

# STRATEGIES TO RETAIN BUSINESSES AFTER A CRISIS

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Hurricane Sandy: Natural Disaster & Business Districts in  
New York City

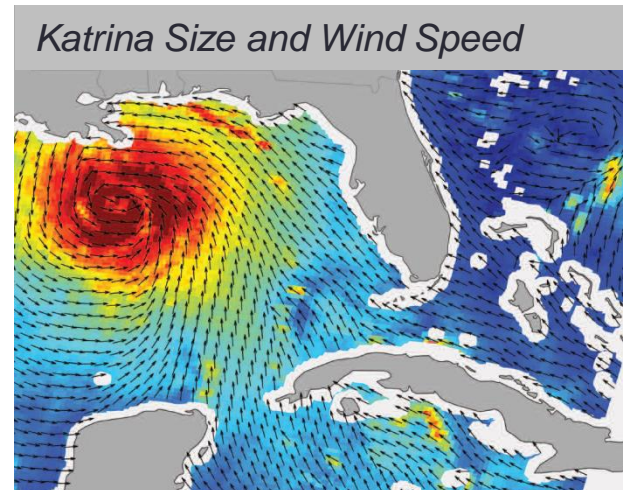
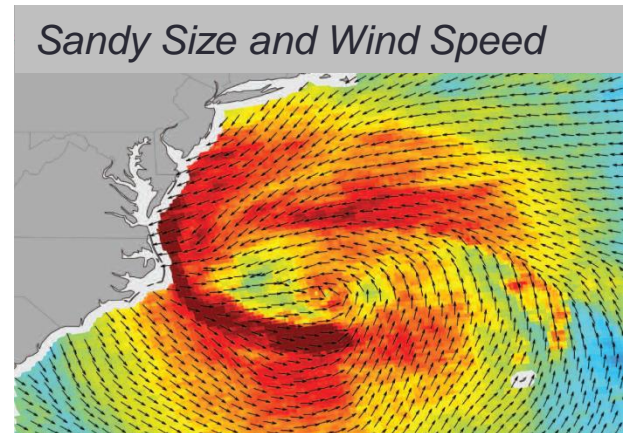
IEDC Webinar Series  
June 11, 2015

# Agenda

- Impact of Hurricane Sandy
- Business needs following Sandy
- New York City's response to Sandy
- NYC Dept. of Small Business Services' (SBS) response to Sandy
- Lessons Learned

## Hurricane Sandy was an unfortunate culmination of weather related events that devastated key areas in New York City

- New York City had never experienced a storm of this size and surge – 1,000 miles end to end
- Sandy coincided with high tide in both the Atlantic Ocean and New York Harbor
- Sandy's tide was 14ft. above the average low water level in Lower Manhattan
- Two additional pressure systems caused Sandy to turn westward towards the City instead of eastward to the Atlantic Ocean



## The value of local commercial districts to the City's overall economy was magnified by the negative impacts of Sandy

- 23,000+ businesses and non-profits were inundated by the storm impacting upwards of 245,000 employees
- 95% of businesses were small or medium sized (< 50 employees)
- Damage to businesses totaled approximately \$8.6B



*Rockaway Beach Boulevard*



*South Street Seaport*



## 70% of impacted businesses were located in 5 distinct zones and faced similar issues following Sandy

- Clean up
  - Debris removal
  - Mold removal
  - Interior repairs
- Electricity and heat
- Depleted inventory
- Broken equipment
- Economic loss due to business closure
- Economic loss due to reduced consumer base



*Gutted-out corner grocery store on Beach 129<sup>th</sup> St., Rockaways*



*Damaged equipment in Madelaine's Chocolate Factory, Rockaways*

## New York City mobilized financial resources, administered impactful programs, and informed businesses

Financial Resource	Description	Stakeholders
Emergency Loan & Matching Grant	<b>\$25,000 loan</b> with 1% interest, potential for up to <b>\$10,000 matching grant</b>	Goldman Sachs, New York Bankers Association, Mayor's Fund to Advance New York City, Partnership for New York City, <b>SBS</b> , <b>EDC</b>
Small Business Assistance Grant	<b>\$1M - \$5,000 grants</b> for businesses in need of repairs	Barclays, Citi Bank, UBS, <b>SBS</b>
Sales Tax Waiver Program	\$25M in total capacity	NYC Industrial Development Agency, <b>EDC</b>

## Former Mayor Bloomberg mobilized the City's existing employees to provide non-financial services to businesses

Service	Description
Business Recovery Zone Initiative (BRZ)	Assigned City employees to focus on <b>5 specific business zones</b> most impacted by Sandy
Restoration Business Acceleration Team (RBAT)	Coordinates with City agencies to <b>expedite services, permitting and inspections</b> needed to reopen
Restoration Centers	Opened <b>8</b> additional information hubs to better connect businesses to resources



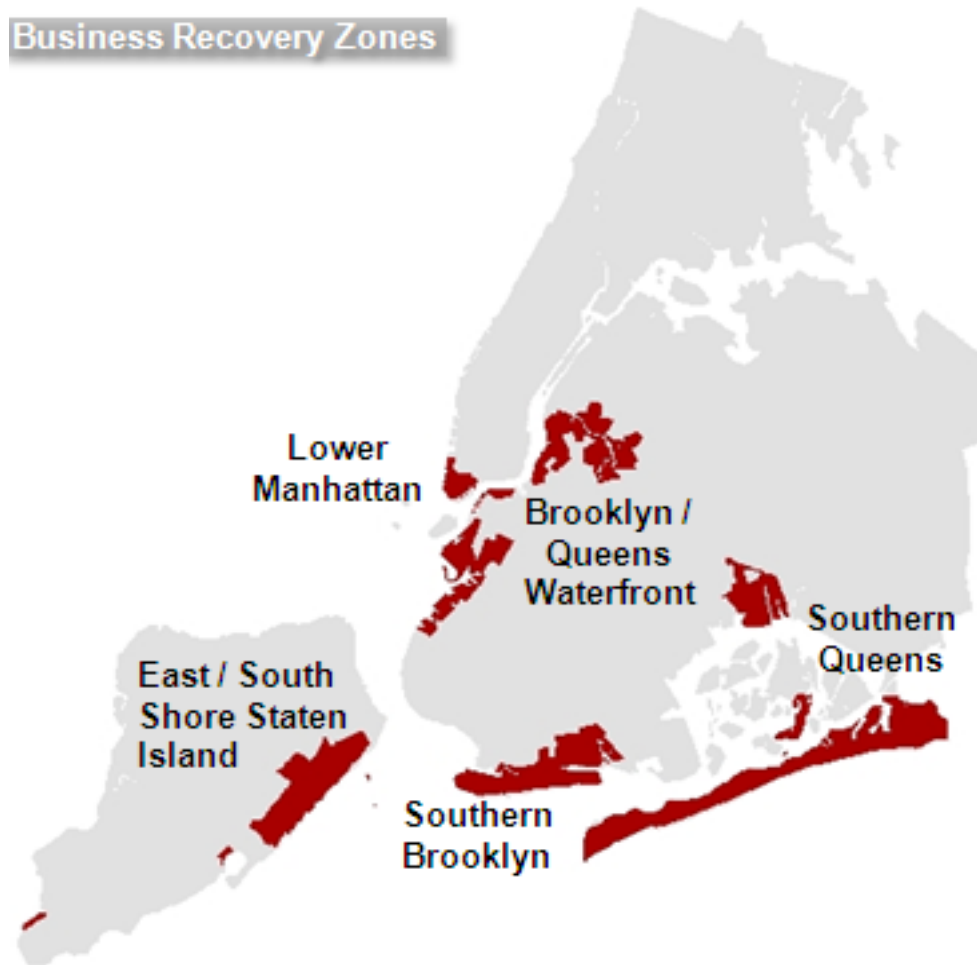
*Destroyed restaurant in Midland Beach*



*Flooded business in New Dorp Beach*



## Business Recovery Zones focused the City's financial and personnel resources on storm-impacted business districts



*Business Information session, December 2012, Rockaways*



*Business Information session, December 2012, Rockaways*



## NYC leveraged cross-sector partnerships and efficient service delivery in its quick response to small business needs

### One year after Superstorm Sandy (Oct. 2013)...

- 647 businesses received Emergency Loan **(SBS)**
- 498 businesses received Matching Grant **(SBS)**
- 213 businesses received the Small Business Assistance Grant **(SBS)**
- BRZ Captains canvassed over 1,000 businesses
- RBAT contacted 875+ businesses and assisted over 150 businesses with approximately 315 different services across 11 City agencies
- RBAT facilitated the Fee Relief for Business Recovery Law, which has waived over 40 City agency fees for nearly 100 businesses

Business Recovery Zone captains interacted directly with businesses and were able to aggregate their concerns

<b>More Grants</b>	Can more non-interest bearing financial resources be made available?
<b>Poor Financial Management Pre-Sandy</b>	Can cities be proactive in engaging businesses around better financial practices?
<b>Loan Application Perceived as Burdensome</b>	Can cities provide additional personnel to help businesses navigate processes around recovery resources?
<b>Lack of Recovery Plan</b>	Can cities engage businesses in recovery planning workshops before or immediately following a natural disaster?

## New York City leveraged its existing asset in the Department of Small Business Services to easily mobilize resources

- The crisis of September 11<sup>th</sup> prompted former Mayor Bloomberg to reorganize the City's agencies to create a sole resource for small businesses
- Small business services aligned in three main areas:

<b>Business Development</b>	Provides direct business development services through a network of centers throughout the City
<b>Workforce Development</b>	Connects New Yorkers to jobs and training through 19 workforce centers throughout the City
<b>Neighborhood Development</b>	Builds the capacity of local CDCs and EDCs to foster stronger commercial districts

## Neighborhood Development Division is unique for its long-standing relationships with many of the City's commercial districts

- Oversight of 72 Business Improvement Districts
- Over 40 non-profit grantees
- Capacity building programs
- Connections with over 100 CDCs and EDCs helped the City give and receive information from businesses after Sandy





## SBS used its knowledge of local business districts in the Neighborhood Development Division to engage these areas in a more resilient recovery

- Business districts without local CDCs or EDCs were less likely to take advantage of the City's resources
- Business districts neglected before the storm endured a longer road to recovery
- Business districts can leverage local CDCs and EDCs to affect economic revitalization in the long-term
- Individual business needs evolved to include strategic decisions impacting the entire commercial corridor – marketing, vacancy rate reduction, redevelopment



*Destroyed boardwalk along Rockaway Beach*



*Flooding in the South Street Seaport*

## SBS formed strong public private partnerships that yielded financial resources to revitalize commercial districts

Financial Resource	Description	Partners
Business Recovery Plan Workshop	\$100,000 worth of services to help businesses develop <b>recovery plans</b>	IBM, SBS
Capacity Building / Strategic Planning	\$225,000 to build <b>capacity</b> of commercial districts to support small businesses	MasterCard, SBS
“Support NYC Small Business” Campaign	Free <b>advertising</b> for businesses impacted by Sandy	Citi Community Development, SBS
Beach 116 <sup>th</sup> St. Storefront Improvement Program	\$500,000 for new <b>facades</b> for Sandy-impacted businesses on Beach 116 <sup>th</sup> St	Citi Community Development, Mayor’s Fund to Advance New York City, SBS
City-wide Storefront Improvement Program	\$1M for new <b>facades</b> for Sandy-impacted businesses throughout the City	Mayor’s Fund to Advance New York City, SBS

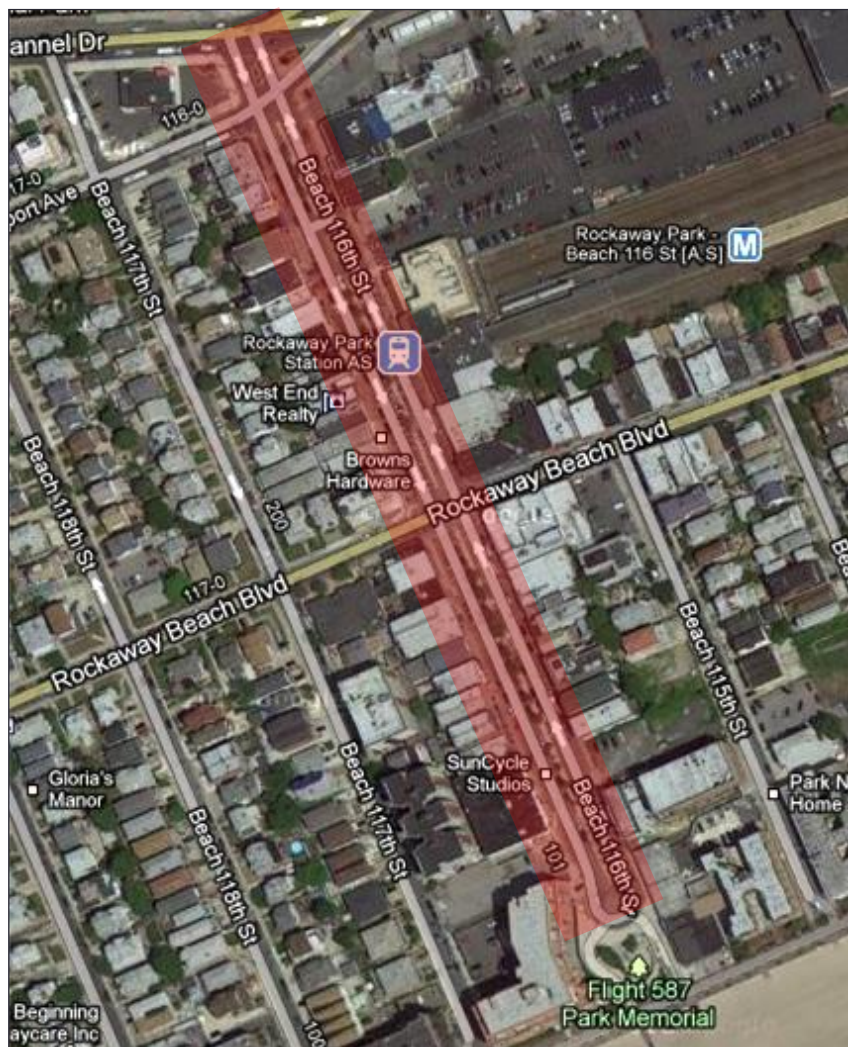
## SBS focused on Sandy-impacted business districts to strengthen those areas in the long-term

Neighborhood	Projects
<b>Beach 116<sup>th</sup> St., Rockaways, Queens</b>	<ul style="list-style-type: none"> <li>• Merchant Organizing</li> <li>• Marketing</li> <li>• Business Attraction</li> <li>• Quality of Life</li> <li>• Community Re-Design</li> </ul>
Midland Ave., Staten Island	<ul style="list-style-type: none"> <li>• Business Attraction Strategy</li> </ul>
Red Hook, Brooklyn	<ul style="list-style-type: none"> <li>• Business Attraction Strategy</li> </ul>
Brighton Beach, Brooklyn	<ul style="list-style-type: none"> <li>• Website Development</li> </ul>
<b>South St. Seaport, Manhattan</b>	<ul style="list-style-type: none"> <li>• Merchant Organizing</li> <li>• Marketing</li> <li>• Promotional Events</li> </ul>





## Beach 116<sup>th</sup> St. commercial corridor was devastated post-Sandy and also battled quality of life challenges pre-storm



- High vacancy rates (~30%)
- Several large vacant parcels in need of redevelopment
- Damaged storefronts
- Poor street lighting
- Streetscape in need of repair and restoration, including sidewalks and trees
- Dirty streets and vacant lots
- Public safety concerns
- Lack of transit options with temporary closure of A train
- No existing economic development group



## Storefront facades were severely damaged and vacant lots collected storm debris and trash



### Current Conditions (clockwise from top)

- Facades damaged by storm
- Seasonal stores near beach in need of extensive repairs
- Vacant properties and lots



## Debris, trash, insufficient light and damaged sidewalks left Beach 116<sup>th</sup> St. an undesirable business district for shoppers



### Current Conditions *(clockwise from top)*

- Street lamps do not produce sufficient lighting
- Empty lots are filled with debris and are unsafe
- Sidewalk bricks in need of repair; garbage on street

## SBS initiated partnerships with other city agencies to quickly address the quality of life concerns on Beach 116<sup>th</sup> St.

- SBS created and managed the new Clean Streets Team
- Department of Transportation provided planters for corridor
- Parks Department maintained the new planters and planted new trees
- Secured police officer from the 100<sup>th</sup> Precinct to patrol the corridor daily and establish relationships with merchants
- Assisted property owners in clearing out debris and sand
- Department of Sanitation cleared vacant lots of debris and trash



*Clockwise from top left:* Beach 116<sup>th</sup> St. median with newly planted trees and a Rockaway Survey ad; New DOT planter on Beach 116<sup>th</sup> St; newly secured alley way; Mr. Carlton Christopher , member of the Beach 116<sup>th</sup> St. Clean Streets Team.



## Beach 116<sup>th</sup> St. Storefront Improvement Program provided tangible impact that demonstrated the district's resiliency

- \$500,000 from Citi Community Development and the Mayor's Fund to Advance New York City
- Additional \$150,000 from Citi Bank to extend the program
- **39** improved facades
- Average grant amounts were \$15,000
- Contracted with local storm-impacted small businesses



Three completed storefronts on Beach 116<sup>th</sup> St., Rockaways



Beach 116<sup>th</sup> St. Deli with new facade



Blue Bungalow storefront under construction, Rockaways



## The Gift is Love





## Station Wine & Liquors





# Rocapulco Car Services | Curran's Superior Meats | Paninico Cafe





# Slices N' Ices





# SBS worked with consultants to help Beach 116<sup>th</sup> St. think strategically about its medium and long term development

- Developed a business attraction strategy with The JGSC Group
- Hosted a 'Rolling Up the Gates' event to market retail vacancies to prospective business owners
- Marketed businesses on Beach 116<sup>th</sup> St. with a new website, logo and participation in the Support NYC Small Business Campaign
- Created a Merchants Association – Beach 116<sup>th</sup> St. Partnership

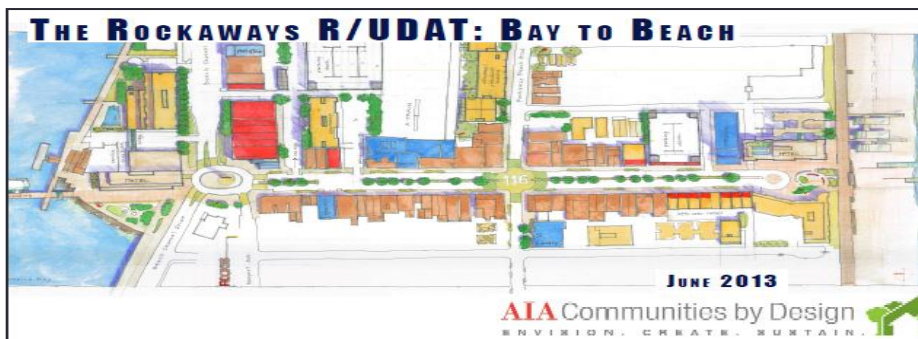


*Clockwise from top :*  
Marketing campaigns will showcase corridor; Steering Committee meeting for the Beach 116<sup>th</sup> St. Merchants Association; Beach 116<sup>th</sup> St. Website; Consumer survey advertisement by The JGSC Group



## American Institute of Architects conducted a community charette and created a commercial corridor redesign plan

- Create a sense of downtown arrival on Beach 116th St. - banners, way-finding signage, and streetscape and façade improvements
- Create a roundabout
- Bring a permanent ferry terminal to Beach 116th St. with service to Manhattan
- Establish a boutique hotel and restaurant development on Beach Channel Dr. across from Beach 116<sup>th</sup>
- Combine properties to create new sites prime for redevelopment
- Restore former theater
- Establish strong merchants association





## Private sector grants allowed vulnerable business districts to develop strategic approaches to continued recovery

- 2 new 501c(6) not-for-profits on Beach 116<sup>th</sup> St., Rockaways and South St. Seaport, Manhattan with Executive Directors
- 3 Business Attraction strategies to help reduce vacancies and leverage unique assets of business districts
- 3 new websites to better promote businesses
- Leaders of business districts are thinking more strategically about the development of their districts
- Leaders of business districts are more connected to financial resources





High capacity city agencies play a crucial role in ensuring that resources assist those in need

## Small Businesses

## Small Business Services

## Private Partners

Citi Bank  
MasterCard  
UBS Bank  
IBM

Capital One Bank

Mayor's Office  
Other City Agencies

- High Need
- Unaware of How to Access Resources
- Lack of Strategic Planning During Crisis

- Relationships
- Ability to Implement Programs
- Knowledge of Business Needs

- Financial Resources
- Community Reinvestment Act
- Desire to Help

## Lessons Learned

Business districts with established development organizations are more likely to recover after a crisis

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Financial partnerships between public and private sectors create the flexibility to quickly and creatively provide monetary relief

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Quickly assess a community's ability to provide leadership and be prepared to fill the gaps

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Strong leadership that defines vision, sets priorities and holds teams accountable keeps recovery efforts on track

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Engaged leaders are visible and interact directly with small businesses to understand needs and demonstrate a sense of urgency

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Focus on achieving quick wins to show progress