

Recovery Snapshot:
**9/11 Small Firm Attraction and
Retention Grant Program**



Grantee: New York City

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

Program Started: 11/22/2002

Program ended: 12/31/2005

Grants Awarded: \$133 million

Businesses Assisted: 3,057

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 established the Small Firm Attraction and Retention Grant (SFARG) Program in cooperation with the New York City Department of Small Business Services (SBS) and the New York City Economic Development Corporation (EDC), to promote economic development by assisting small firms that have suffered business disruption as a result of publicly-funded construction projects. The program assisted eligible businesses affected by the temporary closure of streets or sidewalks.

The program was designed to mitigate documented adverse effects and contribute to a firm's working capital. SFARG provided up to \$3,500 per employee for:

- 1) companies or not-for-profit organizations that locate up to 200 employees below Canal Street and sign new leases before 12/31/04, or
- 2) businesses with up to 200 employees below Canal Street with leases expiring by year-end that renew or sign new leases.

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Coordinating the Disaster Recovery Effort:

The deadline for applications was December 31, 2004, but companies that signed leases anytime between 9/1/2004 and 12/31/2004 had a grace period through April 1, 2005 to apply. There were also allowances for companies fitting out space and not moving by these deadlines. ESDC made two payment of \$1,750 per employee. The first payment was made upon approval of the application. The second payment was made 18 months later, based on the company's employment at that time, up to a maximum of 250 employees.

By the end of 2005, ESDC had used its original \$105 million allocation for the program, and had begun drawing on LMDC's \$50 million allocation. ESDC had also begun making the second round of grants due to the businesses 18 months after the first grant. By the third quarter of 2006 LMDC was able to amend its Action Plan and reduce the SFARG allocation from \$50 million to \$29 million to better reflect actual payments to grantees.

ESD is currently focusing its efforts on ensuring that all grantees meet the post-grant requirements of the program, which require that grantees remain in the eligible premises for a minimum of 5 years from the business's lease commitment date.

For more information, visit

http://www.renewnyc.com/ProjectsAndPrograms/small_firms.asp