



Legislation Text

File #: Res 0581-2002, **Version:** *

Res No. 581

Resolution calling upon the Federal Department of Housing and Urban Development, Empire State Development Corporation, the Governor of the State of New York and the Mayor of the City of New York to implement a new grant program to redress the inadequacy of the existing grant programs for which the majority of small businesses in lower Manhattan are ineligible due to insufficient annual revenues and number of employees.

By Council Members Recchia, Gerson, Jackson, Jennings, Liu, Lopez, McMahon, Nelson, DeBlasio and Lanza

Whereas, Small businesses, many of which are dependent on the commercial traffic generated by the larger businesses in the lower Manhattan area, have suffered substantial economic losses as a result of the destruction of the World Trade Center complex, the extended closure of the area surrounding the complex, and the relocation of several large firms; and

Whereas, Reports reveal that, as of August 2002, revenues for small businesses remain 25 to 60 percent below pre-September 11, 2001 levels;

Whereas, A primary goal of the World Trade Center Disaster Action Plan for Businesses (the "Action Plan") developed by the Empire State Development Corporation "ESDC" is to address the working capital needs of small businesses in lower Manhattan until more normal economic patterns return to the area; and

Whereas, Many small businesses lack the revenues and requisite number of employees that are needed to be eligible for awards under the grant programs ESDC has implemented pursuant to the Action Plan; and

Whereas, the records of ESDC indicate that, as of July 2002, the average estimated grant awarded under the World Trade Center Business Recovery Program to small businesses with less than 200 employees ranged from approximately \$1,750 to \$3,500, depending on the location of the applicant; and

Whereas, ESDC recently reported that, as of September 2002, only 322 of the more than 11,000 businesses with 200 or fewer employees that are located south of Canal Street have received a grant under the Small Firm Attraction and Retention Grant Program ("SFARG Program"); and

Whereas, In the case of small businesses with less than 10 employees, the economic assistance afforded to such businesses to date under the SFARG Program has been insignificant, since ESDC did not begin processing applications from such businesses until August 2002 and, in any event, most small businesses cannot meet the stringent lease eligibility requirements imposed by ESDC guidelines; and

Whereas, Implementing a program that would award small businesses a grant equal to the monthly rent or mortgage payments, would serve the stated goals of the Action Plan by affording small businesses the working capital they need to offset on-going economic losses, while at the same time retaining lower Manhattan businesses and preserving jobs; and

Whereas, The inadequacy of grant programs for small businesses would be redressed by awarding small businesses with annual revenues of \$2 million or less that are located south of Canal Street, a grant, payable in twelve monthly installments, equal to the amount of the applicant's monthly rent or mortgage payments up to \$5,000 per month; and

Whereas, By paying the award in twelve monthly installments, ESDC can maximize available funding by earning interest on the undistributed portion, and cease making payments should a small business grant recipient relocate outside of lower Manhattan or go out of business before the end of the twelve month installment period, now, therefore, be it

Resolved, that the Council of the City of New York strongly urges the Federal Department of Housing and Urban Development, the Empire State Development Corporation, the Governor of the State of New York and the Mayor of the City of New York to implement a new grant program to redress the inadequacy of the existing grant programs for which the majority of small businesses in lower Manhattan are ineligible due to insufficient annual revenues and number of employees.

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L.S.# 1388

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