



LOWER MANHATTAN DEVELOPMENT CORPORATION

in partnership with

EMPIRE STATE DEVELOPMENT

and

NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION

Partial Action Plan

for

New York Business Recovery and Economic Revitalization

The Lower Manhattan Development Corporation (LMDC) has 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 plan details LMDC's proposed expenditure of \$350 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 Governor George Pataki and then Mayor of New York Rudolph Giuliani in December 2001 to manage the rebuilding and revitalization efforts in Lower Manhattan (defined by LMDC as the area South of Houston Street). LMDC is funded by a \$2 billion federal appropriation for the World Trade Center disaster recovery and rebuilding efforts following the terrorist attacks on September 11, 2001. LMDC anticipates additional funding by a recent \$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. On June 7, 2002, HUD approved LMDC's Partial Action Plan for the expenditure of approximately \$306 million for four programs, namely, the Residential Grant Program, the Job Training Program, the Interim Memorial Program, and Planning and Administration. That Partial Action Plan is attached as an appendix and a version with public comments and responses thereto is available on the LMDC web site: www.renewnyc.com.

This Partial Action Plan allocates \$350 million of the remaining \$1.64 billion to fund business recovery and revitalization programs administered by ESD. Future partial action plans will detail the projected expenditure of the remainder of funds from the \$2 billion appropriation and will be subject to a public comment period with later submission to HUD.

ESDC 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 a Final Action Plan and an Amended Action Plan accepted and approved by HUD. The Final Action Plan describes all of the business recovery and revitalization programs (See Spending Allocation Chart, page 3.) The Amended Action Plan modifies three programs (1) the Small Firm Attraction & Retention Grant Program, (2) the WTC Business Recovery Loan Fund, and (3) the Infrastructure Rebuilding Program. Both ESD's Final Action Plan and Amended Action Plan are available on the ESD web site: www.empire.state.ny.us

Additional Business Recovery Funding from LMDC

Both ESD's Final Action Plan and Amended 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) is required to be made available to small businesses, not-for-profit organizations, and individuals to compensate them for economic losses.

LMDC is publishing this Partial Action Plan to allocate \$350 million of the \$2 billion fund to three business recovery programs administered by ESD as described in ESD's Final Action Plan and Amended Action Plan referred to above.

Projected Spending Allocation of \$350million to ESD Business Recovery Programs

Spending Categories	ESD Amended Plan 6/07/02	LMDC \$350 Proposed Plan
Small Business Assistance		
? Bridge Loan Program	\$15,000,000	
? WTC Business Recovery Loan Fund	50,000,000	
? WTC Business Recovery Grant Program Compensation for Economic Losses	*331,000,000	*\$150,000,000
? Small Firm Attraction and Retention Grants	**105,000,000	**50,000,000
? Grants to Technical Assistance Service Providers for Lower Manhattan	5,000,000	
Small Business Assistance Total:	506,000,000	\$200,000,000
Assistance to Larger Firms		
? Job Creation and Retention Program	**170,000,000	**150,000,000
? Compensation for Economic Losses to Other Businesses	5,000,000	
Larger Firm Assistance Total:	175,000,000	150,000,000
Business Information		
? Business Information	5,000,000	
Infrastructure Rebuilding		
? Initial Planning and Design	0	
Administration	14,000,000	
TOTAL:	\$700,000,000	\$350,000,000

National Objective

The activities contained in this Partial Action Plan have been designed to meet community development needs following September 11th 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. The geographic areas that will be the focus of this and future partial action plans are located in Manhattan, below Houston Street, with particular urgency related to the areas in and around the former World Trade Center.

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.

ESD plans to administer the \$350,000,000 as summarized in the chart above and based on the general criteria set forth below.

***WTC Business Recovery Grant (BRG) Program -- \$150,000,000
(total program fund \$481,000,000)***

1. Overview. The WTC BRG program provides 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 is calculated based on days of lost gross revenue, with the maximum number of days and amounts determined by business location.
2. Objective. The program is intended to provide compensation for economic losses at affected firms, 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 will also be eligible for assistance from other ESD programs. Consequently, job impacts across programs are not additive.
3. Integration with Preexisting Programs. Benefits from the program will be 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 south of Houston Street on September 11, and continuing in business in New York City.

Benefits from the program will also be 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 south of Houston Street tied to application and approval of SBA loans.

4. Eligibility Criteria and Maximum Award Levels. Applicants for assistance through the WTC BRG program 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.
 - ? 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 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 area described below, will be eligible for compensation up to a maximum award of \$100,000

2. **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 up to a maximum award of \$150,000
 2. **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 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) will be 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 losses arising from the events of September 11th will be deducted from grants provided through this program.
6. **Projected Total Cost of Program.** ESD anticipates making 19,600 awards through the program and a total program cost will be approximately \$481,000,000. ESD has allocated \$331 million to the program. An additional \$150 million is being allocated to this program by LMDC through this Partial Action Plan, bringing the total program fund to \$481 million.

Small Firm Attraction & Retention Grant (SFARG) Program -- \$50,000,000
(total program fund \$155,000,000)

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 remain eligible without any reduction in previously described benefits. The program modifications respond to community requests for greater assistance to small businesses.
2. **Objective.** The program is intended to help retain and create 65,000 jobs through the SFARG program at assisted firms. Assisted firms will have an indirect impact upon businesses employing an additional 30,000 individuals. Note that firms assisted by this program will also be eligible for assistance from other ESD programs. Consequently, job impacts across programs are 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

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 or case-by-case basis. Thus, ESD and EDC will offer grants to businesses on the following general conditions:

- (a) For firms operating in the Eligible Area as defined in paragraph 6 the current lease must expire on or prior to December 31, 2004 and the company must sign a new lease, or renew an existing lease for a minimum of five years beyond the current commitment.
- (b) For firms newly locating within the eligible area, the company must sign a new lease for a minimum of five years.
- (c) If the firm is 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 sign a new lease, or renew an existing or reaffirm an existing lease. In each case, the new, renewed or reaffirmed lease must expire on or after September 11, 2006 for premises within the October 23rd Zone.

4. New Lease. The new lease must be signed not earlier than September 11, 2001 and not later than December 31, 2004. ESD and EDC may extend availability of assistance if funding remains at the end of the period.
5. Size of Company. Upon application, the firm must employ not 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 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.
7. Payments. Except as provided in paragraph 8, ESD/EDC will make two payments of \$1,750 per employee to assisted small firms as follows:
 - ? 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, up to a maximum of 250 employees.However, firms with 3 or less employees will be eligible to receive one payment of \$3,500 per employee upon approval of a application, in lieu of the two payments indicated above.
8. Firms in Restricted Zone. Firms operating 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 sign, renew or reaffirm a lease for space in New York City within the Eligible Area defined in paragraph 6 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 (or one payment of \$5,000 if three or less employees). In the event that firms located prior to September 11th in the Restricted Zone relocate outside the Eligible Area, as defined in paragraph 6 above, but within New York City, on or prior to December 31, 2002, ESD/EDC will provide 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 allocates \$105 million for the SFARG program. The increase of \$25 million over the original allocation of \$80 million, recognizes the additional cost of expanding eligibility criteria to include firms with fewer than ten employees. An additional \$50 million is being allocated to the SFARG program by LMDC through this Partial Action Plan, bringing the total program fund to \$155 million.

WTC Job Creation and Retention Program -- \$150,000,000
(total program fund -- \$320,000,000)

1. Overview. The WTC Job Creation and Retention program offers grants, loan guarantees and low cost loans to assist firms with 200 or more employees that were 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.
2. Objective. The program is 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 will also be eligible for assistance from other ESD programs. Consequently, job impacts across programs are not additive.
3. General Conditions. The program will provide assistance to businesses in the following situations:
 - (a) Businesses located South of Canal Street at the time of the disaster that have remained within lower Manhattan.
 - (b) Businesses located South of Canal Street at the time of the disaster that have 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 seeking to locate new operations and create new jobs in lower Manhattan. Assistance will enhance the cost-competitive ness of lower Manhattan location decisions, but will not be used to pirate employment from other states.
4. Number of Employees. Assistance will be offered to firms employing 200 or more.
5. Date of Commitment. Assistance may be made available to businesses that made commitments after September 11th, 2001 and not later than December 31, 2004. ESD and EDC may extend the period of availability if funding is available at the end of the period.

6. Period of Commitment. Assisted companies will be required to maintain jobs in New York City for a minimum of seven years.
7. Assistance. 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. In addition, there will be 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. Additional Assistance. Additional assistance will be offered to firms that relocate in lower Manhattan and contribute to the rebuilding of the business community there.
9. Projected Total Cost of Program. ESD's Action Plans allocate \$170 million to the WTC Job Creation and Retention program. An additional \$150 million is being allocated to the program by LMDC through this Partial Action Plan, bringing the total program fund to \$320 million.

Invitation for Public Comment to the Partial Action Plan

As outlined above, this Partial Action Plan allocates additional funds to three business recovery and revitalization programs administered by ESD. These programs have already been reviewed and modified through a public comment period, and approved by HUD. ESD's Final Action Plan and Amended Action Plan describing these programs in full are available on the ESD web site: www.empire.state.ny.us

The allocations described in this Partial Action Plan are open to public comment. As required by HUD, the public comment period extends for fifteen calendar days from the date of publication of this plan. Public comment must be made in writing, and may be delivered to the LMDC either by posted mail, or by electronic mail, addressed as follows:

By post to: Public Comment on Partial Action Plan - \$350 million
 Lower Manhattan Development Corporation
 c/o Empire State Development Corporation
 P.O. Box 4438
 Grand Central Station
 New York, NY 10017

By email to: LMDCPartialActionPlan@empire.state.ny.us

The deadline for receipt of public comments is September 13, 2002. Comments delivered by fax or telephone cannot be considered.