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# Chapter 5: Business Retention and Expansion

## Introduction

The economic fallout from disasters can be exacerbated by a lack of pre-disaster business continuity planning. Businesses are likely to face challenges due to sudden and severe impacts on employees, facilities, customers, and suppliers. Furthermore, communication channels can become disrupted and chaotic. The business community will look to the economic development organization (EDO)<sup>1</sup> for information on available assistance and the progress of recovery efforts. EDOs also play a pivotal role in advocating for the needs of businesses. Local businesses are more likely to call on an EDO for guidance and direction when they trust its capacity and authority.

EDOs' existing relationships with businesses are crucial in sustaining those businesses during and after a disaster. Assessing business resources and capability is particularly helpful for EDOs to determine pre-disaster planning needs. In addition to being an effective way to strengthen ongoing relationships with local businesses, business retention and expansion (BRE) programs can be used to train business owners to plan and be prepared for every phase of a disaster.

BRE is one of the key services an EDO offers. The primary objectives of BRE programs are:

- Understanding the needs of specific local firms, especially those firms that are at risk of closing or relocating
- Responding to those needs using a wide variety of services, such as technical assistance, workforce training or development, financing, and building new markets
- Addressing local practices or systems hindering businesses' growth potential<sup>2</sup>

Since BRE programs can provide a wide range of services to address different needs of businesses, their application in pre-disaster resilience and post-disaster recovery is very useful. At a minimum, they create a trustworthy network of resources and communication that can be deployed post-disaster. The timeliness of this information is important since many businesses will be forced to make quick decisions about opening, re-opening, closure, or relocation after a disaster.

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1 According to the International Economic Development Council's Introduction to Economic Development Manual, "Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base." Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

2 Business Retention and Expansion Manual, IEDC 2016

## Business Retention and Expansion

BRE programs help businesses survive economic difficulties, assist them with expansions that add new jobs, and aim to increase their competitiveness in the wider marketplace.<sup>3</sup> Through BRE programs, economic development professionals and community partners seek to understand the needs of local businesses by continuously assessing the existing business climate and the physical, geographical, financial, technological, and human resource needs of individual companies within the community. The first step in establishing a BRE program is to conduct a community analysis considering strengths, weaknesses, opportunities, and threats (SWOT) from the perspective of businesses. The second is to conduct surveys, focus groups, door-to-door visits, and other qualitative evaluation methods to gain businesses' responses to targeted questions.

After that data is gathered, EDOs can intervene with strategies designed to retain and assist firms. These strategies must be calibrated. For those with acute issues, EDOs can take steps to facilitate technical assistance such as workforce training and assistance with digital and financial literacy. Other businesses may have needs requiring lighter-touch assistance such as referrals to resources.

Taking regional and historical consideration into the SWOT analysis may identify that the community, or certain populations within it, are more vulnerable to particular types of disasters. Running a BRE program with resiliency in mind should prompt EDOs to use a wide lens in the analysis phase; for example, seeking to integrate perspectives of emergency management professionals.

BRE surveys unearth underlying issues that can inform advocacy on behalf of businesses. Survey response trends, such as a general disdain for certain regulations, or lack of financing for businesses of a certain size, suggest that EDOs should take certain actions to improve the business climate, while also taking into consideration various environmental and social concerns. Survey results also point to potential steps to improve resiliency, if questions are strategically included to questions measure business preparedness.

Post-disaster, the BRE process has the same goal; to analyze the economic climate and survey businesses. But in this environment the survey may look different — for example, it could be shorter or collected on paper. Businesses that are already overwhelmed will have less time and mental capacity for thinking strategically. If EDOs have been conscientious in their past BRE efforts and have delivered better outcomes to businesses, those existing relationships will pay off. Businesses will trust that the EDO can deliver improved conditions and connections for recovery resources.



<sup>3</sup> Business Retention and Expansion Manual, IEDC 2016

# BRE: Disaster Preparedness and Resiliency

A BRE program can build capacity for pre-disaster preparedness and facilitate post-disaster recovery. Business information can be compared to information gathered during the SWOT analysis. For example, businesses' locations can be plotted with GIS on topographical maps that can be analyzed for flood risk. Additionally, a SWOT analysis will likely highlight industries that are more at risk due to economic trends or potential disasters. The most at-risk businesses could be targeted for specialized assistance in preparedness training.

When it comes to surveys, questions about preparedness can be explicit; either businesses have a business continuity plan or they do not. Survey writers should also try to draw out implicit knowledge that can help frame a business's post-disaster needs. For example, utility dependence can be assessed with questions such as, "Is electricity essential to maintain supplies?" For businesses such as restaurants or medical research labs, the loss of refrigeration is a major impact. Understanding which businesses depend on utilities that could be impacted by disaster could help determine where resources are needed in the recovery phase.

Questions to assess businesses' disaster readiness levels include:

- Do you have customer relations management (CRM) software?
- Do you have an updated business continuity plan (BCP)?
- What are the components of your business continuity plan (BCP)? Do you regularly review it?
- How much of your revenue do you allocate for your emergency fund?

Participants' responses can diagnose their level of risk for closure if a disaster hits. Early warnings include:

- No prepared BCP
- No CRM system or outdated CRM system
- No emergency fund or low emergency fund
- No offsite or digital back-up of important records (employee and vendor contacts, directory for city or emergency services, revenue and P+L statements)

## Digital Security for BRE

As part of the EDO's own continuity plan, it should have a backup office location to use in the case of an emergency, as well as a cloud storage system for its computer network. If a BRE database is only stored at the office, the EDO may lose the ability to access emergency contact information, or it may even lose the data permanently.

In a post-Covid-19 setting, it is extremely common for businesses to have a remote or cloud-based server, allowing owners and employees to function entirely off-site. More businesses and public agencies are backing up data in remote locations, and EDOs should do so as well. More information about digital security can be found in *Chapter 3, Disaster Preparation*.

## Using BRE to Increase Businesses' Resiliency

The insights gained from the BRE process can inform how the EDO engages the community in disaster preparation. For example, if many businesses that take the survey indicate the lack of a business continuity plan, then an outcome of the survey would be to hold business continuity planning training. Other pre-disaster initiatives to take related to BRE survey results are listed below. Many of these strategies are explained in further detail in other chapters of this toolkit, and references to those chapters are provided. The BRE process should be used to prioritize which steps to take. Different steps may be appropriate for different segments of business (i.e. small vs. large businesses).

Preparedness strategies are listed below. Each is accompanied by italicized sample survey questions that can gauge the need for the strategy.

1. Hold a business continuity planning training
2. Encourage business self-assessments for insurance liabilities
3. Collect critical emergency contact information
4. Establish a tiered system for business re-entry
5. Set up collaborative post-disaster funds

### 1. Hold a Business Continuity Planning Training

*Do you have an agreed-upon plan for what to do in case of an emergency?  
Do your employees know where this plan is and what it contains?*

EDOs should take a key role in providing business continuity training to local businesses and connecting them with resources such as the Insurance Institute for Business & Home Safety Open for Business E-Z ([IBHS's OFB-EZ](#)), a free guide to small and midsize firms. Small business owners are busy and may not feel they have the time or resources to prepare a plan. EDOs and chambers of commerce can help by holding workshops or webinars to disseminate important disaster preparedness information such as how to plan for business continuity, as well as the need for obtaining business interruption insurance.

These events can summarize the various planning resources and provide “how to” steps for businesses to create their plan. Careful thought should be given to a convenient time, location, and format of the event, as well as appropriate promotional efforts to maximize the number of business owners. These trainings can be conducted online or in person, and the EDO can provide links to free business continuity planning resources on their website.

Some types of links and resources that may be provided online are:

- Emergency links to local assistance (i.e. Red Cross, SBDC)
- Insurance coverage worksheets
- Tips on what to do before and after a storm
- Checklists of items to have on hand
- GIS-mapped flood zones
- Lists of approved contractors



## 2. Encourage Business Self-Assessments for Insurance Liabilities

*Do you have business insurance and are you aware of what it covers? Are you located in an area that is particularly vulnerable to specific hazards such as tornadoes, earthquakes, flooding, or hurricanes?*

Purchasing the correct insurance before a disaster can help businesses recover faster. Businesses should be aware of what types of losses their insurance will and will not cover. Many organizations are underinsured because they don't understand what their insurance policy includes in terms of coverage. Help businesses consider insurance coverage by posing questions such as:

- **Do you have the right type of coverage?** Most commercial property insurance does not cover flood or windstorm damage. Flood insurance involves a separate policy from the National Flood Insurance Program. This is particularly important for businesses operating in a floodplain.
- **Do the insurance rates seem comparable or reasonable?** Beware of companies that offer a 'low-ball' bid where the quote comes in 20 to 50 percent less than prevailing rates. This type of bid translates into either stripped-down service or a rate increase when the insurance policy comes up for renewal.
- **Has your business grown in recent years?** If so, you'll need to review the coverage for your organization in terms of expanded equipment or operations.
- **Is your coverage comprehensive with sufficient limits?** Do you have coverage to either rebuild the physical location of your business or replace fixtures at current replacement prices? After a disaster, your organization will not be in a position to compare prices, as supplies will be short. It is wiser to overestimate replacement costs. Talk to your insurance agent about recent business changes and if you may need to adjust your coverage limits appropriately.

More information about insurance can be found in *Chapter 3, Disaster Preparation*.

### 3. Collect Critical Emergency Contact Information

*What is your cell phone number? Please provide the mailing address for your business.*

Collecting emergency contact information can be built into regular BRE visits by the EDO's outreach team. It is best to collect multiple methods of communication: business phone, email addresses, social media accounts, and personal cell numbers and email addresses. Because some of this information can be considered confidential, and some companies can be reluctant to share it, it is important to convey data security efforts and build trust in all interactions.

When asking for contact information, BRE representatives should explain the importance of multiple forms of contact during a disaster. Disasters can knock out electricity, which limits Internet and email access. When mobile phones' calling features do not work because of downed towers, smartphones can sometimes still access the Internet and text messaging. Increasingly, social media has played an important role in disaster communication strategies. In the immediate aftermath of a disaster, Facebook and Twitter can deliver information to constituents immediately.

An online registration system is another way of collecting information. Businesses can register online and provide basic company information and alternative contacts before a disaster. The Small Business Administration (SBA) provides [guidance](#) on registering businesses with their state and municipality;<sup>4</sup> online registration systems can also be streamlined with some existing BRE software programs.

More information about communication strategies can be found in *Chapter 7, Crisis Communications*.

### 4. Establish a Tiered System of Business Reentry

*Do you know if your business is located in a disaster-prone area?  
Are there any sensitive materials stored at your business that would be destabilized without refrigeration?*

When residents and businesses have been evacuated due to a major event, the local emergency management department may develop a tiered system for re-entry, usually with emergency workers and public safety officials returning first, then essential personnel, and finally citizens, including business owners. EDOs can advocate for designated business representatives to receive immediate or early access to their facilities to mitigate damages, protect equipment or inventory, or retrieve critical business systems.

Businesses that provide necessities, such as gas stations and grocers, also need early access before residents start coming back to the area. For certain types of businesses, it may also make sense to work with local utilities to establish plans to facilitate prioritized service. These efforts can help ensure that local businesses recover from a major event. More information on tiered reentry systems is available in *Chapter 10, Infrastructure*.

Tiered re-entry systems are designed by emergency management departments and often administered by local law enforcement. In the planning process, EDOs can make the case for businesses to be included in a higher tier and can have a role in coordinating business engagement by promoting registration in a tier system.

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<sup>4</sup> [Register your business](#), SBA, 2022



## 5. Set up Collaborative Post-Disaster Funds

*Do you have an emergency fund? How would you cover expenses in the case of a major disaster?*

In a post-disaster environment, access to capital often means the difference between a business failing or surviving.

In the section below, EDO-driven programs such as business grants, revolving loan funds (RLFs), and bridge loans are discussed. But a robust plan to deliver post-disaster financial assistance must be collaborative, and collaboration must take place before a disaster. EDOs can instigate the formation of nonprofit business recovery funds and bank consortiums that will increase the types and amounts of assistance that are available in the community.

Bank consortiums enable private lenders to pool financial resources together into one fund balance and decide upon flexible, affordable terms for impacted businesses. Local sources of loans like this are important because while federal lending sources are substantial, they can take time to reach impacted businesses. Local financing can be flexible and move with speed to meet local needs. Local banks are part of the community, and they can see the financial struggles businesses are experiencing. While even sympathetic bankers cannot put their institutions at risk by making investments that may not be recoverable, they may be willing to participate in recovery financing if that risk is shared via a managed fund. This fund can be managed by an EDO or other nonprofit and include public and private resources and partners. Including banks in the planning process ensures that they are aware of the steps being taken to help safeguard the local economy.

Additionally, EDOs can set up nonprofit business recovery funds, to allow both community members and those outside the community to make donations. Depending on need, these donations can then be funneled into grants for projects that serve businesses. For more information about business recovery funds, see *Chapter 3, Disaster Preparation*.





## Retaining Businesses after a Disaster

Even if an EDO has engaged in pre-disaster planning activities, a disaster creates a chaotic environment. Many businesses and EDOs are unable to immediately access their offices, the extent of physical damages is unknown, and shipments cannot reach warehouses and stores. The workforce cannot get to work, may have damage to their homes, and will likely worry about receiving their paychecks. Businesses will be trying to assess the damage, determine their insurance coverage and processes, find bridge financing to cover production losses, and determine their options for reopening. The needs are great, and resources will be stretched in every direction.

### Tactics to Retain Businesses

An EDO should be ready with resources and knowledge for effective business recovery and retention. After a disaster, EDOs must quickly source recovery information, financial and technical assistance, planning resources, and determine the best method to deliver services to businesses. Clear and organized support from an EDO is the most effective way to help stabilize the business community in the aftermath of a disaster. Key activities for business recovery and retention are:

1. Survey local businesses
2. Establish a business recovery center and hotline
3. Deliver business recovery workshops
4. Communicate and provide outreach
5. Provide short-term and long-term financial services
6. Provide or facilitate access to short-term/gap financing
7. Facilitate access to long-term financing
8. Facilitate access to federal financial sources

## Going Beyond the Survey - Focus Groups, Personal Visits and Other Methods

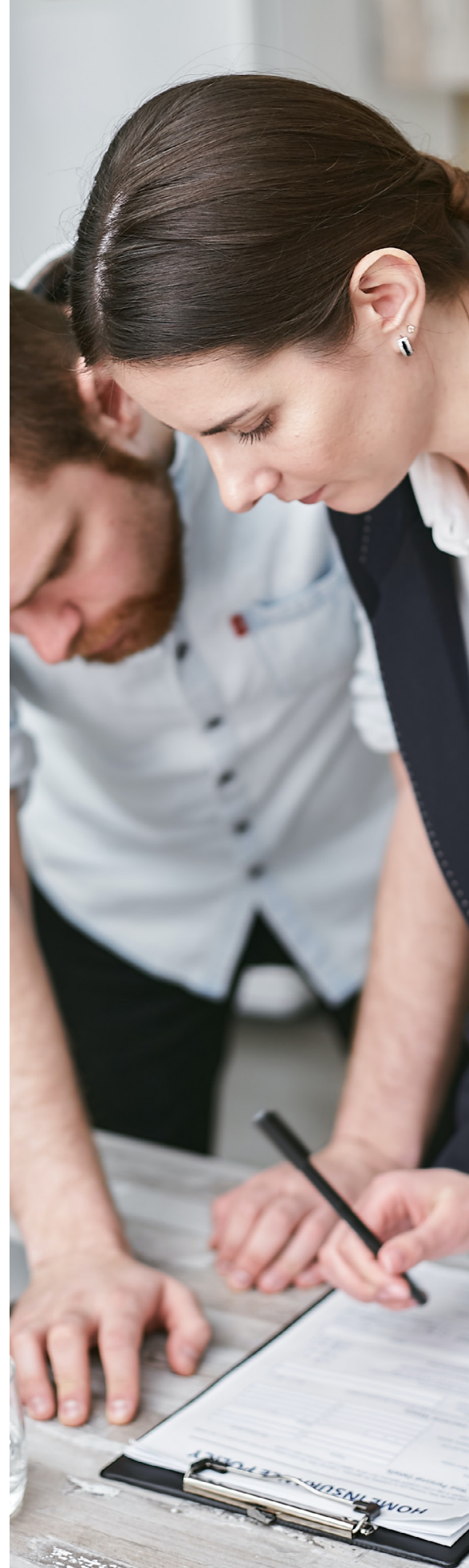
While information-gathering is a key component in any BRE effort, surveys, focus groups, and business outreach must be used judiciously after a disaster strikes. Distributing surveys to distraught business owners in the wake of a disaster can come across as tone-deaf. Laith Wardi, president of Executive-Pulse, a BRE software company, explains that there needs to be multiple open doors to care for, assist, and gather information in the wake of a disaster. He explains that, in many cases, surveying may not be the best way to understand the situation or provide technical assistance.

After a disaster, it may be more appropriate to meet with business owners face-to-face. When conducting visits to businesses after a disaster, owners and employees can be in an emotional state. Dale Wheeldon, president and CEO of the Economic Development Association of British Columbia, who assisted businesses following the 2013 floods in Greater Calgary, explains that he prefers using the tactic of personal business visits and focus groups. He suggests that economic development officials listen with compassion, and emphasizes the importance of “listening and then acting.”

Interviewers can keep in mind questions they would like answered and take notes to be entered into a database, but after a disaster, short business visits can become emotional. Bringing in crisis counselors and financial planners can be a helpful resource.

He also advocates for interviewers to work in teams. After a disaster, business owners may be frustrated and angry with local leaders and staff. They may also be experiencing physical trauma or an emotional crisis (e.g., letting go of an employee, grief over an injured or lost loved one). Working in teams can help interviewees to bear the emotional burden and process their experiences.

Another method Wheeldon suggests is convening larger groups, a tactic that typically results in more focused and strategic discussions than the business visits. These groups are able to discuss the immediate issues or challenges and start planning for recovery. Additionally, the larger groups can boost morale, as people do not feel as alone and can share their experiences with others who have been similarly impacted.



## 1. Survey Local Businesses

After a disaster, the EDO should survey local businesses as soon as reasonably possible to gain baseline information on the disaster's impact. The EDO should collaborate with its partners to disseminate a survey for local business owners to complete. The method of communication will depend on which communication lines are most reliable and may include direct mail, telephone, website, email, town hall meetings, conferences or workshops, surveying at the business resource center, local media, or door-to-door canvassing.

## 2. Establish a Business Recovery Center and Hotline

A business recovery center (BRC) is a one-stop shop set up to provide local, state, and federal resources and services for businesses after a catastrophic event. They typically include a suite of public- and private-sector partners such as SBDCs, SBA loan officers, business counselors, and other stakeholders that serve local businesses. Because their services are tailored to address business needs, they typically are established separately from a local disaster recovery center to avoid confusion with individuals needing social services. For more information on these centers, see *Chapter 4, Small Business Assistance*.

### Establish a Business Recovery Hotline

In addition to a BRC, establish a telephone number or texting service that business owners can contact to get information about the center and its services. Make sure everyone working with the BRC knows the hotline number and that everyone answering the hotline knows what local, state, and federal governments can and cannot do. Businesses will need access to critical information for their recovery, such as a timeline for the restoration of utility services. Additional information supplied by the hotline could include inspection and rebuilding requirements, a list of local and state-licensed contractors, how to select and pay a contractor, and how to work with insurance companies. Businesses, particularly small businesses, also need information on how to navigate local, state, and federal government assistance programs such as those of the SBA, the U.S. Department of Agriculture (USDA), and the U.S. Department of Housing and Urban Development (HUD).

### Develop Online Portal

EDOs should establish a web portal to facilitate communication among local government, recovery agencies, and businesses. A web portal can be a critical source of recovery information for businesses, in addition to a business recovery hotline. The portal can also allow displaced businesses to provide updated contact information.

### Establish an Outreach Campaign for Priority Businesses

An outreach campaign is an important effort for assessing the business community's recovery needs, connecting businesses with resources, and engaging in major business retention efforts for at-risk businesses. Having updated cell phone numbers for executives and other backup contact information is critical.

Depending on the type of disaster, economic recovery stakeholders may want to reach out first to businesses that provide essential services in the local community, such as gas stations and grocery stores, as well as anchor institutions critical to the local economy. As businesses express their recovery needs during an outreach campaign, an EDO should advocate for quick responses to expedite utility services, reentry, and other solutions.

### 3. Deliver Business Recovery Workshops

An EDO or chamber can hold workshops to address both common and unique recovery issues. Workshop speakers should include representatives from local, state, and federal agencies (e.g., small business development centers, SBA, IRS, USDA Rural Business Program, and municipal permitting offices), knowledgeable community stakeholders (e.g., Service Corps of Retired Executives (SCORE,) local nonprofits), and professional service providers such as tax preparers and lawyers. It is also important to engage other economic recovery partners—e.g., other EDOs, business districts, and chambers of commerce—to create a more extensive network of resources and marketing channels.

The workshops can be implemented on a relatively small budget and can serve businesses on a local or regional basis. Local government facilities can serve as meeting spaces, and EDOs can advertise through their partnerships and existing communication channels. After the massive 2017 wildfires in Northern California, the City of Santa Rosa and the Sonoma County Economic Development Board launched a BRC, hosting an open workshop on SBA funds as well as regional programs (including the Wildfire Relief Fund, North Bay Fire Relief Fund, and the Creative Sonoma Recovery Fund) to assist in recovery and rebuilding efforts. An SBA-approved counselor was available to answer questions on insurance and rebuilding costs.<sup>5</sup>

### 4. Communicate and Provide Outreach

Communication is often challenging in a post-disaster environment. EDOs play two important roles in communicating with businesses in a post-disaster situation - as a receiver and as a transmitter. The first role is to listen to business owners and employees to understand individual and community needs, particularly those that might impede the recovery process. The EDO then becomes the primary source of information to share the business community's needs with local, regional, state, and federal officials.

The second role is to quickly disseminate information to businesses regarding available resources and the status of relevant recovery efforts. In a post-disaster environment, communication with businesses should be frequent, consistent, and provide meaningful and actionable information. More information about communicating with businesses can be found in *Chapter 7, Crisis Communications*.

### 5. Establish a Business Grant Program

After a disaster, small businesses may need working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. These funds are crucial to provide within the first month to get businesses back up and running. A grant or forgivable loan can help speed recovery when a business is uncertain about incurring more debt. Funding for such a program typically comes from local or state resources, though there may also be funds available from private sources. Requirements for grants may be more stringent or tailored to a certain at-risk population.

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<sup>5</sup> [Fire Disaster Recovery Workshop](#), Sonoma County, Nov 2017

## 6. Utilize Short-Term Financing

There is much that EDOs can do to help small and medium-sized businesses secure financing and technical assistance. In the short term, small businesses need access to gap financing with low-interest rates and flexible terms. This gap financing provides businesses with working capital until they can secure funds from other sources, such as insurance claims, federal disaster loans, and other long-term financing sources. Gap financing loans are typically made in smaller amounts than long-term financing, ranging from \$5,000 to \$25,000 for small businesses.



## 7. Establish a Bridge Loan Program

A bridge loan program provides working capital to businesses after a disaster and typically is paid back soon after the businesses have received other sources of funding. For example, the Florida Small Business Emergency Bridge Loan Program is activated by Florida's governor only in case of a disaster. Loans are made interest-free and with a cap of \$50,000 per eligible applicant but must be repaid within 12 months. The program was established in 1992 after Hurricane Andrew and has been activated 24 times, most recently in September 2020 after Hurricane Sally made landfall in North Florida. Up to \$5 million was available in the last application period.

## Long-term Financing

As long-term recovery sets in, a small or medium-sized business may have to adjust to a changing local or regional market and thus may need to reorient its product or service, train its workforce with new skills, find new customers, and seek out new vendors. Short-term and long-term financing mechanisms need to adapt to these specific, timely challenges. More information about financing is in *Chapter 4, Small Business Assistance*.

Long-term financing helps businesses rebuild property, purchase equipment, and inventory, and reorient their business around new markets (if needed). Local, state, federal, and private sources can be pooled to create a long-term financing program for impacted businesses following a major disaster. The program can be managed by a local EDO, chamber of commerce, bank, or CDFI, and should have the capacity to continue long-term and meet local business recovery needs as they evolve.

### Establish or Repurpose an Existing Revolving Loan Fund

Revolving loan funds (RLFs) are well structured to provide long-term financing because the repayment of old loans is used to finance new loans. RLFs can be established using federal funds (such as EDA's Economic Adjustment Assistance program and HUD's CDBG-DR program), local or state funds, a foundation, the private sector, or some combination thereof. In establishing an RLF, the EDO should not seek to replace private financial sources but should serve businesses that cannot access traditional sources of financing.

Repurposing an existing RLF specifically for disaster-impacted businesses can be an efficient way for an EDO to create financing opportunities. Established program criteria may be modified to meet the new needs, and staff can adapt existing program applications and processes. The EDO should consult with the RLF funding agency to determine its options for repurposing the fund for post-disaster business recovery.

## Federal Financing Sources

Beyond funding for RLFs, federal departments offer numerous opportunities for accessing funding to support recovery and resilience efforts. These funds are discussed further in *Chapter 8, Accessing Federal Resources*.

For business owners, the Small Business Administration offers several different [loan programs](#) designed for specific recovery and rebuilding purposes. The loans are drawn on a 30-year repayment plan with no pre-payment fees and an interest rate capped at eight percent. Collateral is required on loans of more than \$25,000. Businesses can [apply](#) online through a secure portal, over the phone, or with the help of a BRC staff member.<sup>6</sup> More information about these loans can be found in *Chapter 4, Small Business Assistance*.

### Physical Damage Loans

Businesses of any size can borrow up to \$2 million for losses, excluding what insurance payouts will cover. Funds can be allocated to repair or replace property, machinery, equipment, fixtures, and inventory. These loans can also be used for leasehold improvements and updates for code compliance, but they cannot be used for any kind of preventive measures.

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<sup>6</sup> [Disaster Assistance](#), SBA, 2022

## Economic Injury Disaster Loans

Economic injury disaster loans (EIDLs) are intended to provide capital to businesses with ongoing operational or financial commitments that, were it not for the disaster, would have been fulfilled. Applications are only granted to businesses that would not otherwise qualify for credit at financial institutions. EIDLs are the most common recovery loans for vulnerable small businesses, agricultural co-ops, and most non-profits. EIDL applicants can also borrow up to \$2 million for losses, though if they are also receiving a physical disaster loan, the total of funds is capped at \$2 million. More information on the EIDL program can be found in *Chapter 4, Small Business Assistance*.

## Military Reservist Loan

This program is limited to businesses whose operations are reduced or stopped because their workforce has been called to National Guard duty. The loan is limited only to the loss as estimated by the SBA minus a business's private reserve and business interruption insurance. The cap is \$2 million, though in extraordinary circumstances that limit can be waived by the SBA.

## Effective Use of Incentives

Incentives can be used in times of disaster to provide a boost to less-impacted businesses. Typically, incentives are focused on reducing the cost of doing business, increasing the flow of capital for business recovery and growth, persuading businesses to reinvest, and prompting real estate investment in impacted areas. Local and state tax incentives related to property, equipment, and investment can also be used as financing mechanisms to reduce the chances of firms relocating or closing permanently.

Many types of incentives exist to serve many different purposes. States and localities should develop a strategy to ensure the right mix of incentives is available. EDOs can examine how other communities and states have developed or advocated for incentives to encourage redevelopment and reinvestment in disaster-impacted areas. Incentives are not an option in some jurisdictions, so in those cases, more focus should be paid to private financing means, if possible.

## State Incentives

After a disaster, the most vital incentives are the ones that help businesses renovate and upgrade facilities and equipment, retool for new markets, train employees with needed skills, and conduct other recovery activities. Most of the time, existing incentives can serve these functions, but new incentives can also be created to serve long-term recovery efforts. The most relevant types of incentives for post-disaster BRE include:

- Property improvement/restoration incentives: These can be used to defer property taxes on renovations and improvements to facilities.
- Equipment/machinery incentives: This includes exemptions on property, sales, usage, franchise, or state income taxes on new building materials, machinery, and equipment.
- Retention/reinvestment incentives: These are based on saving jobs and investments at a company that may be in danger of closing.

## Federal Incentives

Federal incentives can be helpful for private businesses and individuals interested in investing in a local communities' recovery. Examples of federal incentive programs include Opportunity Zones and New Markets Tax Credits (NMTC). Federal incentives are typically specific to an area, such as a low-income census tract. Economic developers can highlight available incentives for expanding or relocating businesses and can help those businesses understand how to take advantage of tax savings.

## Conclusion

This chapter has outlined the way the BRE process can be a tool for disaster preparedness and recovery. Through direct engagement and assessment, businesses and EDOs have a better understanding of the assets and challenges facing their operations and their community. That knowledge not only helps businesses in their day-to-day operations but also helps them prepare for and survive a crisis.





## Case Study: Invest Atlanta's I-85 Alive Business Rapid Response

On March 30, 2017, a massive fire beneath an I-85 bridge in Atlanta caused a 100-foot section to collapse, leaving a stretch of highway that runs through the heart of the city impassable. An estimated 525 businesses within a one-mile radius were impacted. These businesses had more than 13,000 employees and an estimated revenue of \$12 billion, and they were located in three major business districts: Lindbergh, Piedmont Heights, and Cheshire Bridge. Businesses in these districts are predominantly retail establishments operated by small business owners.

### Immediate Response

Within 72 hours of the collapse, Invest Atlanta—the official economic development authority for the City of Atlanta—surveyed local businesses and identified three key challenges: loss of customers, commuting delays, and delivery delays. Business owners reported the overall impact on their operation as a 4 on a 5-point scale.

Invest Atlanta's primary goal was to provide timely, relevant, and sustainable resources and support to area businesses most affected by the collapse. Businesses located within a one-mile radius were affected by traffic gridlock and detours that impacted their entire operation. Because I-85 is a major highway that runs through the city, employees, vendors, and customers had to take alternate routes and deal with significant delays during the five weeks it took to repair the bridge.

Invest Atlanta's BRE team organized the I-85 Alive Small Business Resource Event to deliver much-needed resources with more than a dozen business and community partners, including the SBA, SBDC, private banks, WorkSource Atlanta, and city officials. Additionally, they partnered with Lyft to offer transportation options and discounts to make it easier for workers and customers to access the businesses.

Ninety-six business owners attended the event and received free small business consulting, access to capital, review of insurance policies, construction updates, and technical assistance in operations, marketing, and accounting.

## Challenges

The biggest challenge was the limited window available to coordinate a rapid response involving multiple partners and hundreds of businesses.

To be able to provide timely, meaningful support to affected businesses, Invest Atlanta employees at every level reached out to businesses with whom they had built connections in the past. To reach the more than 500 affected businesses, they employed all available outreach methods—phone calls, personal visits, social media alerts, email, and postcard mailings.

While one team reached out to affected businesses, another connected with Atlanta's senior business leaders, and others contacted government officials at the city, state, and regional levels to identify available resources.

## Long-Term Strategy

Invest Atlanta engaged MasterCard Advisors to evaluate the long-term economic implications of the bridge collapse. Using survey results and feedback from MasterCard Advisors, Invest Atlanta created programming to help businesses become more resilient to unexpected events. This includes hosting Business Disruption Workshops to connect owners with available grant and loan programs when their businesses face unforeseen circumstances. Invest Atlanta also developed a streamlined action-response plan for future disasters and disruptions that affect multiple businesses.

## Lessons Learned

The I-85 bridge collapse showed that many businesses were not prepared for large-scale disruption. They were not prepared for the loss of customers and did not have contingency plans in place for employees, vendors, and deliveries. Invest Atlanta's quick and focused response spoke to the organization's strong connections in both the public and private sectors.

The bridge collapse uncovered a new opportunity to provide ongoing support to startups and small businesses that don't have the expertise or bandwidth to prepare for unexpected operational disruptions. Invest Atlanta incorporated action-response programs into its range of resources to help businesses better prepare for and mitigate the fallout from unexpected events.

Invest Atlanta's I-85 Alive Business Rapid Response won an IEDC Excellence in Economic Development Award in 2018 for business retention and expansion.