Legislation Text

File #: Res 0626-2002, **Version:** *

Res. No. 626

Resolution calling upon the United States Small Business Administration and the United States Congressional Committees that approve its lending guidelines, to make a "technical amendment" to the current "Business Physical Damage Loan" program through which their Disaster Relief loan program has made loans to approximately 535 businesses in lower Manhattan, providing them with same two year moratorium on the payback of these loans as is available to the approximately 3800 recipients of "Economic Injury Disaster Loans" that the Small Business Administration has made in response to the September 11, 2001 attacks.

By Council Members Gerson, Recchia, Baez, Fidler, Jackson, Liu, Lopez, Perkins, Reyna, Sanders, Sears, Stewart, Weprin, Quinn and Brewer

Whereas, In the wake of the September 11, 2001 attacks, the United States Small Business Administration (the "SBA") has implemented a Disaster Relief loan program, which has approved low interest loans totaling more than $375 million for more than 4,000 New York City businesses, thereby creating an essential lifeline to companies that together employ tens of thousands of New Yorkers; and

Whereas, These disaster loans fall into two categories, the larger being the approximately 3,800 loans, totaling close to $344 million, to date, under the category of "Economic Injury Disaster Loans," and the smaller being the approximately 535 loans, totaling close to $33 million to date, under the category of "Business Physical Damage Loans; and

Whereas, The Congressional Committees overseeing the SBA have extended the repayment moratorium of the Economic Injury Disaster Loan program to two years from the granting of the loan but, through an apparent oversight, neglected to extend the same moratorium to the businesses that receive Business Physical Damage Loans ; and

Whereas, Many of the businesses receiving Business Physical Damage Loans are in lower Manhattan, where they have seen their business drop dramatically since the attack, and are still struggling simply to pay their rent, employees' salaries, and to remain open; and

Whereas, A significant number of businesses receiving Business Physical Damage Loans will have to begin paying back their loans in the coming months, a situation which will put many such businesses in jeopardy of bankruptcy; and

Whereas, William Logero, Director of the SBA's Disaster Loan program for New York, recently stated to an aide to Council Member Alan Gerson that his office supports a "technical amendment" by the Congressional oversight committees of the SBA to extend the two-year moratorium on repayment of the Business Physical Damage Loans, thereby putting them on an equal repayment schedule as the Economic Injury Disaster Loans; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the United States Small Business Administration and the United States Congressional Committees that approve its lending guidelines, to make a "technical amendment" to the current "Business Physical Damage Loan" program through which their Disaster Relief loan program has made loans to 535 businesses in lower Manhattan, providing them with same two year moratorium on the payback of these loans as is available to the approximately 3800 recipients of "Economic Injury Disaster Loans", that the SBA has made in response to the September 11, 2001 attacks.

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