

Community and Economic Recovery



Business recovery efforts in Red Hook, Brooklyn

Credit: Michael Fleshman

Overall, impacted businesses and nonprofits—whether large, small, or in-between—faced extensive damage to inventory and equipment, damage to the interiors of their spaces, and/or structural damage to their buildings. In fact, according to estimates released by the Mayor's Office, the direct private losses in New York City due to Sandy totaled approximately \$8.6 billion, of which up to \$4.8 billion were uninsured.

A significant percentage (70 percent) of the businesses and nonprofits that were most seriously impacted were concentrated in five distinct areas of the city. These areas were: the Brooklyn-Queens Waterfront, the East and South Shores of Staten Island, South Queens, Southern Brooklyn, and Southern Manhattan. In recognition of this disproportionate impact, on December 5, 2012, Mayor Bloomberg announced the creation of new Business Recovery Zones (BRZs) to align the City's recovery efforts to the specific needs of these most impacted areas. Each BRZ was assigned a point person to identify and begin to develop solutions to the issues facing these areas. BRZ leaders conducted outreach events, worked with more than 1,000 businesses to connect them to government resources, and ensured that basic services—such as grocery stores—were restored quickly.

In addition to forming and staffing the BRZs, the City also quickly undertook a number of other activities to assist businesses in the immediate aftermath of Sandy, including:

- Coordinating efforts between the Department of Small Business Services' (SBS) Business Outreach Emergency Response Unit and the Office of Emergency Management to help address time-sensitive business and nonprofit issues, including power restoration and large debris removal;
- Launching nine NYC Restoration Centers;
- Tasking NYC Business Solution Centers to provide local services to businesses, nonprofits, and residents;
- Launching a loan and matching grant fund for impacted businesses and nonprofits, capitalized with over \$25 million, in partnership with Goldman Sachs, the New York Bankers Association, the Mayor's

Over 23,000 businesses and nonprofits employing 245,000 people were located in areas flooded by Sandy. Nearly 95 percent of these impacted enterprises were small- and medium-sized (employing 50 or fewer people), with many concentrated in the retail and service sectors. However, a number of very large enterprises also were impacted by Sandy's storm surge, including major corporations in Lower Manhattan; healthcare institutions on Hospital Row and spread throughout the Rockaways and Coney Island; and manufacturers across a wide swath of Brooklyn, Queens, and Staten Island. Meanwhile, outside of Sandy's inundation area,

tens of thousands of additional businesses and nonprofit institutions, employing many thousands more New Yorkers, were impacted indirectly by Sandy, losing heat and power for, in some cases days unable to access customers and employees due to transportation outages.

With local retailers, institutions, and service providers temporarily inaccessible or offline, the immediate aftermath of Sandy reinforced the importance of having community services and facilities in times of crisis. It also demonstrated the critical role that local commercial corridors play throughout the city as centers of employment and economic activity.

Fund to Advance New York City, and the Partnership for New York City;

- Structuring, through the New York City Industrial Development Agency, a sales tax waiver program to reduce the cost of reconstruction with \$25 million in total capacity;
- Working with New York State to administer National Emergency Grant funds, which the City used to hire more than 1,100 individuals to help with recovery and cleanup in parks and public housing;
- Launching a \$1 million Small Business Assistance Grant in partnership with Barclays, Citi, and UBS for businesses that had reopened but needed help with repairs;
- Establishing the NYC Restoration Business Acceleration Team to coordinate City services, such as permitting and inspections, in order to expedite business and nonprofit reopenings; and
- Launching the Support NYC Small Business campaign to spotlight open businesses and their recovery stories through radio, subway, bus shelter, and print advertisements, as well as an interactive website that, as of the writing of this report, has been viewed more than 20,000 times.

In total, these programs—launched almost entirely with City resources while Congress debated the scale of Sandy-related supplemental appropriations—are believed, as of the date of this report, to have assisted more than 2,500 companies, employing over 6,800 New Yorkers in all five boroughs.

Building on the positive momentum generated by the aforementioned programs, the City's Partial Action Plan, which outlines the uses of the City's initial \$1.8 billion allocation of Federal disaster recovery funding under the Community Development Block Grant (CDBG) program, proposed the dedication of \$300 million of this funding, including planning and administrative costs, to targeted business, nonprofit, and community recovery programs. The plan was approved on May 10, 2013 by the US Department of Housing and Urban Development.

Using these and other resources in order to support recovery in the impacted areas, the City will pursue a five-borough community and economic recovery plan to help build grassroots capacity and foster community leadership; to help businesses and nonprofits impacted by Sandy to recover; to help businesses and nonprofits in vulnerable locations to make resiliency investments that will prepare them better for future extreme weather; and to bring new economic activity to neighborhoods recovering from the impacts of Sandy to enable these neighborhoods to come back even stronger than they were before.

HireNYC

There is the opportunity to use Sandy rebuilding efforts to put people in devastated communities back to work. This is especially important in hard-hit areas that had high rates of unemployment prior to the storm. The City is dedicated to taking advantage of this opportunity and will use its HireNYC and Workforce One Career Centers to do so. Immediately after Sandy, the City's Workforce One Career Centers helped to locate more than 1,000 workers to help with cleanup efforts in impacted communities.

HireNYC is a free program that connects low-income individuals to economic development projects sponsored by the City, taking advantage of the City's workforce development services. Among other things, the program provides free applicant screening services to project developers. This program, along with the City's Workforce One Centers (including a new center to be opened in Far Rockaway), will help to ensure that vulnerable populations in impacted communities are positioned to take advantage of post-Sandy rebuilding efforts.

We're Back.
Sweets are now repaired.

DUMBO was hit hard by Superstorm Sandy. At the height of the storm surge, there was 4 feet of water in One Girl Cookies. Flood waters carried away containers of cakes and cupcakes. The walls and all of their equipment needed either replacement or repair. With the help of others in the neighborhood and local donations, One Girl Cookies is up and running again for the holidays.

One Girl Cookies, DUMBO **Support NYC Small Business**

Show your support for businesses that have reopened after Superstorm Sandy by patronizing their establishments. Find them by visiting nyc.gov and searching "Support NYC Small Business."

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Local advertising supporting businesses recovering from Sandy

Initiative 1 Launch Business Recovery and Resiliency Programs

During Sandy, over 23,000 businesses citywide were inundated by the storm. For many, recovery has been challenging. To assist with this recovery, immediately after the storm, the City launched the series of programs previously described, including a \$25 million loan and grant program and a \$25 million sales tax waiver program designed to help businesses get back on their feet. Building on the momentum of these programs, which have assisted more than 2,500 businesses as of the writing of this report, the City, through New York City Economic Development Corporation (NYCEDC), will launch the CDBG-funded Business Resiliency Investment Program of up to \$100 million, including planning and administrative costs, to help vulnerable businesses throughout the city make resiliency investments in their buildings and equipment and the Business Loan and Grant Program of up to \$80 million, to assist businesses with recovery and rebuilding efforts.

Initiative 2 Launch the Neighborhood Game Changer Competition

In many of the communities impacted by Sandy, lack of opportunities for economic advancement among significant impacted populations has hampered recovery. In many cases, this situation existed even before Sandy but has been exacerbated by the impacts of the storm. To address this, the City, through NYCEDC, will launch the CDBG-funded Neighborhood Game Changer program to invest up to \$20 million in public money,

including planning and administrative costs, in each of the five communities on which this report focuses. This funding will be available on a competitive basis to help finance transformational projects. Such projects could include those that:

- Bring transformative uses to an area's waterfront and beaches;
- Establish new anchor institutions, businesses, and critical services on commercial corridors;
- Improve transportation access and tourism infrastructure; and
- Attract new uses to and result in improved resiliency of public facilities.

To win the competition, projects will have to spur incremental economic activity and match public funding with significant private funding. This program will be administered by NYCEDC through a competitive Request for Proposals (RFP) process in 2013.

Initiative 3 Launch Neighborhood Retail Recovery Program

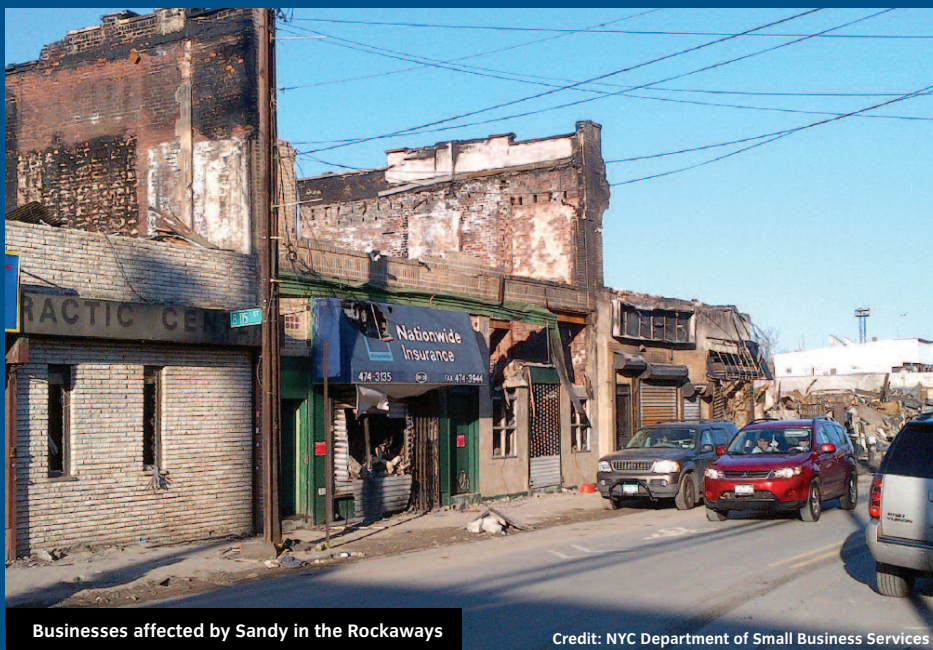
The cores of many Sandy-impacted neighborhoods are the local commercial corridors that provide employment opportunities and services to those who live and work around them. They include local retailers, institutions, and service providers—including food markets, pharmacies, social service organizations, laundromats, and others. In many cases, though, these corridors were devastated by the storm. To address this, the City will call on the Public Service Commission (PSC) and Con Edison to amend the preferential Business Incentive Rate (BIR) program, which offers a

discount on Con Edison's electric delivery charges, and will call on the Long Island Power Authority (LIPA) to create such a program in the Rockaways, to allow it to be extended to impacted small businesses in the five communities on which this report focuses. Businesses and nonprofits with 10 or fewer employees that have received support from City-sponsored loan and grant programs will be eligible for the discount for five years up to a maximum discount of \$50,000 per business or nonprofit. The maximum aggregate benefit available for each impacted community area will be \$1 million, for a total benefit of \$5 million. The program will focus on key priority corridors to enable resilient recovery in the most critical portions of each neighborhood.

Initiative 4 Support local merchants in improving and promoting local commercial corridors

As mentioned above, Sandy highlighted the important role played by local commercial corridors in many of the impacted communities. The City, through the SBS, will continue to provide financial and/or technical assistance to area business improvement districts (BIDs), merchant associations, and other groups that work to improve, market, maintain, and otherwise promote primary commercial corridors. Subject to review of applications received, SBS will prioritize allocating its resources, including its CDBG funding, to impacted commercial corridors. SBS programs, which, in addition to being funded by CDBG, also will be funded by private partners and the Mayor's Fund to Advance New York City, will seek to jump-start business activity in hard-hit areas by providing both capital and technical assistance for:

- Capacity building for existing and new BIDs, merchant associations, and chambers of commerce. Many of the key commercial corridors in the impacted areas lack organized efforts in retail corridors, and SBS will help to form these entities and give them the tools to market local businesses, hold promotional events and programming, and coordinate cleanliness and safety efforts. In addition to using upcoming allocations of CDBG funds, SBS has committed to providing seed money to create new merchant organizations for hard-hit areas in the Rockaways, and in and around the South Street Seaport.
- Retail façade and streetscape improvements that enliven the character and vibrancy of commercial corridors. Storefront improvements such as neighborhood-sensitive signage and façades, mesh security gates, and engaging awnings help to create a sense



of place and attract residents and visitors. Those areas most impacted by Sandy have the opportunity to recreate their commercial centers to reflect their neighborhood's character positively. By making these and other streetscape improvements—such as upgrading light poles, benches, and tree and flower beds—the City will work with local businesses and nonprofits to make these commercial corridors destinations again.

- Marketing and business attraction activities to advertise commercial districts and the neighborhoods they serve. Local events that attract people to commercial districts help enliven these districts, which can be critical after a disaster. Marketing materials such as brochures or promotional maps, meanwhile, can complement these efforts, serving as a way for retail businesses to advertise that they remain open for business. The City, therefore, will support efforts such as these in Sandy-impacted commercial districts.

Initiative 5

Continue to support the FRESH program to increase the number of full-line grocers in underserved neighborhoods

Even before Sandy, the residents of many communities impacted by Sandy lacked adequate access to fresh fruits and vegetables and other healthy food options. Noting this challenge, especially in underprivileged areas of the city, in 2009, the City launched the FRESH (Food Retail Expansion to Support Health) program, a series of zoning and financial incentives available to supermarkets that fill this gap in neighborhoods underserved by grocery retail. To promote the recovery of commercial corridors in these areas, the City will continue to support the FRESH program, with a particular focus on Sandy-impacted neighborhoods.

Initiative 6

Reassess commercial properties citywide to reflect post-Sandy market values

After Sandy, many commercial properties were worth less than before the storm. To reflect this fact and to help with recovery from the storm, the City has reassessed more than 88,000 properties impacted by the storm citywide. Overall, these reassessments have lowered the tax burden on Sandy-impacted properties—including both commercial and residential properties—by over \$90 million, with commercial properties in neighborhoods impacted by Sandy receiving a reduction, on average, of approximately 10 percent of their pre-storm assessed values. The City, through the Department of Finance, will continue making these reassessments.

Minority and Women-owned Business Enterprises



Sandy was a challenging event for businesses throughout New York City. As recovery continues across the five boroughs, the City likely will tap private sector expertise, ranging from professional services firms to construction contractors and sub-contractors. Where it does so, the City has the opportunity not just to rebuild devastated communities, but to do so in a way that helps traditionally disadvantaged businesses, including Minority- and Women-owned Business Enterprises (MWBEs).

The City's passage of Local Law 129 in 2005 sought to connect certified MWBEs with opportunities to sell their products and services to agencies on contracts under \$1 million. Certified businesses obtained greater access to, and information about, contracting opportunities through classes, networking events, and targeted solicitations. They also received technical assistance to compete for those contracts more effectively and benefited from inclusion in the City's Online Directory of Certified Businesses. Local Law 129 set goals for City agencies to meet for MWBE participation on program-eligible contracts.

In the years since the passage of Local Law 129, the number of MWBEs certified to do business with the City has grown from 700 to more than 3,500, with firms receiving more than \$3 billion in City contracts. In fiscal year 2012 alone, MWBEs won almost \$530 million worth of City prime contracts and sub-contracts.

Building on this success, in February 2012, the City launched Compete to Win, five initiatives to help facilitate teaming opportunities, provide technical assistance, match MWBE owners with mentors, and secure loans and surety bonds for MWBEs. These initiatives will be of particular value to MWBEs in the construction industry as they pursue Sandy-related work.

In January of 2013, building further on the City's MWBE successes, the Mayor signed into law Local Law 1, which, among other things, eliminates the \$1 million cap on contracts targeted to MWBEs, thereby increasing the overall value of program-eligible contracts from \$400 million to \$2.2 billion. Local Law 1 also increases accountability for City agencies relative to their contracting participation goals.

Since Sandy, many MWBEs have found new opportunities in connection with the recovery effort. For example, the City's Rapid Repairs program employed 10 prime contractors and approximately 185 subcontractors, including 37 MWBEs. The City will continue to use opportunities such as this throughout the post-Sandy recovery effort to promote the growth of MWBEs.