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## **Downtown Alliance Submits Testimony on Impact of Hurricane Sandy on Lower Manhattan's Small Businesses**

**New York, NY (February 26, 2013)** – Elizabeth H. Berger, president of the Alliance for Downtown New York, today submitted testimony to the New York City Council Committees on Small Business and Economic Development. In her testimony, Berger discussed the steps the Downtown Alliance took to support small businesses in the aftermath of Hurricane Sandy, including the Downtown Alliance's successful \$1.5 million *Back to Business* small business grant program. Full text below:

*Good afternoon. I am Elizabeth H. Berger, President of the Alliance for Downtown New York, the Business Improvement District for Lower Manhattan. Thank you for allowing me to discuss the impact of Hurricane Sandy on small businesses in Lower Manhattan, the response, and conditions that exist four months later.*

*Lower Manhattan, America's fourth largest business district, suffered significant damage in areas of our one-square mile that are on or near the water's edge. Our community was particularly impacted along the Water Street corridor, at the Battery and on the western edge of Greenwich South. One week after the storm made landfall, we estimated that a third of Lower Manhattan's 1,082 small businesses were closed and many more experienced disruptions to business caused by flood damage; loss of power; telecommunications and inventory; and diminished sales due to reduced foot traffic.*

*We were encouraged by the response of our region's city, state, and federal leaders, Senators Charles Schumer and Kristen Gillibrand, New York State Governor Andrew Cuomo, Congress Members Jerrold Nadler and Carolyn Maloney, New York State Assembly Speaker Sheldon Silver and our district's Senator, Daniel Squadron, and New York City Council Speaker Christine Quinn and Council Member Margaret Chin.*

*Of particular note was the advocacy of Governor Cuomo, Senators Schumer and Gillibrand and the New York delegation for federal resources, establishing financial assistance essential for our area to remain a competitive business address.*

*I also applaud Mayor Michael Bloomberg's leadership, the swift response of his agencies, and in particular, the work by the New York City Department of Economic Development (EDC) led by Seth Pinsky, and the New York City Department of Small Business Services (SBS) led by Rob Walsh.*

*The City was quick to communicate the resources that were available from the outset. Our staff was in constant communication with the Mayor's office and agencies, and supportive of the*

*Mayor's eight new initiatives to direct \$1.8 billion in federal grants to rebuild homes and businesses and strengthen infrastructure. The city clearly has reinforced its commitment to supporting the recovery of Lower Manhattan's business community in the aftermath of the storm.*

*In the period after Sandy struck, the Downtown Alliance witnessed property owners making significant investments to repair and improve their buildings. Con Edison restored power to every customer that could safely be turned back on. And Verizon has taken steps to replace its copper wire network with fiber-optic technology, which we believe will make Lower Manhattan home to one of the most modern and advanced telecommunications networks in the region.*

*However, a major concern in the weeks after the storm was the lingering impact on small businesses and non-profits. We listened to our constituents closely, and they spoke of a substantial decline in business for several reasons:*

- A delay in reopening caused by power outages in the first week, and for some, even longer;*
- A dramatic reduction in foot traffic as some office buildings and residences were temporarily closed for storm-related repairs;*
- The on-going media perception that Lower Manhattan was not "back to business";*
- The diminution of open tourist attractions, including the Statue of Liberty and Ellis Island, and continued uncertainty regarding when they will reopen; and*
- Prolonged delays in restoring telecom service, which left many small businesses and non-profits without telephone for delivery orders or Internet for credit card swipes.*

*As a result, many small retailers and restaurants as well as arts, cultural and educational organizations have been under intense financial pressure and still fear closure, because the loss of revenue immediately following the storm was compounded by the costs of capital repairs, inventory replacement and the lack (and, in some cases, unavailability) of sufficient insurance. This challenge was further problematic in the period just after Sandy struck because it occurred during the holiday season, a time of year when many earn the bulk of their income.*

*Unfortunately, most of the assistance made available to small businesses since the storm has been in the form of loans. While these loan opportunities may have been tremendously helpful to some, the majority of smaller businesses and non-profits informed us that they have been hard-pressed to take on more debt.*

*Recognizing that small business is vital to a successful business district, the Downtown Alliance recognized this gap and launched its own responsive, scalable small business assistance program. Called Back to Business, this \$1.6 million grant program was supported from our own reserve and with contributions from a number of Lower Manhattan's leading financial, legal and real estate companies. Back to Business was designed to assist those small businesses and non-profits in the most flood-prone areas of Lower Manhattan that suffered certain losses and were experiencing difficulties reopening in their original locations.*

*With our Back to Business grant program, we assisted retailers, restaurants and certain non-profits in areas located below Chambers Street in Zone A, offering non-recoverable grants of up to \$20,000 on a "first come, first served" basis to small businesses meeting clearly defined guidelines.*

*In fact, this program was modeled on the Lower Manhattan Small Business and Workforce Retention Project undertaken by the Downtown Alliance, Seedco and others after September 11.*

*To date, we have provided 105 grants to Lower Manhattan small businesses in an amount totaling*

*\$1,588,913; of this total, \$370,949 has been committed to deferred grants for 20 small businesses that have not yet reopened. Demand for this program far outstripped supply. We only wish we could have done more.*

*In the aftermath of the storm, the Downtown Alliance's commitment to support its small businesses was reinforced through other initiatives. As many rebounded after suffering substantial loss of business, we launched the fifth annual Holiday Shopping Campaign, which we promoted through print and digital advertising and the release of a new 2013 Lower Manhattan Shopping & Dining Guide.*

*In time for the holiday season, we launched a program to provide free Square Mobile Card Readers to assist businesses affected by Hurricane Sandy to ring up sales through mobile devices. With 267 businesses without data or telecom services, Downtown Alliance staff members fanned out across Lower Manhattan to offer a device to each of these businesses; in the end, we distributed more than 100 of them.*

*As we appear today, there is some good news to share: the great majority of small businesses in Lower Manhattan have since reopened. As we will note in a report due out later this week, 90 percent of our retailers are, in fact, back in business.*

*Some challenges, however, have not subsided as quickly as the waters.*

*As I indicated earlier, the range of available programs was insufficient to meet the diverse needs of many small businesses located south of Chambers Street. Many small businesses have found that federal programs are not responsive to their post-Sandy needs, and that the loans SBA has offered have not solved their problems, because they were not offered at competitive rates and contained burdensome collateral requirements.*

*Small businesses have been instrumental in making Lower Manhattan a premier place to work, live and visit. For this reason, in December we urged the SBA to consider legislative, regulatory, and policy changes to create non-recoverable small business grants and establish tax credits for these businesses to mitigate business interruption.*

*While the Downtown Alliance, property owners and big businesses are working hard to support Lower Manhattan's small businesses, government must do the same.*

*We cannot afford to lose the amenities that have established Lower Manhattan as a globally competitive central business district.*

*Thank you.*

*The mission of the Alliance for Downtown New York is to provide service, advocacy, research and information to advance Lower Manhattan as a global model of a 21st century Central Business District for businesses, residents and visitors.*

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