 40%. 61 arts organizations reported combined lost revenues of \$18 million in September alone.
- The NYC Partnership report forecasts at least \$83 billion in losses from the attack, of which \$16 billion will not be covered by insurance or federal assistance. They project a \$39 billion loss in output to the economy

Overall, the State Division of Budget estimates the State may face direct and indirect revenue losses as high as \$6.8 billion in the next two years; the City may face revenue losses of about \$3 billion in the same period. These revenue losses represent only the taxable percentage of the much greater total loss that is borne by the businesses and families of the City and State.

Action Plan for Business Recovery and Economic Revitalization

As Governor Pataki's designated lead agency for coordinating business recovery, Empire State Development Corporation (ESD)¹ has developed the following Action Plan for the \$700 million

¹ Empire State Development Corporation has been adopted as the business name of the New York State Urban Development Corporation

appropriated to New York State through the Federal Department of Housing and Urban Development (HUD) for economic recovery. ESD has cooperated with the City of New York and its designated lead agency, the Economic Development Corporation (EDC), in designing the programmatic and administrative aspects of the plan. ESD has created a subsidiary, the Lower Manhattan Development Corporation (LMDC), that has been designated by the State as the lead agency for the effort to redevelop the attack site.

As the above section demonstrates, the magnitude of economic loss and needs for recovery far exceed this appropriation. To respond appropriately where needs so greatly exceed resources, ESD has incorporated three guiding principles in the proposal:

1. Target assistance with greatest impact for overall economic recovery, job creation, retention and stabilization
2. Retain program flexibility to deliver assistance in the most timely and effective manner possible to achieve economic revitalization and job creation/retention goals
3. Provide administrative coordination to integrate the various federal, state, city, community and private business assistance efforts, reducing the likelihood of duplication and enhancing the value of combined resources

Assistance offered with the appropriated funds will be targeted to four types of businesses (including not-for-profit organizations) directly affected by or responding to the disaster:

1. Businesses located in lower Manhattan at the time of the disaster that have remained within lower Manhattan.
2. Businesses located in lower Manhattan at the time of the disaster that have temporarily relocated elsewhere because of the disaster.
3. New York City businesses that suffered significant economic dislocation because a substantial portion of their major customers were businesses in lower Manhattan.
4. Businesses seeking to locate new operations and create new jobs in lower Manhattan. Assistance will enhance the cost-competitiveness of lower Manhattan location decisions, but will not be used to take employment from other states.

In addition to providing direct business assistance, ESD will identify industries, such as high technology, new media, biotechnology and others that offer the downtown area significant potential job creation opportunities. The agency will provide funding to facilitate related tenant improvements and adaptive reuse of damaged or partially vacant buildings that would encourage the return of displaced businesses and new business tenants.

ESD and EDC have identified the following areas of business assistance as key components of a comprehensive recovery and economic revitalization approach.

- Compensation for Economic Losses
- Technical Assistance for Small business Recovery
- Business Retention and Attraction
- Business Information
- Infrastructure Rebuilding
- Administration

Relationship of the Plan to Subsequent Federal Funding Requirements

Subsequent to the enactment of the legislation appropriating \$700 million to New York State through HUD for economic recovery and revitalization, Congress enacted legislation an additional \$2 billion of assistance to the State of New York. The legislation providing the additional \$2 billion of assistance designates the Lower Manhattan Development Corporation as the entity to distribute funds for the state. The new legislation contains several requirements concerning the expenditure of funds from the \$2 billion appropriation, as well as the earlier \$700 million appropriation. Notably, the more recently enacted legislation requires New York State to allocate at least \$500 million of the \$2.7 billion total appropriated to small businesses, not for profit organizations and individuals for economic losses. In addition, in reference to the \$500 million, the legislation sets “a limit of \$500,000 per small business for economic losses.” Also, in reference to the \$500 million in assistance, it requires that assistance “only be available for individuals, nonprofits or small businesses located in New York City in the area located on or south of West 14th Street (west of its intersection with 5th Avenue), or on or south of East 14th Street (east of its intersection with 5th Street [*sic. -- The text evidently refers to 5th Avenue*]).” The legislation also provides that \$10,000,000 of the \$2.0 billion shall be used for a program to aid the travel and tourism industry in New York City.

This Action Plan describes New York’s approach to allocation of the initial \$700 million appropriated by Congress to the Department of Housing and Urban Development. It establishes assistance programs for businesses, including not-for-profit businesses and small businesses, which are funded in part from the initial \$700 million appropriation. ESD has allocated \$396 million in the current plan to small businesses and not-for-profit organizations for economic losses.

Concerning the requirement that assistance to individual small businesses from the \$500 million set-aside be limited to \$500,000, ESD will implement procedures to ensure that no individual business receiving assistance from programs described in the section of this plan called “Small Business Assistance” will receive more than \$500,000 in funds from that source for economic loss.

Uses of Funds

ESD in cooperation with EDC proposes the following allocation of CDBG funds among the components of the economic recovery and revitalization Action Plan:

Action Plan Categories	Funding from \$700 Million
Compensation for Economic Losses	
Small Business Assistance	
• Bridge Loan Program	\$15,000,000
• WTC Business Recovery Grant Program	\$331,000,000
• Business Recovery Loans	\$50,000,000
Total: Small Business	\$396,000,000
Compensation to Other Businesses	\$5,000,000
Total: Compensation for Economic Losses	\$401,000,000
Technical Assistance for Small Business Recovery	
• Grants to Service Providers	\$5,000,000
Retention and Attraction Assistance	
• Job Creation and Retention Grants & Loans	\$170,000,000
• Small Firm Attraction and Retention Grants	\$80,000,000
Total: Retention and Attraction	\$250,000,000
Business Information	
• Business Information	\$5,000,000
Infrastructure Rebuilding	
• Initial Planning and Design	\$25,000,000*
Administration	\$14,000,000*
TOTAL	\$700,000,000

*HUD authorizes the use of up to 10% (\$70,000,000) of the award for planning and administration. ESD plans to allocate up to \$39,000,000 for this purpose, and use the remainder for programs.

Because exact demand for proposed programs is uncertain, we anticipate that it may be necessary to re-allocate funds among and within the above categories as needed to respond most effectively to the goals of economic revitalization, job retention and creation in New York City. Similarly, we anticipate that certain programs may generate income from loan repayments, income from reserves, and other sources. In this event, we will first use program income to meet funding needs within the program. In the event that funding needs within the program are satisfied, we may then make funds available to other programs funded through this Action Plan, subject to the requirements found in this plan in the section titled, "Action Plan Amendments."

Compensation for Economic Losses

Small Business Assistance

Businesses in New York City suffered economic losses resulting from both physical damage to property and interruptions and reductions in business activity resulting from the disaster. Physical damage was limited to the directly impacted area of lower Manhattan including tenants of the World Trade and World Financial Centers, as well as buildings in the blocks immediately surrounding the Centers, which, while still structurally sound, suffered extensive damage to interior property. In buildings where just the windows were blown out, entire ventilation and computer systems were damaged by dust.

Lower Manhattan businesses suffered economic losses as a result of business interruption while the area was closed to all traffic and pedestrian access was limited. Portions of this area remained closed for even longer, and some pockets have still not had utilities and access fully restored. Beyond lower Manhattan, economic injury from the attacks has reached businesses all across the City, as noted above, and continues to multiply, as each injured business impacts several more that supplied or depended upon it.

Small businesses that employ fewer than 500 are often particularly vulnerable to the effects of disasters. Business interruptions resulting from the September 11th attacks severely affected thousands of small businesses located in areas of the City where access was restricted to emergency services. Because they are often dependent on larger firms in the area with which they do business, smaller firms in lower Manhattan suffered economic losses when larger area firms located in the World Trade Center and in surrounding buildings lost their locations for extended periods of time. Disruptions of mass transit in the area that still continue have reduced pedestrian traffic to many area small businesses.

To maximize job retention, and to create conditions necessary for future job creation and economic expansion, government must ameliorate economic losses suffered by small businesses. In addition, affected small businesses need capital to help tide them over until more normal economic patterns return. Existing Federal programs, such as those offered by the Small Business Administration, have been particularly focussed on the need to meet working capital needs resulting from the disaster. The existing SBA Disaster Relief program specifically provides only the amount of working capital necessary to meet necessary operating expenses and obligations until business returns to normal. This element of the Action Plan focuses on the related, but separate, issue identified by Congress in appropriating funds to assist in the recovery: of providing compensation to businesses, particularly small businesses, for economic losses resulting from the disaster.

To assist in meeting small business working capital needs resulting from the disaster, the Small Business Administration offers low cost loans for physical damage and economic injury. Because of the significant economic impact of the attack, the Administration extended the eligible zone for economic injury well beyond the boundaries of New York City. To expedite the anticipated assistance to small business recovery in New York City that the SBA loans will provide, ESD partnered with EDC to capitalize a loan loss reserve fund. The fund enables private sector banks and community-based lenders to make short-term bridge loans available to businesses while they await SBA approval. ESD and EDC each committed \$25 million to capitalize this fund. Recently,

Congress provided SBA with the authority to provide working capital loan assistance to firms that were previously not eligible. At the same time, the legislation authorized changes in repayment terms that are more favorable to businesses that receive loans.

Unfortunately, many small businesses fear that the economic impacts of the disaster are so grave that they cannot risk further debt, without some assurance of recovery in their neighborhood and industry. As of the week ending January 11th, only 37 percent of SBA loan disaster loan applications had been approved. The 2,798 approved applications represent a very small portion of affected businesses. In part, this is because the design of SBA assistance programs can impose repayment burdens and collateral requirements on assisted firms and owners that are not realistic, given current business activity levels. Because of concerns about limitations in the availability of SBA disaster assistance, ESD in cooperation with EDC is proposing a business recovery loan fund, intended primarily to provide assistance to some businesses that cannot receive assistance from SBA.

The congressional legislation providing funding assistance to New York State as a result of the terrorist attacks of September 11th focuses largely on the purpose of providing compensation to businesses suffering economic losses as a result of the attack. By providing small businesses grants as compensation for attack related economic losses, New York can assist in their recovery, and the retention of employment in the lower Manhattan area. Thus, ESD in cooperation with EDC has budgeted \$396 million of the anticipated CDBG grant to compensate small businesses for disaster related economic losses. Funding will be used for the following activities, some of which have already been implemented. As is noted above, cost estimates are preliminary, and subject to change.

- **Bridge Loan Program -- \$15,000,000** (already making loans). ESD and EDC are providing funding for loan guarantees for banks and other community-based lenders offering bridge loans to businesses applying for SBA economic injury or physical disaster loans.
 1. This program assures that injured businesses can get access to capital quickly, while waiting for SBA approval.
 2. Seven banks are participating in the bridge loan program, including Banco Popular, The Bank of New York, JP Morgan Chase Bank, Citibank, N.A., Community Capital Bank, Fleet, and HSBC Bank USA.
 3. Seven community-based lenders are currently participating: Regional Economic Development Assistance Corporation; Washington Heights & Inwood Development Corporation; Nonprofit Finance Fund; SEEDCO; the Fund for the City of New York; ACCION; and Renaissance Economic Development Corporation.
 4. Lenders set their own terms, offering very low interest rates, often waiving transaction fees and deferring interest payments for up to one year.
 5. As of January 11th, the bridge loan program had approved 466 applications for approximately \$17.5 million.
 6. ESD anticipates that ultimate demand for the guarantee portion of this program will be no more than \$15,000,000. A portion of prior State and City expenditures subsequent to 9/11/01 will be reimbursed from CDBG funds.
 7. Objective – Provide assistance to companies with working capital needs, thereby helping retain 1,500 jobs at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program would affect 2,490 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).

- **WTC Business Recovery Grant Program -- \$331,000,000**
1. The WTC Disaster Business Recovery Grant Program will provide grants to businesses (including not-for-profit organizations) south of 14th Street to compensate them for economic losses resulting from the disaster. The program will provide assistance in an amount up to 10 days of gross revenues, or \$300,000 per business (whichever is less), depending on location.
 2. Benefits from the program will be integrated with the previously offered WTC Disaster Retail Recovery Grant Program, which offered compensation equal to three days lost business revenue, capped at \$10,000, to retail and personal service firms with fewer than 500 employees located in lower Manhattan (south of Houston Street) on September 11, and continuing in business in New York City.
 3. Benefits from the program will also be integrated with the previously offered Lower Manhattan Grant Program administered by the New York City EDC. 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 tied to application and approval of SBA loans.
 4. To be eligible for assistance through the WTC Business Recovery Grant Program, applicants must show a business lease, deed or permit that was in effect on September 11th in the areas described below, as well as a new business lease, deed or permit, if relocated, that confirms the on-going viability of the enterprise.
 5. ESDC will require applicants to certify information provided as to economic losses resulting from the disaster and applicable compensation from insurance payments and government grants. ESDC will reduce any grant award to ensure that it does not exceed an applicant's net economic loss after compensation from insurance payments that have been received and will be received in the future and government grants provided for the same purpose.
 6. Eligibility criteria and assistance levels are as follows:
 - **14th Street – Houston Area:** Businesses on or south of 14th Street, but not in one of the areas described below, will be eligible for compensation for two days of gross revenues, with a maximum award of \$50,000.
 - **Houston – Canal Area:** Businesses on the south side of a line running east from the western end of Clarkson Street, south of the centerline of Clarkson Street to the intersection with Washington Avenue, then west of the centerline of Washington Street to the intersection with West Houston Street, then south of the centerline of West Houston Street to the intersection of the Avenue of the Americas, then south of the centerline of East Houston Street to the bank of the East River, but not in the areas described below, will be eligible for compensation for three days of gross revenues, with a maximum award of \$100,000.
 - **South of Canal Area:** Businesses in the area on the south side of the line beginning at the intersection of the Hudson River with the Holland Tunnel, and running thence east to Canal Street, then running along the centerline of Canal Street, to the intersection with Rutgers Street, and then running along the centerline of Rutgers Street to the East River, but not in the area described below, will be eligible for compensation for five days of gross revenues, with a maximum award of \$150,000.
 - **Restricted Zone:** Businesses in the Restricted Zone within which all pedestrian and vehicular traffic was prohibited on September 19th (the area bounded by the area running east on Chambers Street from the Hudson River to Broadway, then running south on Broadway to Rector Street, then running west on Rector Street to the Hudson River) will be eligible for assistance equal to ten days of gross revenues, with a maximum of \$300,000.
 7. We anticipate making 19,600 awards through the program.

8. ESD anticipates total program cost will be approximately \$481,000,000.
9. We are allocating \$331 million in this Action Plan for the WTC Business Recovery Grant program.
11. Objective – to provide compensation for economic losses at affected firms, thereby assisting in the retention of 225,000 jobs at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program would affect 374,000 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).
12. A portion of prior expenditures subsequent to 9/11/01 for the WTC Disaster Retail Recovery Grant Program and the Lower Manhattan Grant Program will be reimbursed from CDBG funds.

- **WTC Business Recovery Loan Fund -- \$50,000,000**

Through the program, funding will be provided for loans, loan loss reserves and grants for financing costs to make low-cost financing available to small businesses and not-for profit organizations in New York City. Assistance would be available through ESD and EDC or private lenders, and may also capitalize micro-loan funds offered by not-for-profit community organizations.

1. Establishment of loan loss reserve program will provide a credit enhanced loan program through participating lenders offering working capital loans. The program will enhance access to working capital financing by affected businesses in New York City, particularly those that do not meet SBA credit or eligibility criteria for disaster loans.
2. The availability of grants for financing costs associated with these loans will make access provided through the program more affordable to assisted businesses.
3. Applicants for this program will be encouraged to first apply for assistance through available SBA lending programs, if they are eligible.
4. Small businesses that do not meet SBA credit standards for disaster loans will be eligible if they have some likelihood of survival if financial assistance is provided.
5. Also eligible will be small businesses (including not-for-profit organizations) that fall outside SBA guidelines. The increased availability of loans will meet the credit needs of firms that currently lack access to suitable credit, thereby increasing their viability.
6. Capital provided to not-for-profit community organizations will remain in the community available for ongoing micro-loan programs to sustain small business recovery.
7. Uncalled loan loss reserves will be used for infrastructure and rebuilding development of the devastated lower Manhattan area.
8. Repaid loans will be returned to the lower Manhattan redevelopment effort through additional loans and grants to small business for investments in workspace and business development.
9. Likely cost of loans and loan loss reserves, related grants, and to support not-for-profit loan funds, is estimated at \$150 million.
10. We are allocating \$50 million in this Action Plan for the WTC Business Recovery Loan Fund.

11. Funding from the \$700 million appropriation will be limited to loans that will assist small businesses. ESD anticipates that a portion of future federal funding may be allocated to allow larger firms to receive assistance from this program.
12. Funding from the \$700 million appropriation will be limited to loans that will provide working capital in an amount sufficient to provide compensation for economic losses arising from the disaster. ESD anticipates that a portion of future federal funding may be allocated to provide working capital loans in amounts that would exceed what is needed to provide compensation for economic losses.
13. Objective – to help meet the working capital needs of affected firms, thereby assisting in the retention of 15,000 jobs at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program would affect 25,000 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).

Compensation to Other Businesses for Economic Losses

- **Additional Compensation to Lower Manhattan Business Establishments -- \$5,000,000**

In addition to providing compensation to small businesses for economic losses resulting from the disaster, ESD/EDC will assist businesses employing more than 500 nationwide, where those businesses operate one or more establishments on or south of 14th Street, each employing fewer than 200. These businesses will be eligible to receive grants on the same terms as the WTC Business Recovery Grant Program.

- We anticipate providing \$5,000,000 from the Action Plan for this purpose.
- Objective – to help meet the working capital needs of affected firms, thereby assisting in the retention of 2,000 jobs at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program would affect 3,300 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).

Technical Assistance for Small Business Recovery

- **Grants to Service Providers -- \$5,000,000**

ESD will provide grants to community based organizations and other service providers through a competitive solicitation to enable them to provide additional technical assistance to businesses employing less than 500 that have been affected by the World Trade Center disaster. Because of the impact of the disaster, many New York City businesses will need assistance in meeting changed circumstances. Community based organizations provide technical assistance in areas such as strategic planning, marketing, finance and insurance, legal and basic business management. This aspect of the plan will ensure additional availability of technical assistance services to small businesses in New York City.

- ESD will allocate \$5,000,000 in this Action Plan for technical assistance grants to community based organizations and other service providers.
- Objective – to help meet the working capital needs of affected firms, thereby assisting in the retention of 5,000 jobs at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program would affect 8,300 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).

Business Retention and Attraction

ESD and EDC estimate that 1,025 firms, employing more than 75,000 workers, were displaced by destruction or extensive damage to their workplace. Many more were displaced because nearby streets were closed to vehicular and pedestrian traffic for a substantial period of time. Providing these firms with sufficient relocation assistance to assure that they resume operations in New York City is essential to the comprehensive revitalization effort. Many of these firms are in the financial, insurance and real estate (FIRE) sectors, which have particularly high indirect impacts upon related employment. That is, every one FIRE direct job supports more than two additional jobs in related businesses that provide goods and services to them.

ESD and EDC's primary goal is retention of businesses and their employment in the lower Manhattan area (generally defined as the area south of Canal Street). Unfortunately, the revitalization of the City cannot be accomplished solely by assisting existing lower Manhattan businesses. Some of these businesses will not survive their economic injuries; others will not return. Additionally, we need to ensure that New York City businesses that were outside lower Manhattan but whose viability was substantially affected by the disaster will recover from the economic effects of the attack and remain in New York City.

To attract new businesses in emerging industry clusters, we must find ways to make suitable space available. High technology, new media and biotechnology firms have specialized space needs that can be met in lower Manhattan if available space is retrofitted. With the presence of vacant space, and the availability of a suitable talent pool, we can assist in the diversification of the area's industrial base and the creation of new jobs.

Lower Manhattan once employed more than 627,681 workers, and served as the financial center for the City, the State, the nation, and the world. To rebuild this economic engine we will need to retain and create new jobs in lower Manhattan, protect other New York City jobs threatened by the economic effects of the attack, and to stimulate and support the reconstruction efforts to come. ESD and EDC will offer a combination of loans and grants to stimulate new business commitments.

- **WTC Job Creation and Retention Program -- \$170,000,000**

The program will offer grants, loan guarantees and low cost loans to assist firms displaced from their workspace for at least one month as well as other affected firms, and firms willing to create new jobs in the downtown area.

1. The program will provide assistance to businesses in the following situations:
 - Businesses located South of Canal Street at the time of the disaster that have remained within lower Manhattan.
 - Businesses located South of Canal Street at the time of the disaster that have temporarily relocated elsewhere because of the disaster.
 - New York City businesses that suffered significant economic dislocation because substantial numbers of their major customers were businesses south of Canal Street.
 - Businesses seeking to locate new operations and create new jobs in lower Manhattan. Assistance will enhance the cost-competitiveness of lower Manhattan location decisions, but will not be used to pirate employment from other states.

2. Assistance will be offered to firms employing 200 or more.
3. Assisted companies will be required to maintain jobs in New York City for a minimum of seven years.
4. Assistance may be made available to businesses that made commitments after September 11th 2001 and not later than December 31st, 2004. ESD and EDC may extend the period of availability if funding is available at the end of the period.
5. Decisions as to whether to provide assistance and how much to offer will be evaluated on an individual case basis based upon an assessment of the economic value of the project to New York City, risk, location and size of workforce.
6. Additional assistance will be offered to firms that relocate in lower Manhattan and contribute to the rebuilding of the business community there.
7. Through the program we will provide assistance for projects for the adaptive reuse of available space to meet the needs of firms with specialized requirements in industries offering substantial job creation potential to the area south of Canal Street.
8. We estimate the program cost to be \$400 million.
9. We are allocating \$170 million in this Action Plan for the Job Creation and Retention Grant and Loan program.
10. Objective – To help retain or create 80,000 jobs at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program will help retain or create 175,000 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).

- **Small Firm Attraction and Retention Grants -- \$80,000,000**

Attraction and Retention of small business establishments is an important, but difficult to achieve, objective of any successful recovery plan. Because there are thousands of small establishments operated by small and large businesses in the lower Manhattan area that will make decisions about whether to remain in the area, it is administratively impractical to provide assistance on a discretionary basis. Thus, ESD and EDC will offer grants to businesses on the following conditions:

1. The company's current lease must expire no later than September 11th, 2004.
2. The company must sign a new lease, or renew an existing lease for a minimum of five years beyond the current commitment.
3. The new lease must be signed not earlier than September 11th, 2001 and not later than December 31st, 2004. ESD and EDC may extend availability of assistance if funding remains at the end of the period.
4. Following signing or renewal of the lease, the company must employ at least 10 employees, and not more than 200 employees in an establishment in the eligible area.
5. The new lease is for space located in the area on the south side of the line beginning at the intersection of the Hudson River with the Holland Tunnel, and running thence east to Canal Street, then running along the centerline of Canal Street, to the intersection with Rutgers Street, and thence running along the Centerline of Rutgers Street to the East River.
6. ESD/EDC will make two payments of \$1,750 per employee to assisted companies.
 - The first payment will be made upon approval of the application for assistance.
 - The second payment will be made 18 months later based on the company's employment at that time.
7. **Businesses in the Restricted Zone:** Businesses operating in the Restricted Zone on September 11th, 2001 within which all pedestrian traffic was prohibited on September 19th (the area bounded by the area running east on Chambers Street from the Hudson River to Broadway, then running south on Broadway to Rector Street, then running west on Rector Street to the Hudson River) that sign or renew a lease for space in New York City within the area defined in Paragraph 5, will be eligible for

assistance in the same manner as firms described in that paragraph, except that ESD/EDC will make two payments of \$2,500 per employee. In the event that firms located prior to September 11th in the Zone described in this paragraph relocate outside the area defined in Paragraph 5 but within New York City, ESD/EDC will provide two payments of \$1,750 per employee in the same manner as is described above.

8. We are allocating \$80 million in this Action Plan for Small Firm Attraction and Retention Grants.
9. Total program cost is estimated at \$208 million.
10. Objective: to help retain and create 52,000 jobs through the program at assisted businesses. Including businesses indirectly affected by the activities of assisted businesses, the program would help retain or create 85,000 jobs. (Note – business assisted by this program will also be eligible for assistance from other programs in this Plan. Consequently, job impacts described are not additive).

Business Information

In order to ensure the effectiveness of the recovery effort, it is necessary to promote the availability of assistance programs funded through the Federal appropriation. Throughout the disaster recovery process to date, increasing awareness of available assistance, and how it may be accessed has been a substantial challenge. By providing adequate funding for program marketing, customer confusion can be minimized, and program utilization increased.

- **Business Information Program -- \$5,000,000** will use available funds to market the WTC business assistance programs, in order to increase program awareness, effectiveness and participation.
- \$5 million of the disaster funds will be used for this effort.

Infrastructure Rebuilding

The actions listed above are essential short term activities, needed to stabilize New York City's economy. Equally essential, however, is redevelopment of the more than 25 million square feet of prime commercial office space that was damaged or destroyed, along with critical transportation and communications infrastructure. Without reconstruction of the area damaged and destroyed by the attack, lower Manhattan and New York City will be unable to provide employment opportunities essential to economic recovery. In addition, because the attack made access to the City substantially more difficult, without action to restore essential infrastructure, it will be not be possible to maintain existing employment, let alone restore jobs that have been lost as a result of the attack.

In order to begin the process of rebuilding the area damaged by the attack, Governor Pataki has established an ESD subsidiary -- the Lower Manhattan Development Corporation -- a joint State-City Development corporation, with significant development powers to enable reconstruction of the damaged area to advance.

Lower Manhattan Development Corporation will oversee transportation and infrastructure improvements, construction and development of the areas affected by the attacks, and the attraction and retention of business throughout the area. In addition to working with ESD and EDC to achieve the economic revitalization goals of job retention and creation detailed above, LMDC will manage redevelopment of the destroyed World Trade/Financial Center complex including memorial, public and commercial spaces. LMDC will also coordinate development of transportation and communications

infrastructure needed to complete the revitalization of Lower Manhattan as the world financial center and business hub.

- **Initial Planning and Design -- \$25,000,000.** This Action Plan will allocate \$25 million immediately towards initial planning and design efforts, not eligible for assistance from the Federal Emergency Management Agency, with additional funds needed later for implementation and construction.
- We anticipate that substantial additional federal resources will ultimately be required to implement the necessary measures to redevelop the area of the attack.

Administration

Perhaps the most critical component of a comprehensive revitalization effort is the need for coordinated administrative management of recovery funds and services between the City and the State, and extending outward to include all other federal, community, private and not-for-profit organizations offering funds and assistance for business recovery.

For this reason, Governor Pataki and former Mayor Giuliani established the Lower Manhattan Development Corporation as an ESD subsidiary that will implement the redevelopment effort, a partnership that has been confirmed by Mayor Bloomberg. ESD will receive federal disaster funds for the State. With the creation of the Lower Manhattan Development Corporation, New York State and New York City have established a coordinated vehicle for the City's recovery that can distribute funds and assure a well-coordinated response to business needs.

LMDC will be the future vehicle for reconstruction of the attack area and will work with ESD and EDC to provide essential services to affected businesses. From the first week of the attack and ensuing business crisis, ESD and EDC have committed their staff resources at the highest possible levels. ESD and EDC immediately established—and continue to staff—two walk-in assistance centers that brought together representatives from all relevant state agencies along with FEMA and SBA counselors. We also established—and will continue to staff—business assistance hotlines that have logged over 20,000 calls in the past four months. Upon announcement of the WTC Retail Recovery Disaster Grant Program, a temporary walk-in assistance center was established in lower Manhattan to make the grant application process as accessible as possible to small business owners, providing counselors who could help complete applications on-site and in several languages.

All of the businesses that have contacted ESD and EDC through the walk-in or hotline services have been assigned to case management staff, who maintain on-going contact with each business client until they have received all the assistance possible to resume successful operation. To assist case managers, we continue to compile and update a directory of all available business assistance from every federal, state, city, community, and private organization involved in World Trade Center disaster recovery.

This enormous workload has been handled to date by ESD and EDC staff. The establishment of LMDC will add additional administrative capacity, but, even so, the proposed funding structures above add substantial new administrative burdens that will require contracted administrative services and support that will be coordinated with existing staff efforts.

As Governor Pataki's and Mayor Bloomberg's designated lead agencies for business recovery and economic revitalization, ESD and EDC are well positioned to coordinate the multitude of business assistance programs and provide more centralized access to assistance information and coordinated delivery. With the establishment of LMDC, we have an even more effective structure to coordinate state and city efforts. The benefit to the business community is obvious. Coordination will benefit the assisting agencies as well, greatly reducing the likelihood that one business receives multiple forms of uncoordinated assistance, beyond any demonstrated need, while others go under-served for lack of funds. Coordination will also provide the opportunity to link resources to further maximize their benefits.

To maximize the efficacy of the proposed programs, the City and State will support private sector efforts to provide evaluative and business advisory services. This will help target assistance to viable enterprises, and assist business owners to utilize scarce public resources wisely. Volunteer efforts from the corporate and banking sectors are expected.

ESD and EDC will contract for administrative services as needed to develop an integrated data base management system, ensure coordinated delivery of the proposed business services, and reconstruction of the area affected by the attack. This will enable an efficient exchange of information among assistance providers about program offerings and award recipients, and offer businesses a more centralized and coordinated approach to seeking assistance.

- **WTC Coordination and Administration -- \$14,000,000** – HUD authorizes the use of up to ten percent (\$70,000,000) of the award for planning and administration. We plan to allocate up to \$14,000,000 for administration. As noted above, \$25,000,000 will be allocated for planning. The remainder will be used for programs. Reimbursement of prior administrative expenditures subsequent to 9/11/01 may be requested by the State and City.

Action Plan Amendments

Adding or deleting an activity or changing the planned beneficiaries of an activity will constitute a substantial change. In the event of a substantial change, the State will prepare an amendment to the approved Action Plan that will be subject to the same citizen participation process required for the initial Action Plan.

Anti-Displacement and Relocation Assistance Plan

The activities contained in this Action Plan do not contemplate displacement. However, should the potential for displacement occur, the State will undertake the following steps and will abide by the requirements of 49CFR Part 24 and 24 CFR Part 570.496a(c) and HUD Handbook 1378.

1. Maintain current data on the occupancy of residential units targeted for CDBG assistance – none currently planned.
2. Review all activities prior to implementation to determine the effect, if any, on occupied residential properties.
3. Include consideration of alternate solutions when it appears an assisted project will cause displacement, if implemented.
4. Require private individuals and businesses to consider other alternatives to displacement causing activities, if they are requesting CDBG assistance.

Monitoring

ESD will continuously monitor grant activities to maintain compliance with program requirements and to assure performance goals are met. The unit responsible for ensuring compliance with all program requirements is the World Trade Center Business Recovery Office. The Office can be contacted at 212-803-3705, or at ESDC, 633 Third Avenue, New York, NY, 12245.

The outcome of monitoring will be to identify and strengthen practices that result in meeting performance goals and compliance with program rules, and to identify and stop noncompliance, prevent its recurrence and mitigate any adverse effects caused by noncompliance.

The grantee will develop and maintain:

- Risk analysis procedures for each type of activity and for the program as a whole.
- An annual work plan, based on action plan goals and risk analysis results, that includes a monitoring strategy with specific scheduled monitoring tasks, describes workload priorities and designates specific staff and resources assigned to each task or priority
- Monitoring policies, procedures and guidelines as well as training updates or plans to get necessary expertise into the organization
- Policy for program performance evaluation by management or outside reviewers, and
- Reporting and information systems to track and monitor operations and activities.