LOWER MANHATTAN DEVELOPMENT CORPORATION

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EMPIRE STATE DEVELOPMENT

and

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

Partial Action Plan 2

for

New York Business Recovery and Economic Revitalization

The Lower Manhattan Development Corporation (LMDC) prepared the following Partial Action Plan with respect to the $2 billion federal appropriation to the United States Department of Housing and Urban Development (HUD) for use by LMDC. This proposed amended plan details LMDC's expenditure of approximately $317.6 million to supplement three business recovery and economic revitalization programs initiated and administered by Empire State Development (ESD), New York State's economic development agency, in cooperation with the New York City Economic Development Corporation (EDC).

The LMDC is a subsidiary of ESD created by then Governor George Pataki and then Mayor of New York City Rudolph Giuliani in December 2001 to manage the rebuilding and revitalization efforts in Lower Manhattan (defined by LMDC as the area on or South of Houston Street). LMDC is funded by a $2 billion federal appropriation for the World Trade Center (WTC) disaster recovery and rebuilding efforts following the terrorist attacks on September 11, 2001. LMDC has received additional funding through a $783 million federal appropriation to HUD for damaged properties and businesses (including the restoration of utility infrastructure) as well as economic revitalization related to the terrorist attacks.

The initial Partial Action Plan 2, approved by HUD on November 22, 2002, allocated $350 million to three business recovery and economic revitalization programs administered by ESD. A first amendment approved by HUD on September 27, 2006 reduced the amount allocated to the Small Firm Attraction and Retention Grant Program (SFARG) by $21 million reducing the total amount of this Partial Action Plan to $329 million. A second amendment approved by HUD on July 11, 2007 reduced the amount allocated to the Job Creation and Retention Program (JCRP) by $7 million reducing the total amount of this Partial Action Plan to $322 million. A third amendment, approved by HUD on November 4, 2009, amended the eligibility requirements associated with the JCRP. The fourth and fifth amendments, published on October 17, 2012 and December 17, 2013 extended the application period of the JCRP to December 31, 2015. Effective December 31, 2015, ESD and EDC no longer accepted requests for new JCRP grant offers. Funds are available to be paid out to pre-approved recipients over the next few years in line with program requirements. As of December 31, 2015 the $150 million allocated in Partial Action Plan 2 for the Business Recovery Grant (BRG) has been fully expended. Additional BRG funds were made available in Partial Action Plan 4. The BRG activity in this Action Plan is closed. Additionally, as of December 2017, SFARG has concluded and no additional payments will be made; all post-grant requirements have been monitored and fulfilled. The sixth amendment to this Action Plan transfers the residual balance from this activity to the Performing Arts Center activity in Partial Action Plan 11, enabling the closing of this completed activity. The seventh and current proposed amendment to this Action Plan transfers $3 million from available JCRP funds to the Neighborhood Parks & Open Spaces activity in the Final Action Plan in support of the Battery PlayScape renovation project.

Action Plan Categories	**Initial Action Plan Approved by HUD 11/22/02**	**Amended Allocations 1 through 6 * Approved by HUD Revised 3/8/18**	**Proposed Amended Allocation 1/27/2020**
WTC Business Recovery Grant Program	$150,000,000	$150,000,000	$150,000,000
Small Firm Attraction and Retention Grant Program	$50,000,000	$27,625,391	$27,625,391
Job Creation and Retention Program	$150,000,000	$143,000,000	$140,000,000
Total	**$350,000,000**	**$320,625,391**	**$317,625,391**

** Only the second and third Amendments required public comment, as described below.*

Other Partial Action Plans that detail LMDC's other expenditures from the $2 billion appropriation and the $783 million appropriation have been subject to public comment.

Any change greater than 5% in the funding committed to a particular activity (a.k.a. program) identified in this Partial Action Plan, the addition or deletion of any activity, or change in the planned beneficiaries of an activity will constitute a substantial amendment and such amendment will be made available for public comment and approval by HUD.

National Objective

The activities contained in this Partial Action Plan were designed to meet community development needs following September 11, 2001 having particular urgency because LMDC has determined that existing conditions pose a serious and immediate threat to the health or welfare of the City of New York and other financial resources are not available to meet such needs.

Public Notice and Comment

The Initial Partial Action Plan was made available to the public for a 15-day comment period that started on August 28, 2002 and ended on September 13, 2002. LMDC received 117 comments by e-mail and postal mail during the official public comment period. After thorough review of the public comments, LMDC and ESD staff prepared formal responses which are presented in the final section of this Amended Partial Action Plan - Responses to Public Comment.

The first, fourth, fifth and sixth Amendments to this Partial Action Plan were not substantial amendments and no public comment was sought.

Public comment on the second Amendment to this Partial Action Plan was made available to the public for a 30-day comment period that started on March 26, 2007 and ended on April 25, 2007. No comments were received.

Public comment on the third Amendment to this Partial Action Plan was made available to the public for a 30-day comment period that started on March 30, 2009 and ended on April 30, 2009. After thorough review of the public comments, LMDC and ESD staff prepared formal responses which are presented in the final section of this Amended Partial Action Plan - Response to Public Comment.

The seventh (current) Amendment to this Partial Action Plan was made available to the public for a 30-day comment period that started on December 23, 2019 and ended on January 24, 2020. LMDC did not receive any comments regarding this proposed amendment.

For the initial Partial Action Plan and the second, third and seventh Amendments, LMDC placed advertisements inviting public comment on the draft plan or amendments in New York City English, Spanish, and Chinese-language daily newspapers. In addition, the text of the draft plan was made available at LMDC's offices and on LMDC's website (www.renewnyc.com), as well as other offices around New York City. Written comments were accepted via mail, e-mail, and in person.

ESD Action Plan History

Business Recovery Programs Established by ESD

Congress appropriated an initial $700 million to New York State for economic recovery and revitalization efforts through HUD's Community Development Block Grant Program. This fund is managed by ESD in cooperation with EDC in accordance with an Amended Action Plan accepted and approved by HUD. This ESD Action Plan was amended in 2002, 2003, 2004, 2007, 2009, and 2012. The Amended Action Plan is available on the ESD website at https://esd.ny.gov/businessprograms/wtc_jcrp.html.

Additional Business Recovery Funding from LMDC

ESD's Action Plan recognized that more than $700 million would be needed to fully fund the business recovery and revitalization programs as described. When an initial $2 billion was appropriated to LMDC, Congress intended that some portion would be directed to the business recovery and revitalization effort administered by ESD. In fact, $500 million of the initial appropriations (the $700 million and the $2.0 billion) was required to be made available to small businesses, not-for-profit organizations, and individuals to compensate them for economic losses.

This Amended Partial Action Plan by LMDC initially allocated $350 million which was subsequently reduced to $320,625,391 and now proposes to reduce that amount to approximately $317.6 million for the three business recovery programs administered by ESD as described in ESD's Action Plan.

Total Spending Allocated for ESD Business Recovery Programs

Spending Categories	ESD Amended Plan 6/07/02 & 5/30/12	LMDC Initial Plan Approved 11/02	LMDC Amendments Through 3/08/18	Proposed Amended Allocation 1/25/2020	Total LMDC & ESD Allocations
Small Business Assistance					
• Bridge Loan Program	9,738,500				$9,738,500
• WTC Business Recovery Loan Fund	50,000,000				50,000,000
• WTC Business Recovery Grant Program Compensation for Economic Losses	331,000,000	150,000,000			481,000,000
• Small Firm Attraction and Retention Grants	105,000,000	50,000,000	(22,374,609)		132,625,391
• Grants to Technical Assistance Service Providers for Lower Manhattan	5,000,000				5,000,000
Small Business Total:	**500,738,500**	**200,000,000**	**(22,374,609)**		**678,363,891**
Assistance to Larger Firms					
• ***Job Creation and Retention Program ****	175,261,500	150,000,000	(7,000,000)	*(3,000,000)**	*315,261,500 **
• Compensation for Economic Losses to Other Businesses	5,000,000				5,000,000
Larger Firm Total:	**180,261,500**	**150,000,000**	**(7,000,000)**	***(3,000,000)***	***320,261,500***
Business Information					
• Business Information	5,000,000				5,000,000
Infrastructure Rebuilding					
• Initial Planning and Design	0				0
Administration	14,000,000				14,000,000
TOTAL:	**700,000,000**	**350,000,000**	**(29,374,609)**	**(3,000,000)**	**1,017,625,391**

* An additional reduction may be made in the future to reflect actual program funds needed.

ESD executed plans to administer the business recovery programs based on the general criteria set forth below. The amounts listed for the programs below reflect the amended LMDC allocations and the amended total program allocation.

WTC Business Recovery Grant (BRG) Program -- $150,000,000
(Total program allocation from ESD and LMDC -- $481,000,000)
Program Closed as of September 2015

1. Overview. The WTC 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. Compensation was calculated based on days of lost gross revenue, with the maximum number of days and amounts determined by applicable business's location.

2. Objective. The program was intended to provide compensation for economic losses at affected businesses, thereby assisting in the retention of 225,000 jobs at assisted businesses and up to an additional 150,000 jobs at businesses indirectly affected by the activities of assisted businesses. Note that businesses assisted by this program were also eligible for assistance from other ESD programs. Consequently, job impacts across different programs are not additive.

3. Integration with Preexisting Programs. Benefits from this program were integrated with the previously offered WTC Disaster Retail Recovery Grant Program. That program 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 Manhattan on or south of Houston Street on September 11, 2001 and continuing in business in New York City.

   Benefits from the program were also integrated with the previously offered Lower Manhattan Grant Program administered by the 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 on or south of Houston Street tied to application and approval of Small Business Administration loans.

4. Eligibility Criteria and Maximum Award Levels. Applicants for assistance through the WTC BRG program were required to 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 confirmed the on-going viability of the enterprise.
   - 14th Street - Houston Area: Businesses on or south of 14th Street, but not in one of the areas described below, were eligible for compensation up to a maximum 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 Street, 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, were eligible for compensation up to 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, were eligible for compensation up to a maximum award of $150,000.
- Restricted Zone - Businesses in the Restricted Zone within which all pedestrian and vehicular traffic was prohibited on September 2001 (the area bounded by the area south of the centerline of Chambers Street from the Hudson River to Broadway, then the area west of the centerline of Broadway running south to Rector Street and the area north of the centerline on Rector Street running west to the Hudson River) were eligible for compensation up to a maximum of $300,000.

5. Duplication of Benefits. Assistance received from other Federal Government sources and insurance payments for the purpose of providing compensation for economic loss that arose from events of September 11th were deducted from grants provided through this program.

6. Projected Total Cost of Program. ESD anticipated making 19,600 awards through the program with a total program cost of approximately $481 million. ESD had allocated $331 million to the program. An additional $150 million was allocated to this program by LMDC through this Partial Action Plan, bringing the total program fund to $481 million. LMDC made an additional allocation of funds to this program in Partial Action Plan 4.

Small Firm Attraction & Retention Grant (SFARG) Program -- $27,625,391
(Total program allocation from ESD and LMDC -- $132,625,391)
Program Closed as of December 2017

The initial Partial Action Plan provided $50 million for this program. The first Amendment to the Partial Action Plan approved by HUD on September 27, 2006 reduced the amount allocated to this program by $21 million to $29 million. The sixth Amendment further reduced the amount allocated by $1,374,609 to $27,625,391 closing the activity and transferring the residual balance to the Performing Arts Center activity in Partial Action Plan 11.

1. Overview. ESD and EDC modified the SFARG program to expand eligibility to (a) include firms employing fewer than ten people and eliminated the previous requirement of a minimum of ten employees, and (b) ease lease commitment requirements for those firms located in the area designated as the October 23 Zone. Firms that were eligible for SFARG under the terms published in ESD's Final Action Plan remained eligible without any reduction in previously described benefits. The program modifications responded to community requests for greater assistance to small businesses.

2. Objective. The program was intended to help retain and create 65,000 jobs through the SFARG program at assisted firms. Assisted firms had an indirect impact upon businesses employing an additional 30,000 individuals. Note that firms assisted by this program were also eligible for assistance from other ESD programs. Consequently, job impacts across programs were not additive.

3. General Conditions. Attraction and retention of small business establishments is an important, but difficult to achieve, objective of any successful recovery plan. Because there were thousands of small establishments operated by small and large businesses in the lower Manhattan area that were making decisions about whether to remain in the area at that time, it was administratively impractical to provide assistance on a discretionary or case-by-case basis. Thus, ESD and EDC offered grants to businesses on the following general conditions:
   - For firms that operated in the Eligible Area as defined in paragraph 6, the lease must have expired on or prior to December 31, 2004, and the company must have signed a new lease, or renewed an existing lease for a minimum of five years beyond the then existing commitment.
   - For firms that were newly locating within the eligible area, the company must have signed a new lease for a minimum of five years.
   - If the firm was located within a section of the Restricted Zone referred to as the "October 23rd Zone" (the area bounded by the centerlines of Chambers Street, Greenwich Street, Park Place, Broadway, Rector Street, West Street, Albany Street, South End Avenue World Financial Center Esplanade, Murray Street and North End Avenue), the company must have signed a new lease, or renewed an existing lease or reaffirmed an existing lease. In each case, the new, renewed or reaffirmed lease must have expired on or after September 11, 2006 for premises within the "October 23rd Zone".

4. New Lease. The new lease must have been signed not earlier than September 11, 2001 and not later than December 31, 2004. ESD and EDC had the option to extend availability of assistance if funding remained at the end of the period.

5. Size of Company. Upon application, the firm must have employed no more than 200 employees in an establishment in the eligible area.

6. Eligible Area for Location of Lease Space. The new lease or lease amendment was 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.

7. Payments. Except as provided in paragraph 8, ESD/EDC made two payments of $1,750 per employee to assisted small firms as follows:
   - The first payment was made upon approval of the application for assistance.
   - The second payment was made 18 months later based on the company's employment at that time, up to a maximum of 250 employees.

   However, firms with 3 or fewer employees were eligible to receive one payment of $3,500 per employee upon approval of application, in lieu of the two payments indicated above.

8. Firms in Restricted Zone. Firms that operated in the Restricted Zone -- the area bounded by the area south of the centerline of Chambers Street from the Hudson River to Broadway, then the area west of the centerline of Broadway running south to Rector Street and the area north of the centerline on Rector Street running west to the Hudson River -- on September 11, 2001 that signed, renewed or reaffirmed a lease for space in New York City within the Eligible Area defined in paragraph 6, were eligible for assistance in the same manner as firms described in that paragraph, except that ESD/EDC made two payments of $2,500 per employee (or one payment of $5,000 if three or less employees). In the event that firms located in the Restricted Zone prior to September 11th relocated outside the Eligible Area, as defined in paragraph 6 above, but within New York City, on or prior to December 31, 2002, ESD/EDC provided two payments of $1,750 per employee or one payment of $3,500 per employee in the same manner as described in paragraph 7.

9. Projected Total Cost of Program. ESD's Amended Action Plan allocated $105 million for the SFARG program. The increase of $25 million over the original allocation of $80 million recognized the additional cost of expanding eligibility criteria to include firms with fewer than ten employees. This Partial Action Plan allocated $29 million to the SFARG program bringing the total to $134 million. An initial Partial Action Plan approved by HUD on November 22, 2002 allocated $50 million of LMDC funds to the SFARG program with a combined ESD and LMDC total allocation of $155 million. An amended plan was approved by HUD on September 27, 2006 reducing the LMDC allocation to $29 million and the combined ESD and LMDC total allocation to $134 million. In March 2018 the $1,374,609 closed program residual balance was transferred to the Performing Arts Center in PAP 11.

WTC Job Creation and Retention Program (JCRP) -- $140,000,000
(Total program allocation from ESD and LMDC-- $315,261,500)
Program Application Period Expired December 31, 2015
(An additional reduction may be made in the future to reflect actual program funds needed).

The initial Partial Action Plan provided $150 million to fund this business recovery and economic revitalization program administered by ESD. The second Amendment to this Partial Action Plan approved by HUD on July 11, 2007 reduced the amount allocated by $7 million bringing the total amount allocated in this program to $143 million.

The third Amendment to the Partial Action Plan approved on November 4, 2009, amended the eligibility requirements associated with the JCRP as follows. Before the 2009 amendment, the Program had offered assistance to those businesses that made commitments of at least 200 full-time jobs in Lower Manhattan and who requested assistance no later than December 31, 2009. However, there was still a need for assistance to encourage firms to relocate to downtown New York, and funds were still available in the Program. Consequently, the amended program offered assistance to eligible businesses that requested assistance no later than December 31, 2011. The third Amendment also broadened the eligibility for the Program. The minimum employment threshold for job creation projects was lowered from 200 to 75 full-time jobs subject to the Program's other requirements. The 200 full-time jobs requirement for job retention projects remained in place. Finally, grant recipients were required to maintain the jobs covered by Program grants for at least 10 years instead of the original Program requirement of 7 years in the initial Partial Action Plan.

The fourth and fifth Amendments to the Partial Action Plan, published on October 17, 2012 and December 17, 2013 extended the availability of the Program to offer assistance to eligible businesses that requested assistance to December 31, 2015.

The seventh and current proposed amendment to this Action Plan reduces the amount allocated by $3 million to $140 million transferring these unused and available funds to the Neighborhood Parks & Open Spaces activity in the Final Action Plan to support the Battery PlayScape project.

1. Overview. The WTC JCRP offered grants to assist firms that committed to retaining at least 200 Lower Manhattan employees or increased their Lower Manhattan workforce by at least 75 or more new employees that were also new to New York City.

2. Objective. The program was intended to help retain or create 80,000 jobs at assisted businesses and up to an additional 175,000 jobs at businesses indirectly affected by the activities of assisted businesses. Note that businesses assisted by this program were also eligible for assistance from other ESD programs. Consequently, job impacts across programs are not additive.

3. General Conditions. The program provided assistance to businesses in the following situations:
   (a) Businesses located on or South of Canal Street at the time of the disaster that remained within lower Manhattan.
   (b) Businesses located on or South of Canal Street at the time of the disaster that temporarily relocated elsewhere because of the disaster.
   (c) New York City businesses that suffered significant economic dislocation because substantial numbers of their major customers were businesses south of Canal Street.
   (d) Businesses that sought to locate new operations and create new jobs in lower Manhattan. Assistance enhanced the cost-competitiveness of lower Manhattan location decisions, but was not used to pirate employment from other states.

4. Number of Employees. Assistance was offered to firms that retained at least 200 Lower Manhattan jobs or created at least 75 or more new Lower Manhattan jobs that were new to New York City.

5. Date of Assistance Request. Assistance was made available to businesses that requested assistance after September 11th, 2001 and not later than December 31, 2015.

6. Period of Commitment. Assisted companies were required to maintain jobs in New York City for a minimum of ten years.

7. Assistance. Decisions as to whether to provide assistance and how much to offer were 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. In addition, there was assistance granted for projects for the adaptive reuse of available space to meet the needs of

firms with specialized requirements in industries that offered substantial job creation potential to the area south of Canal Street.

8. Additional Assistance. Additional assistance was offered to firms that relocated in lower Manhattan and contributed or will contribute to the rebuilding of the business community there.

9. Projected Total Cost of Program. ESD's Action Plans allocated $175,261,500 to the WTC JCRP. An additional $143 million was allocated to the program by LMDC through this amended Partial Action Plan, bringing the total program fund to $318,261,500. An initial Partial Action Plan approved by HUD on November 22, 2002 allocated $150 million of LMDC funds to the JCRP with a combined ESD and LMDC total allocation of $220 million. An amended plan was approved by HUD on July 11, 2007 reducing the LMDC allocation to $143 million and the combined ESD and LMDC total allocation to $318,261,500.

Responses to Past Public Comments

Comments on 2002 Initial Partial Action Plan

The 117 comments received in 2002 are summarized below in boldface italic, with the response immediately following.

Sixty-eight commenters were former tenants of the World Trade Center complex, who stressed the need for a grant program directed solely to the needs of businesses that had been housed in the World Trade complex. Most of the comments consisted of a form letter that called for the creation of a World Trade Center complex zone, entitling former tenants to grants equal to 50 days or 20% of 2000 revenues. The form letter also called for an increase in the maximum allowable award under the program from the current $300,000 to $500,000. In addition, the letter called for SBA loans to be excluded from calculations of compensation received.

ESD and EDC recently increased loss compensation benefits offered through the WTC Business Recovery Grant program. Businesses located in the Restricted Zone area (which includes the former World Trade Center complex) are now entitled to receive up to 25 days lost revenue. Loss compensation benefits in the 14th Street to Houston, Houston to Canal, and South of Canal Zones were also increased to 3, 5 and 7 days lost revenue respectively. ESD anticipates that the $481 million allocated to the WTC Business Recovery Grant program will be fully expended at the new benefit levels.

Congress established an overall cap of $500,000 for small business losses not compensated elsewhere. For the WTC Business Recovery Grant program, ESD instituted a program cap of $300,000 per award to ensure that the limited resources of the fund were equitably shared among all eligible businesses with uncompensated losses, and not just apportioned to the larger firms. Setting this program cap at $300,000 allows businesses to receive compensation from additional programs or sources without exceeding the overall cap established by Congress.

ESD concurred that SBA loans should not be counted at full value as equivalent forms of loss compensation. We have been working with HUD and SBA to resolve this issue favorably for small businesses.

Thirty-nine form letter comments were made by small business owners near the World Trade Center site. The letter asked that small business owners be compensated at the rate of 250% of lost revenue for the days they were closed. The letter also asked that the Small Business Attraction and Retention Grant Program ease its commercial lease renewal requirement to include small business owners who live and work in the same space.

WTC Business Recovery Grants are based on days of lost revenue. ESD cannot compensate firms in excess of 100% of loss per day. As noted above, ESD has increased compensation to 25 days lost revenue in the Restricted Zone, with proportionate increases in the other three zones. ESD anticipates that the $481 million allocated to the WTC Business Recovery Grant Program will be fully expended at the new benefit levels.

The Small Firm Attraction & Retention Grant (SFARG) Program provides an incentive to attract and retain small businesses in Lower Manhattan. To fulfill this objective, participation in SFARG is restricted to firms that sign and renew commercial leases. Home-based businesses are, however, eligible to receive economic compensation grants via the WTC Business Recovery Grant Program. In addition, LMDC administers a separate program to attract and retain residents in Lower Manhattan and provides grants for residential lease commitments. A home-based business owner can therefore receive assistance through the LMDC Residential Grant Program, and should not be eligible for duplicate benefits through SFARG, which is appropriately restricted to commercial space.

Four commenters were critical of SBA lending requirements. They asked that SBA drop its demands for collateral when offering loans to September 11 victims, and that the SBA also drop its demand that anyone who receives business recovery grants must immediately use such grants to repay their SBA loans.

SBA lending practices, including their loan collateral requirements are outside the scope of this Action Plan and beyond ESD control. ESD concurs that Business Recovery Grants and SBA loans should not be regarded as duplicative benefits necessitating the pay-down of SBA loans with BRG awards. The BRG grants are made from CDGB funds, administered by the Dept. of Housing and Urban Development (HUD). ESD has been working with HUD to achieve a resolution to this issue.

One commenter was disappointed that she was not eligible for supplemental grants because her company received the maximum $300,000 grant from the Business Recovery program. The commenter said that the supplemental grants should be available to any company. Another commenter thought that the grants were too small, suggesting a $750,000 cap.

Congress established $500,000 as the maximum loss compensation award that any small business could receive. ESD cannot exceed that directive. As noted above, ESD has established a BRG program cap of $300,000 in order to ensure that funds will be available to every eligible firm that applies to the program.

One commenter asked that a sliding scale arrangement be applied to the Small Firm Attraction & Retention Grant Program (SFARG), offering benefits to businesses north of Canal Street as well.

ESD interprets this comment to mean that while the SFARG program requires a five-year lease, firms able to obtain only a two- or three-year lease should be eligible for 2/5 or 3/5 of the SFARG benefits, rather than considered ineligible to participate in the program. The SFARG program was designed to provide incentives structured to attract and retain significant business commitments in Lower Manhattan. ESD maintains that five years is a reasonable commitment in exchange for the incentive benefits offered, and necessary to achieve the business revitalization objective of this program.

However, in response to many comments and requests regarding the program ESD and EDC will make the following modification to SFARG:

- Firms with three or fewer employees currently receive the full value of the SFARG incentive at the time of approval of their application. Firms with four or more employees receive the incentive benefits in two payments. The first payment, made upon approval of the application, represents half the allowable benefit based on employment. The second payment, made 18 months later, is adjusted to reflect any increase or decrease in employment.
- Small firms with three or fewer employees may now elect to receive their benefits either in one full payment at the time of application, or in two installments over an 18-month period as above, in order to receive the added benefit of employment growth.

One commenter asked that public resources not be used to recoup financial losses incurred on September 11.

Congress appropriated funds to help New York City recover from a disaster of unprecedented proportion, recognizing that private funds alone were insufficient to accomplish the recovery and revitalization of the third largest central business district in the nation and the financial capital of the world.

The Tribeca Organization made several recommendations: that Business Recovery Grants be increased to a total of 12.5 days for businesses below Canal Street; that a tax penalty and interest amnesty be created for downtown businesses; that consortia be formed to offer various forms of business services (e.g., health insurance) at a group rate; that low-cost loans from providers such as SEEDCO, ACCION, and the SBA be converted to grants; that a "safety net fund" be created for a variety of uses; that businesses with leases expiring after 1/1/04 be eligible for retention grants; that a public relations campaign be implemented to promote the area; that ombudsman services be made available; that funding be made available to non-profits; and that the SBA grant preferred vendor status to downtown businesses.

One commenter, Senator Martin Connor, also asked that businesses in Tribeca be allowed cash assistance for 12.5 days of lost revenue.

As noted above, ESD has extended Business Recovery Grant benefits to 25 days in the Restricted Zone and 7, 5, and 3 days respectively in the South of Canal, Houston to Canal, and 14^{th} Street to Houston Zones. ESD anticipates that the $481 million allocated to the Business Recovery Grant program will be fully expended at the new benefit levels.

Tax amnesty is outside the scope of this action plan and the arena of the economic recovery and revitalization programs managed by ESD and LMDC. On behalf of small businesses, both ESD and EDC have requested that the federal Administration consider the Business Recovery Grants for loss compensation as non-taxable income.

SEEDCO and ACCION are independently operating business assistance organizations not subject to ESD and LMDC direction. SBA practices also fall outside ESD and LMDC purview.

ESD has already awarded a $200,000 grant to the TriBeCa Organization specifically to provide marketing services for businesses in the area. This grant was made under the Technical Services to Small Businesses program. The TriBeCa Organization was one of 23 business service organizations that received matching fund grants to provide a variety of services to small firms in Lower Manhattan. A majority of the Technical Service Providers funded assist small business owners to access the numerous grant and loan programs that exist.

The NYC Comptroller made the following suggestions: that the SFARG program should allow businesses facing hardship to request grants on an expedited basis; that grants be made for small business job creation; that LMDC disclose its spending plans for the Large Firm Job Creation and Retention Program; that incentives be industry-targeted; and that there be ongoing evaluation and review of all programs.

Firms with three or fewer employees are entitled to receive the expedited payment of the entire Small Firm Attraction & Retention Grant (SFARG) award upon approval of application. Firms with four or more employees will continue to receive the incentive benefits in two installments at an 18-month interval, upon verification of their current employment levels. ESD is required by HUD to provide this level of monitoring and verification of employment levels for the SFARG program.

Incentive benefits for small business job creation are structured into the SFARG program. Benefits are calculated by employment, with greater benefits for firms with greater employment level. Firms that create new jobs prior to the 18-month second payment are entitled to increased benefits that directly reward job creation.

ESD has met all program monitoring and auditing requirements established and reviewed by HUD, and we fulfill quarterly reporting requirements to HUD for all federal CDGB funds.

Comments on 2009 Amendment

Based on a review of the comments received during the 30 day public comment period in 2009, LMDC and ESD did not find that the comments necessitated further modification to the proposed Partial Action Plan amendment.

Five comments were received regarding questions about the Program changes and how to access grant funds. *ESD responded to each inquiry with Program information.*

Two comments were received inquiring about the Program's accomplishments to date and which grant recipients did not reach their job goals. *ESD provided Program statistics and a list of grant recipients that were subject to a recapture of grant funds.*

One comment was received from a business seeking financial assistance. *ESD directed this entity to a variety of local resources for assistance.*

One comment questioned the effectiveness of using "tax breaks" to attract companies to Lower Manhattan. *While JCRP is not a tax incentive, ESD believes it has been an effective tool in retaining and attracting jobs to Lower Manhattan.*

One comment received from a community paper asked whether a public hearing would be held. *ESD responded that the public comment period was now in effect and provided information to the inquirer about how to submit comments (no subsequent comments were received from this entity).*