

April-June 2003

US Department of Housing and
Urban Development
451 7th Street, S.W.
Washington, DC 20410

Quarterly Report to Congress

CDBG Funds for Recovery from and Response to the September 11, 2001 Terrorist Attacks on New York City

Grantees:
Empire State Development Corporation
and
Lower Manhattan Development
Corporation

Executive Summary

Since September 11, 2001, Congress has appropriated \$3.483 billion of supplemental Community Development Block Grant (CDBG) funds for recovery from and response to the terrorist attacks on New York City. Congress requires HUD to report quarterly to the House and Senate Appropriations Committees on the uses of these grants. This is the fifth report on the \$700 million grant to New York State's Urban Development Corporation, a New York public benefit corporation doing business as the Empire State Development Corporation (ESDC). This is the fourth report on activities under way on the second grant, \$2.0 billion awarded to the Lower Manhattan Development Corporation (LMDC), of which \$679,939,548 had been made available for expenditure as of June 30, 2003.

LMDC recently submitted to HUD two Action Plans covering the entire third grant of \$783 million. One action plan deals with utility restoration and infrastructure rebuilding (\$750 million and the other is for New York firms suffering disproportionate loss of workforce (\$33 million. Future reports will describe progress under this grant.

To date, the largest activities under these grants assist small businesses and are administered by ESDC, either directly from its own allocation or on behalf of LMDC using the LMDC allocation.

Through June 30 – the end of the reporting period – ESDC reported on expenditures of \$527,850,161 for grant activities.

LMDC, created to coordinate rebuilding at the World Trade Center and the revitalization of Lower Manhattan, is a New York public benefit corporation and a subsidiary of ESDC. HUD obligated a \$2 billion grant to LMDC in early June 2003, but restricted use of the funds to amounts for which LMDC had submitted a partial *Action Plan*. Through June 30, LMDC reported on expenditures of \$261,291,594 for grant activities from the \$2.0 billion grant.

Action Plan	Funds made available	Date
ESDC – all activities	\$700,000,000	February 13, 2002
LMDC – Residential Grant Program, planning	\$305,892,500	June 7, 2003
LMDC – Small business recovery programs	\$350,000,000	November 22, 2003
LMDC – Columbus Park pavilion, history and heritage tourism	\$24,047,048	June 14, 2003
LMDC – short-term capital projects, long-term planning, business recovery	\$156,105,103	August 6, 2003
Subtotal made available to date:	\$1,536,044,651	September 5, 2003

ESDC and LMDC have the responsibility for day-to-day management of grant programs. HUD is responsible for ensuring each manages its grant programs in accordance with all HUD disaster recovery program requirements. HUD program staff monitored ESDC's grant activities on-site during the reporting period, and HUD staff continually provide technical assistance and grant oversight both on-site in New York City and from Washington, DC. The following chart shows the monitoring and audit reports issued to date for these grants.

Report / Grantee	ESDC	LMDC
Date of HUD management review reports	July 31, 2002 February 26, 2003	January 6, 2003 July 25, 2003
Date of IG Audit Reports	May 22, 2002 March 25, 2003	None issued yet.

In general, the grantees have responded in a timely manner and have taken or are taking the actions HUD or the Office of Inspector General for HUD recommended. To date, none of the issues raised in the reports have resulted in significant questioned costs and, based on current information, HUD program staff believe the grantees are generally managing the grants in accordance with program requirements. The HUD Office of Inspector General is reviewing LMDC's activities and has not yet issued a final report.

This quarterly report covers the funding process, HUD management of the grant, grant terminology, data and narratives from the grantees' quarterly reports to HUD, a discussion of the supplementary data provided by ESDC and LMDC, and program requirements.

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HUD Management

The grants covered by this quarterly report are Community Development Block Grants (CDBG) from supplemental appropriations for recovery from the September 11, 2001, disaster. HUD tailored the rules of the CDBG program to the recovery needs of this disaster by publishing waivers and a limited number of alternative requirements in the *Federal Register*. What HUD did not change is the fundamental principle under the CDBG program that design of program activities and day-to-day management of the grant is the responsibility of the state or local government grant recipient. HUD reviews the grantee's systems and results, but does not choose which activities or programs to assist.

Monitoring. In addition to continuing involvement on-site and at headquarters with oversight and technical assistance, HUD Community Planning and Development (CPD) staff conduct management reviews, also known as grant monitoring visits, about twice yearly. HUD monitored LMDC during the reporting quarter (April-June 2003) and issued a report in July. HUD staff monitored ESDC in July and have not yet issued a report. Because ESDC and LMDC were new disaster grantees, during the management reviews prior to July 2003 HUD assessed grantee compliance comprehensively, looking at all major areas, such as fundability, financial management, environmental reviews, and subrecipient management. As HUD accumulated information about the quality of grantee management systems and performance, HUD became able to apply risk analysis to design more targeted reviews.

Reports. In accordance with established procedures for CDBG disaster recovery grant reporting, ESDC and LMDC are providing their quarterly performance reports to HUD via the Disaster Grant Recovery Reporting (DRGR) online reporting system. Both grantees are current on their DRGR reports.

With the quarterly reports, ESDC and LMDC are providing supplementary data from their grant management information systems to program staff and to the Inspector General.

Note on definitions. The report below uses the terms "expended," "obligated," and "budgeted" in their CDBG sense. In this context, "budgeted" generally means the amount of funds budgeted by the grantee in the *Action Plan*. In its DRGR submissions, LMDC further detailed budgeting for specific planning and administrative activities. The term "obligated" means the grantee has entered into a contractual or other legal obligation to use grant funds for the activity. For example, obligation of funds happens when a contract is signed, a subrecipient agreement is executed, or a member of the grantee staff works and turns in time sheets. The term "expended" means the grantee has drawn grant funds from its line of credit with the U.S. Treasury and applied those funds to pay or reimburse itself for the activity.

Note on data tables. The data tables preceding each project narrative summarize data submitted in DRGR data fields and narratives. The "Total Project Budget from All Reported Sources" line shows the sum of the contributions from all sources (federal, state, local and private) for the project. The remainder of the table deals only with assistance from the HUD disaster recovery grant specified.

Empire State Development Corporation's Report - Overview

The text that follows is drawn from ESDC's submission to HUD via the July 2003 DRGR quarterly report for activities other than planning and administration. The report covers grant activities and cumulative expenditures through the quarter running from April 1 to June 30, 2003.

The largest ESDC activity is the WTC Business Recovery Grant (BRG) program, which provided payments for economic loss to small businesses in Lower Manhattan. As of June 30, ESDC reported it had expended \$330,998,004 from its grant and \$143,599,038 from the LMDC funds ESDC administers for this activity. Through June 30, 2003, ESDC reported cumulative administrative expenditures of \$5,815,638 to deliver \$671,449,199 in total expenditures from its grant and grant funds ESDC administers for LMDC.

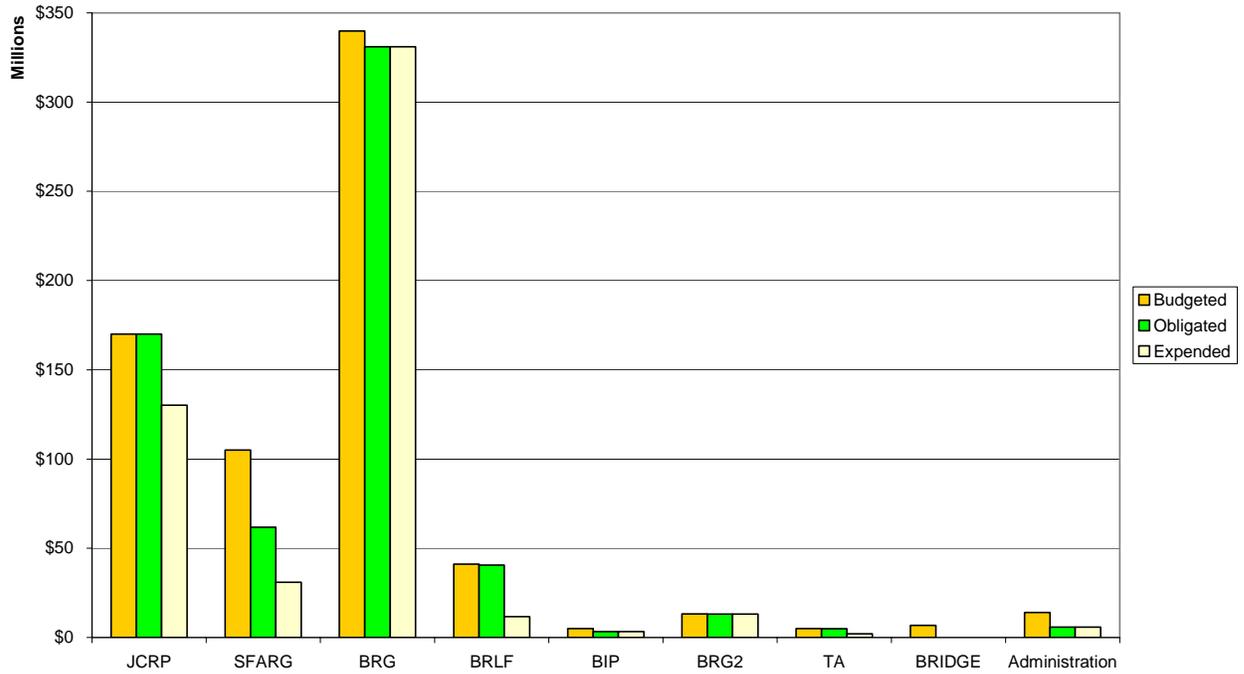
The *Accomplishment Measures* tables show data submitted in DRGR for the same time period. Accomplishments data are only shown in the tables if the grantee has already expended HUD grant funds for the activity. The use of the term "wage-earner" is explained in the Supplementary Data narrative at the end of this report.

The narratives for ESDC funded or administered activities that follow are:

- Overall Narrative of HUD Quarterly Report
- WTC Business Recovery Grant Program (BRG)
- Small Firm Attraction and Retention Grant Program (SFARG)
- WTC Business Recovery Loan Program (BRLF)
- Technical Assistance Services Grant Program (TA)
- WTC Disaster Recovery Bridge Loan Program (BRIDGE)
- Job Creation and Retention Grant Program (JCRP)
- Additional Compensation to Lower Manhattan Businesses (BRG2)
- Business Information Program (BIP)

HUD DISASTER RECOVERY FUNDS BUDGETED, OBLIGATED, & EXPENDED BY ACTIVITY

data from ESDC report on \$700 million grant as of June 30, 2003



ESDC Overall Narrative

Funds	
Total HUD Disaster Recovery Funds from the ESDC Grant	\$700,000,000
Obligated HUD Disaster Funds to June 30	\$700,000,000
Unobligated HUD Disaster Funds to June 30	\$ 69,562,852
Cumulative HUD Disaster Funds Expended to June 30	\$527,850,160

As of June 30, 2003 the WTC disaster recovery programs funded by the \$700 million federal appropriation implemented by the Empire State Development Corporation (ESDC), in cooperation with the New York City Economic Development Corporation (EDC), disbursed nearly half a billion dollars of assistance to businesses dislocated or disrupted by the events of September 11. Many small and large businesses have benefited from the grants, loans, technical assistance and recovery assistance information made available through these programs. The assistance provided to eligible businesses has encouraged and enabled many to remain in Lower Manhattan. Incentives to larger businesses that had left the area as a result of the attacks have been successful in obtaining commitments to return to Lower Manhattan from some of the largest companies in a number of key industry sectors. These include financial and business services, telecommunications, and legal and professional services. The recovery and revitalization of Lower Manhattan depend critically upon the success of these efforts. The disaster recovery programs implemented by the State and City have helped to stabilize, maintain, and restore the economic base of Lower Manhattan.

The \$350 million sub-allocation provided by the Lower Manhattan Development Corporation's (LMDC) partial *Action Plan* published in August 2002, enhanced the capacity of three key disaster recovery administered by ESDC: \$150 million to the WTC Business Recovery Grant Program (BRG), which had an original allocation of \$331 million; \$150 million to the Job Creation and Retention Program (JCRP), which has a \$170 million original allocation to ESDC; and \$50 million to the Small Firm Attraction and Retention Grant Program (SFARG) that has an ESDC allocation of \$105 million. In addition, ESDC was working with HUD in March to process the re-allocation of program funds from two existing disaster recovery programs to supplement the funds allocated to BRG and the Additional Compensation to Lower Manhattan Businesses Program (BRG2). The expansion of compensation for economic loss to eligible businesses in these programs required additional funds to meet program obligations. With the re-allocations within the \$700 million federal appropriation to ESDC, BRG program funds totaled \$339.86 million and the BGR2 allocation totaled \$13.24 million.

Progress to date has been substantial in meeting program goals. This is evidenced by the need for additional program funding beyond the original allocations for three of the disaster recovery programs, defined in the ESDC final *Action Plan*, in order to meet program commitments in the BRG and BRG2 programs and to cover anticipated demand for assistance in JCRP.

BRG, by far the largest of the disaster recovery grant programs, ended as of December 31, 2002. As of June 30, 2003, the program had disbursed an overall total of \$471.9 million and assisted an overall total of 14,010 small businesses in Lower Manhattan. This reflects the combined ESDC and LMDC program funding. HUD requires separate reporting of activities and accomplishments reflecting the expenditure of the ESDC \$339,860,000 allocation as distinct from the LMDC sub-allocation of \$150 million.

Please note that some businesses may have received grants funded by both ESDC and LMDC program allocations. For this reason, overall BRG program accomplishments (number of businesses assisted and employment) cannot be represented as a sum of the accomplishments under each separate program allocation. This would result in double counting some of the program impact.

ESDC alone disbursed \$331.0 million of its total BRG program funding, assisting 9,372 businesses employing nearly 96,000 people. This activity represents nearly 70% of the prorated share of an estimated 19,600 small businesses located on or south of 14th Street targeted by the overall program funding of \$339.86 million anticipated in the final *Action Plan*. This activity also represents 62% of the prorated share of estimated total employment of 225,000 at eligible businesses targeted by the program. BRG program overall accomplishments reported as of June 30 do not include the many applications that were received on or just prior to the program deadline of December 31, 2002 that had not yet been funded by that date. The BRG program did not disburse additional grants in the second quarter of 2003. As of July 30, ESDC was awaiting an anticipated reallocation of funds from other programs to permit it to award grants to the 2214 applications that are pending for \$68.1 million. These grants will increase the overall program impact, as they will be awarded to 2,160 businesses with a total employment of 18,646. Likewise, program accomplishments may actually be more significant if we consider that initial estimates of affected businesses in the final *Action Plan* may have been overstated, given the difficulty in obtaining information on the number of businesses impacted and the extent of economic loss suffered.

Perhaps as important as the statistics measuring program performance, the significance of the Business Recovery Grant Programs lies in the fact that, soon after September 11, it was the first large-scale disaster recovery grant program available to the many small businesses facing catastrophic loss. The walk-in centers set up near Ground Zero to implement the programs quickly became important sources not only of business assistance but also of emotional support to the business owners of Lower Manhattan. The ESDC and EDC staff administering these programs were highly effective in assisting businesses with the application process and in processing applications quickly to deliver grants to eligible businesses as soon as possible. It is no small achievement that through their efforts in just over a year, ESDC and EDC staff disbursed nearly \$472 million to over 14,000 small businesses.

As of June 30, 2003, 771 small businesses received \$30.9 million through the Small Firm Attraction and Retention Grant Program (SFARG), representing nearly 16,700 employees. (This total disbursement reflects half of the assistance eligible firms may receive as a first installment, with the second installment contingent upon their continued eligibility 18 months after application.) The pace of progress in the SFARG program will tend to reflect the

pattern of lease renewals as these proceed for small businesses in New York City and the extent to which the program may attract new businesses into Lower Manhattan. The experience thus far shows a substantial increase in the volume of applications and assistance over the past year.

The WTC Job Creation and Retention Grant Program (JCRP) has been successful in its efforts to secure commitments to Lower Manhattan from large firms (with employment greater than 200 persons). Thirty-four companies employing over 31,360 persons have received over \$130 million in incentives in return for a commitment to remain in, return or relocate to Lower Manhattan. These decisions by some of New York's largest businesses are contributing significantly to the revitalization of Lower Manhattan. As of June 30, 2003, ESDC's Board of Directors had approved 67 grants for a total value of \$222.6 million. Fifty-one of the 67 approved grants will be funded from ESDC's initial allocation of \$170 million from the \$700 million federal appropriation. The remaining 16 approved grants and future commitments will draw on the \$150 million supplemental funding through LMDC. Companies that have received JCRP grants have committed to retain or create over 55,230 jobs in New York City (almost 70% of the estimated 80,000 jobs at companies assumed to be at risk), with over 43,500 of these in Lower Manhattan.

The WTC Disaster Recovery Bridge Loan Program ended on January 31, 2003, when the U.S. Small Business Administration stopped accepting applications for Economic Injury Disaster Loans related to the WTC disaster. Participating lenders in the Bridge Loan Program enrolled 990 loans with a total principal value of \$31.7 million. Total program impact will be available when 98 loans valued at \$3.5 million that are pending reconciliation with EDC records are processed. The Bridge Loan Program is funded by ESDC and EDC and does not draw on the \$700 million federal appropriation. As of June 30, 2003, ESDC is seeking reimbursement for expenditures made for program activity.

As of June 30, 2003, eight community-based lenders participating in the WTC Business Recovery Loan Program were allocated a total of \$40.6 million in program funding to make low-cost working capital loans to eligible borrowers. Lenders closed on 201 loans totaling \$10.9 million to businesses representing a total of 1,311 employees.

The Technical Assistance Grants to Service Providers Program (TA) has entered into contracts with 23 approved service providers to offer non-financial technical assistance, such as business needs assessment, marketing, and legal, accounting, real estate and referral services. Most of the technical services projects began in August 2002. As of June 30, TA contractors had made substantial progress, providing direct assistance to over 3,500 businesses, representing over 30,600 employees.

The extensive outreach and marketing efforts undertaken by the Business Information Program have contributed to the success of the disaster recovery programs. Cooperation between ESDC and EDC has resulted in the effective use of two web sites, two toll-free phone lines, and the operation of two Business Recovery Centers (prior to their closing December 31, 2002) to distribute program information, respond to questions about disaster programs and resources, and to assist small business owners in completing applications.

Phase II of the marketing plan includes intensified marketing and advertising activities for the SFARG and JCRP programs. For the JCRP program, an inspirational full-page print advertisement “LOWER MANHATTAN. More Than Just a Smart Move.” was developed as a patriotic appeal to support the rebuilding of Lower Manhattan. An informational print ad was created to promote the Employee Training and Assistance Program and appeared in nine different publications targeting Lower Manhattan business owners.

As part of the outreach effort, ESDC and EDC staffs continue to participate in speaking engagements with business groups and community organizations to promote the disaster recovery programs.

WTC Business Recovery Grant Program (BRG)

ESDC Grant Funds	
Total Project Budget from All Reported Sources	\$489,860,000
Total HUD Recovery Funds from the ESDC Grant	\$339,860,000
Obligated HUD Recovery Funds to June 30	\$330,998,004
Unobligated HUD Recovery Funds to June 30	\$8,861,996
Cumulative HUD Recovery Funds Expended to June 30	\$330,998,004

ESDC Grant Accomplishment Measures	Expected	Cumulative to Date
# of Low/Mod Wage Earners & Proprietors	NA	64,124
# of Low-Income Wage Earners & Proprietors (subset of Low/Mod)	NA	43,052
# Wage Earners/Proprietors	NA	95,919
# of Businesses	13,488	9,372
# of non-business organizations	474	313

LMDC Grant Funds	
Total Project Budget from All Reported Sources	\$489,860,000
Total HUD Recovery Funds from the LMDC Grant	\$150,000,000
Obligated HUD Recovery Funds to June 30	\$150,000,000
Unobligated HUD Recovery Funds to June 30	\$0
Cumulative HUD Recovery Funds Expended to June 30	\$143,529,756

LMDC Grant Accomplishment Measures	Expected	Cumulative to Date
# of Low/Mod Wage Earners & Proprietors	NA	32,556
# of Low-Income Wage Earners & Proprietors (subset of Low/Mod)	NA	23,504
# Wage Earners/Proprietors	NA	45,650
# of Businesses	6,112	5,942
# of non-business organizations	213	195

In March 2003, ESDC worked with HUD to process the reallocation of \$8,860,000 from the Business Recovery Loan Program to the Business Recovery Grant Program (BRG). This brought the total budget for the BRG program to \$339,860,000, based on the original \$700 million appropriation to the Empire State Development Corporation (ESDC). Prior to this in October 2002, ESDC had worked with HUD to process a sub-allocation of \$150

million to BRG from the Lower Manhattan Development Corporation (LMDC). This is part of a total \$350 million LMDC sub-allocation to three existing programs administered by ESDC, as described in the Partial Action Plan. The combined total of ESDC and LMDC funds available to BRG is \$489,860,000.

HUD requires separate reporting of activities and accomplishments reflecting the expenditure of the ESDC \$339,860,000 allocation as distinct from the LMDC sub-allocation of \$150 million. Please note that some businesses may have received grants funded by both ESDC and LMDC program allocations. For this reason, overall BRG program accomplishments (number of businesses assisted and employment) cannot be represented as a sum of the accomplishments under each separate program allocation. This would result in double counting some of the program impact.

The BRG program closed on December 31, 2002 and is no longer receiving applications for assistance. A substantial number of applications were received in the last few days of the program. Consequently, most of the grant applications from eligible businesses received or postmarked on or before the program deadline were processed during the first quarter of 2003.

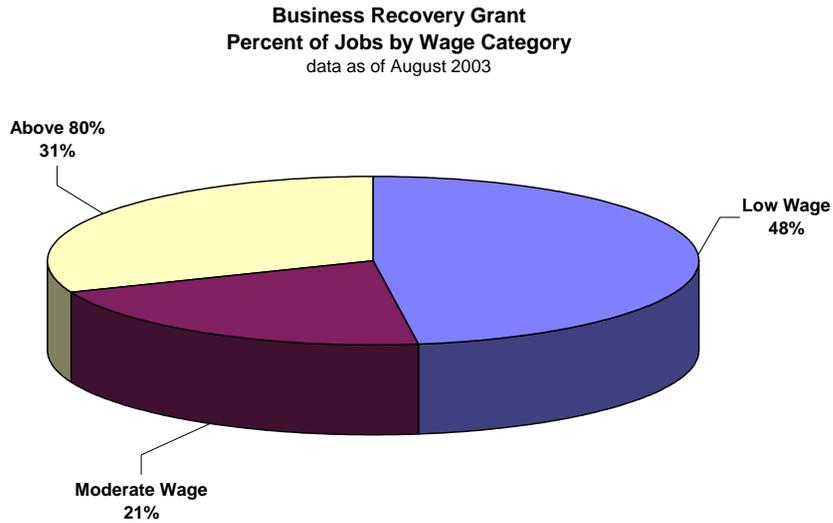
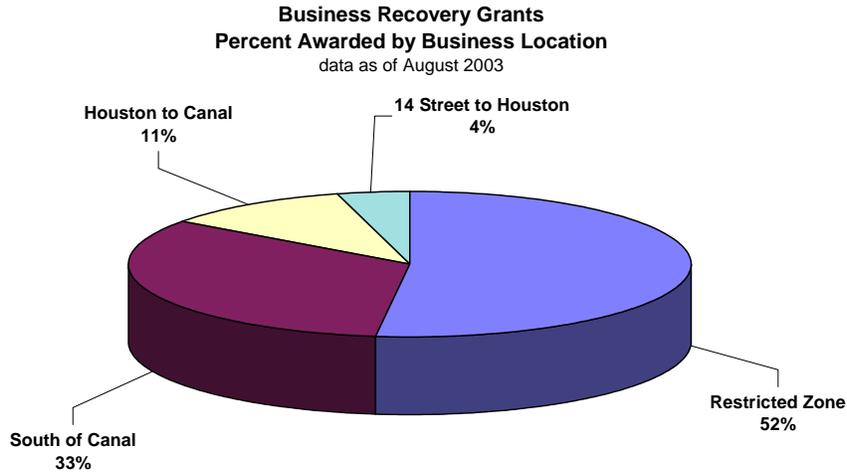
The BRG program did not disburse additional grants in the second quarter of 2003. ESDC is currently awaiting an anticipated reallocation of funds from other programs so as to award grants to the 2,214 applications that are pending for \$68.1 million. These grants will increase the overall program impact, as they will be awarded to 2,160 businesses with a total employment of 16,646. Therefore, the following data regarding disbursed BRG grants remains as it was for Q1 2003 and does not include the grants pending disbursement. (While the cumulative expenditure for BRG did not change since the last quarter, the change reflects an adjustment made by HUD for \$11,184.)

Overall BRG Program Activity and Accomplishments (ESDC and LMDC combined funding \$489,860,000)

As of June 30, 2003, BRG had assisted a total of 14,010 small businesses (including 481 not-for-profit organizations) in Lower Manhattan. The overall program accomplishments will be evaluated once all applications are processed and grants are disbursed to eligible applicants.

A total of \$471,868,623 was disbursed in 18,867 grants to eligible small businesses. (The total amount of assistance disbursed that is reported in this narrative is different from the cumulative HUD funds expended as reported for this period. This reflects a brief time lag between the actual disbursement by ESDC and its recording in the database from which this report is derived.) The total number of grants and amount disbursed includes multiple grants to businesses with more than one establishment located in the Eligible Area. It also includes grants provided for the increased calculation of loss compensation made available to eligible businesses beginning in late August 2002.

As of June 30, the overall program value of grants disbursed represents 96% of the total ESDC and LMDC allocation to BRG of \$489,860,000. The overall BRG program average award per business assisted was \$33,680.



BRG Program Activities and Accomplishments (ESDC \$339.86 million Allocation)

As of June 30, 2003, a total of 9,372 businesses (including 313 not-for-profit organizations) received 12,853 grants totaling \$328,246,113 using the ESDC \$339,860,000 BRG allocation. The average value of BRG award per eligible business over this period was \$35,024. This program activity does not include the activity reflected in the applications received by the program deadline on December 31, 2002 but not disbursed as of June 30, 2003.

Total employment (including wage earners and owners) at BRG-assisted eligible businesses funded by the ESDC program allocation was 95,919. Sixty-seven percent of total employment at assisted establishments (or 64,124 wage earners and proprietors) were low- and moderate- income earners (defined as annual income up to \$50,250). Low-income earners (defined as less than \$31,401 per annum) reflected 45% of total employment (or 43,052 wage earners and proprietors). (The income limits referred to above and below reflect the limits set by HUD's 2002 HOME income limit chart for a 4-person household).

If activity is viewed by sub-areas within the Eligible Area, the BRG Program clearly shows that most of the grants disbursed went to small businesses in the Restricted Zone and the area surrounding it south of Canal Street. These two areas are closest to Ground Zero where businesses suffered the greatest physical damage and economic dislocation. A total of 8,989 grants were disbursed to businesses in these two areas, with a total value of \$279.6 million (or over 82%) of the total ESDC program allocation of \$339.86 million.

The Business Recovery Grant Program has made significant progress toward its goals for disaster recovery in Lower Manhattan. As of June 30, ESDC funding alone for the BRG program assisted nearly 70% of the prorated share of an estimated 19,600 small businesses located on or south of 14th Street targeted by the overall program funding of \$489.86 million anticipated in the Final Action Plan. This activity also represents 62% of the prorated share of estimated total employment of 225,000 at eligible businesses. True program accomplishments will be available once all applications for assistance are processed and grants are disbursed to eligible businesses.

BRG Program Activities and Accomplishments (LMDC \$150 million Allocation)

BRG total employment (including wage earners and owners) at small businesses assisted with the LMDC program funds was 45,746. Seventy-two percent of total employment at assisted establishments (or 32,570 wage earners and proprietors) were low- and moderate-income earners (defined as annual income up to \$50,250). Low-income earners (defined as less than \$31,401 per annum) reflected 51% of total employment (or 23,504 wage earners and proprietors).

When viewed by sub-areas within the Eligible Area, the LMDC-funded portion of the BRG program shows that most of the grants disbursed went to small businesses in the Restricted Zone and the area surrounding it south of Canal Street. A total of 3,906 grants were disbursed to businesses in these two areas, with a total value of \$121.9 million (or 81%) of the total LMDC sub-allocation to the BRG program.

As of June 30, 2003, the entire prorated share of the estimated 19,600 small businesses south of 14th Street received grants through the LMDC allocation of BRG program funds, which contributed to the retention of 66% of the prorated share of the estimated 225,000 jobs in the Eligible Area considered at risk in the Final Action Plan.

Small Firm Attraction and Retention Grant Program (SFARG)

ESDC Grant Funds	
Total Project Budget from All Reported Sources	\$105,000,000
Total HUD Recovery Funds from the ESDC Grant	\$105,000,000
Obligated HUD Recovery Funds to June 30	\$61,819,380
Unobligated HUD Recovery Funds to June 30	\$43,180,620
Cumulative HUD Recovery Funds Expended to June 30	\$30,909,690

ESDC Grant Accomplishment Measures	Expected	Cumulative to Date
# of Low/Mod Wage Earners & Proprietors	8,282	9,624
# of Low-Income Wage Earners & Proprietors (subset of Low/Mod)	5,870	5,583
# of Businesses	7,638	951
# of Persons Benefiting	35,226	16,697

The Small Firm Attraction and Retention Grant Program (SFARG) provides grants to eligible businesses in two installments: half of the total grant is awarded on the approval of a completed application, and half is awarded on the approval of an 18-month disbursement request, contingent on the continued eligibility of the applicant. As of June 30, 2003, the SFARG program showed a substantial increase in the volume of grants provided through the program. Over the period, 951 businesses received grants totaling \$29,980,750 in program funds covering the first installment, with an average award per grant recipient of \$31,525. (Please note that this first installment total grant amount as of June 30, 2003 reported in this narrative is different from the cumulative HUD funds expended as reported for this period, reflecting a brief time lag between the actual disbursement by ESDC and its recording in the database from which this report is derived.) In addition, total obligated funds reflects twice the amount drawn down since only half of the full grant amount is disbursed in the full payment.

The total value of grants disbursed for the period represents 28.5% of the \$105 million allocated to the SFARG Program. It should be noted that it was always anticipated that the pace of progress in the SFARG program would be more modest than activity in most of the other WTC disaster recovery programs funded by the \$700 million federal appropriation. This reflects the fact that small businesses face considerable difficulty in planning strategically and making commitments to remain in Lower Manhattan or elsewhere in New York City.

As of June 30, total direct employment at establishments of SFARG-assisted businesses was 16,697, with an average number of 18 employees per grant recipient. Fifty-eight percent of total employment at assisted establishments (or 9624 wage earners and proprietors) were low- and moderate-income earners (defined as annual income less than \$35,150). Low-income earners (defined as up to \$22,000 per annum) reflected 33% of total employment (or 5583 wage earners and proprietors). The income limits referred to above

reflect the limits set by HUD's 2003 income limit chart for a 1-person household. Prior to the posting of the 2003 report, ESDC had been collecting data using the 4-person household limit from the 2002 income limit chart.

The Amended Action Plan, approved in August 2002, reallocated \$25 million from the Lower Manhattan Development Corporation to the SFARG Program. The revised total program funding for SFARG is \$105 million. In addition, the Partial Action Plan published by LMDC on August 27, 2002, allocates another \$50 million to SFARG as part of a total \$350 million in supplemental funds to three ESDC-managed programs.

WTC Business Recovery Loan Program (BRLF)

Funds	
Total Project Budget from All Reported Sources	\$41,140,000
Total HUD Recovery Funds from the ESDC Grant	\$41,140,000
Obligated HUD Recovery Funds to June 30	\$40,590,000
Unobligated HUD Recovery Funds to June 30	\$550,000
Cumulative HUD Recovery Funds Expended to June 30	\$11,648,798

ESDC Grant Accomplishment Measures	Expected	Cumulative to Date
# of Low/Mod Wage Earners & Proprietors	NA	1083
# of Low-Income Wage Earners & Proprietors (subset of Low/Mod)	NA	815
# of Businesses	NA	196
# of Persons Benefiting	15,000	1,321

As of June 30, 2003, eight of the nine community-based lenders approved for participation in the Business Recovery Loan Program have signed contracts with Empire State Development Corporation (ESDC). Program allocations to these eight lenders totaled \$40,590,000. Once an agreement with the remaining lender is concluded, program allocations will total \$41,140,000.

ESDC has disbursed \$11,648,798 in program funds to participating lenders. Of this amount, lenders have closed 201 loans totaling \$10,953,798 as of June 30, and have received \$445,000 in program delivery fees. The loans for the remaining \$250,000 will be reported as closed in the coming quarter due to the time lag between draw down and delivery. The average loan amount was \$70,478.

As of June 30, total employment at the 196 distinct borrowing businesses was 1,321. Eighty-two percent of total employment at assisted establishments (or 1083 wage earners and proprietors) were low- and moderate-income earners (defined as annual income less than \$35,150). Low-income earners (defined as up to \$22,000 per annum) reflected 62% of total employment (or 815 wage earners and proprietors). The income limits referred to above reflect the limits set by HUD's 2003 HOME income limit chart for a 1-person household. Prior to the posting of the 2003 report, ESDC had been collecting data using the 4-person household limit from the 2002 HOME income limit chart.

Technical Assistance Services Grant Program (TA)

Funds	
Total Project Budget from All Reported Sources	\$7,500,000
Total HUD Recovery Funds from the ESDC Grant	\$5,000,000
Obligated HUD Recovery Funds to June 30	\$4,869,439
Unobligated HUD Recovery Funds to June 30	\$130,561
Cumulative HUD Recovery Funds Expended to June 30	\$2,033,074

The Technical Assistance Grants to Service Providers Program (TA), has allocated up to \$5 million in grant funds to selected organizations through a competitive process to provide technical assistance services to small businesses (with less than 200 employees) located on or below 14th Street that have been affected by the WTC disaster. Technical assistance services may include: assisting identified groups in accessing disaster funds, helping businesses achieve recovery and their targeted redevelopment objectives, and assisting identified businesses with legal, insurance, business management, marketing and attraction efforts.

Most of the 23 Technical Service Providers' projects began in August 2002, and are expected to conclude by August 31, 2004. Each service provider is contributing at least 50% of the grant amount in matching funds or in-kind services.

The TA program has made significant progress in providing a wide range of services needed by small businesses affected by the September 11, 2001 disaster. Twenty-one of the 23 service providers are contracted to provide technical services directly to small businesses, with the remaining two contracted to produce online products designed to service small businesses, and enhance the recovery of Lower Manhattan.

As of June 30, 2003, a total of 3,523 small businesses, representing over 30,633 employees, have been directly assisted by at least one of the TA providers, and by using the online incentive tool. Many of these businesses benefited from more than one type of service and/or provider.

As of June 30, 2003, the service providers collectively held 108 workshops or training seminars on various business recovery and marketing topics resulting in 2,180 individuals in attendance. Resulting from this, the American Management Association (AMA) was elected to the *2003 Associations Advance America Honor Roll*, a national awards competition sponsored by the American Society of Association Executives, for its training programs for NYC small businesses.

Types of services provided are categorized as follows:

- Technical Services: These include business needs assessment; grant and/or loan assistance; seminars/workshops on recovery grants/loans or business recovery.

- 2,717 small businesses with over 22,368 employees benefited from this type of direct technical assistance. While the majority of businesses assisted were retailers, other businesses are represented by a broad range of industry sectors. Some examples of workshops or seminars held this quarter in this category are *Lower Manhattan Incentive Programs*, *Tax Seminar for Small Business Owners*, and *Planning for Business Crises*.
- **Marketing Services:** These include one-on-one marketing and informational seminars and workshops.
 - Since June 30, 2003, a total of 1,261 businesses with over 14,116 employees were assisted with marketing services via one-on-one plan development and/or through seminars and workshops.
 - *One of the more successful marketing events this reporting quarter was the Chinatown Summer Festival.* Asian Women in Business (AWIB) contracted through the TA program to provide marketing assistance (usually one on one) to Lower Manhattan businesses, organized and held the Chinatown Summer Festival (June 16 to June 28, 2003) for the purpose of bringing business and traffic back to Chinatown. The main promotion--giving shoppers and diners rewards redeemable for prizes--was based on the concept of, the more you shopped and dined in Chinatown, the more prizes you received. Forty-eight stores, 23 restaurants, 38 vendors and 10 artists (in Columbus Park Fair on June 28th) participated in the festival. It was reported that close to 10,000 people attended the June 28th Columbus Park Fair, resulting in a substantial increase in traffic to Chinatown. The Festival and Chinatown received positive press, marking the first time a Chinatown event was the cover story for the NY Daily News' weekend section.
- **Specialty Services:** These include legal and individual counseling, tax and accounting assistance, real estate services, and referrals for recovery information and/or assistance.
 - As of June 30, 2003, this type of technical assistance has provided benefit to 742 businesses and organizations with over 5,275 employees.
 - C.W. Shaver & Company held a series of individualized Coaching Sessions for 82 sole proprietors and small arts-related businesses from Lower Manhattan. C.W. Shaver qualified and matched the clients with expert technical advisors resulting in strategies and action plans being developed for business recovery and revitalization.
- **Other Products/Services:**
 - **www.LowerManhattanMap.com** - An online mapping service was launched in February 2003 to serve local businesses and to bring people to Lower Manhattan by making it easier to locate exact sites and services. This new mapping service, enables users to navigate throughout Lower Manhattan by providing access to geographic as well as cultural data contributed by the Alliance of Downtown New York, Lower East Side Business Improvement District, and the TriBeCa Organization, among others. As of June 30, 2003, the site was accessed more than 77,000 times by more than 20,000 individuals throughout the USA and the world. This has resulted in the website being mentioned in newsletters, featured in news articles and advertising sections, and linked from several prominent websites.

- www.downtownNYincentives.com, an interactive search engine was developed to assist small businesses in estimating business incentives available to them, and to locate available real estate below 14th Street. The site, launched in November 2002, seeks to increase the viability and number of small businesses located in Lower Manhattan. As of June 30, 2003, over 2,008 visitors to the website, and of those over 323 completed the online questionnaire outlining incentives and benefits available in Lower Manhattan.

Some activities since program launch (July 2002):

- Program guidelines were developed and modified (December 2002).
- Grant Disbursement Agreements highlighting scope of services, anticipated deliverables, and timelines were finalized for each of the 23 TA providers.
- Two different group meetings of all 23 TA providers were held on September 6, 2002 and December 18, 2002. The purpose was to introduce each of the service providers, launch the program, review program guidelines and reporting requirements, and to introduce new Lower Manhattan recovery programs.
- Four independent sessions were held to review the BRG and SFARG grant programs with the TA providers.
- A website run by NYC- EDC, www.LowerManhattan.info was used to advertise many of the TA providers' workshops and seminars. Stories highlighting some of the benefit small businesses realized by the program were developed and posted to the site.
- To assist in the delivery of contracted services such as legal, financial planning, etc. the TA providers have contracted with 81 different sub-consultants (to date).
- ESD established a dedicated telephone line (212-803-3755) and an email address (TAProgram@empire.state.ny.us) for small businesses seeking technical assistance services. These referrals are posted to a specifically designed web based communication forum that is accessible by all 23 TA providers. This programmatic communication system is also used to post program updates and other information on Lower Manhattan business recovery services.
- An ACCESS database was developed to track and monitor assisted businesses and to be used as a tool to help avoid duplication of services offered to small businesses.

WTC Disaster Recovery Bridge Loan Program (BRIDGE)

Funds	
Total Project Funds from All Reported Sources	\$32,514,159
Total HUD Recovery Funds from the ESDC Grant	\$6,760,000
Obligated HUD Recovery Funds to June 30	\$0
Unobligated HUD Recovery Funds to June 30	\$6,760,000
Cumulative HUD Recovery Funds Expended to June 30	\$0

The WTC Disaster Recovery Bridge Loan Program (BRIDGE) came to an effective end on January 31, 2003, when the United States Small Business Administration stopped accepting applications for Economic Injury Disaster Loans related to the events of September 11, 2001. In March 2003, \$8,240,000 of the original program allocation of \$15 million was re-allocated to the Additional Compensation to Lower Manhattan Businesses (BRG2) Program.

As of June 30, 2003, Empire State Development Corporation (ESDC) had processed 992 loan enrollment forms for bridge loans totaling \$32,639,159. Nine different lenders, including commercial banks and community development financial institutions, participated in the program. Per the terms of its agreement with each lender, ESDC has obligated a total of \$3,216,266 as a loan loss reserve for these loans. This amount is slightly less than 10% of the total amount of the loans enrolled because some individual loan amounts exceeded program limits. Likewise, as of June 30, the New York City Economic Development Corporation (EDC), in cooperation with ESDC in this program, has contributed \$3,271,836 to the loan loss reserve, bringing the overall total reserve fund to \$6,516,992.

An additional 97 loans totaling \$3,512,560 are either pending reconciliation with EDC records or require additional evaluation in order to determine eligibility. If all of these loans are enrolled, final program totals could reach 1,089 enrolled loans totaling \$36,151,719, for a total combined ESDC and EDC loss reserve contribution of \$7,074,044.

As of June 30, 2003, ESD had processed a total of 28 claims for enrolled loans that were in default. These original principal amount enrolled for these loans was \$809,729. The total value of the claims paid from reserve funds to lenders was \$803,406, which includes the outstanding principal amount at time of default, accrued interest, and collection expenses incurred by the lenders.

The State and City have decided to seek reimbursement from HUD for program expenditures, but as of June 30 no funds have been drawn from the \$6,760,000 program allocation from the \$700 million federal appropriation.

Job Creation and Retention Grant Program (JCRP)

ESDC Grant Funds	
Total Project Budget from All Reported Sources	\$320,000,000
Total HUD Recovery Funds from the ESDC Grant	\$170,000,000
Obligated HUD Recovery Funds to June 30	\$170,000,000
Unobligated HUD Recovery Funds to June 30	\$0
Cumulative HUD Recovery Funds Expended to June 30	\$130,100,270

ESDC Grant Accomplishment Measures	Expected	Cumulative to Date
# of Low/Mod Wage Earners & Proprietors	6455	14,376
# of Low-Income Wage Earners & Proprietors (subset of Low/Mod)	4575	4,997
# Wage Earners/Proprietors	42,400	39,492
# of Businesses	106	34

LMDC Grant Funds	
Total Project Budget from All Reported Sources	\$320,000,000
Total HUD Recovery Funds from the LMDC Grant	\$150,000,000
Obligated HUD Recovery Funds to June 30	\$52,634,759
Unobligated HUD Recovery Funds to June 30	\$97,365,241
Cumulative HUD Recovery Funds Expended to June 30	\$0

LMDC Grant Accomplishment Measures	Expected	Cumulative to Date
# of Low/Mod Wage Earners & Proprietors	5725	0
# of Low-Income Wage Earners & Proprietors (subset of Low/Mod)	4058	0
# Wage Earners/Proprietors	37,600	0
# of Businesses	94	0

The Job Creation and Retention Grant Program (JCRP) targets businesses in the area of Lower Manhattan south of Canal Street with over 200 full-time employees that require assistance in maintaining, establishing or resuming a presence in Lower Manhattan or elsewhere in New York City. The program also aims to attract companies willing to commit to relocate and/or create 200 or more jobs in Lower Manhattan. Among these businesses are some of the world's largest financial services, business services, legal and professional services, and communications companies representing some of the largest employers in New York City.

The JCRP offers discretionary incentives to eligible key businesses through a process that involves a number of milestones: A Review Committee comprised of Empire State Development Corporation (ESDC) and NYC Economic Development Corporation (EDC) senior staff considers the recommendations made by project directors from the City and the State. Upon a favorable review, the Review Committee authorizes a level of financial assistance to offer an eligible company, based on a number of criteria. On accepting an offer, the company completes an application, the project is submitted to the ESDC Board of Directors for approval, a Grant Disbursement Agreement is executed, and, after a payment requisition with supporting documents is submitted, the grant is disbursed to the company. The process itself reflects the longer time frame required by these larger firms to assess strategic needs before commitments can be made.

As of June 30, 2003, a total of 121 companies were reviewed by the Review Committee. Of these, a total of 108 were authorized to receive grants and 13 were deemed ineligible or withdrew from consideration. A total of 72 offers have been accepted (including those which have been approved by the ESDC Board of Directors), 1 offer is pending company decision, and 35 offers were declined by the companies. The total value of grant offers accepted was \$251,267,259 reflecting a commitment to retain and/or create a total of 72,704 jobs in New York City, of which 64,204 are located in Lower Manhattan. The average size grant accepted was approximately \$3.3 million and the median was \$700,000. The average grant per direct job for accepted offers was \$3,456. The 1 offer pending company decision as of June 30th had a total value of \$750,000, reflecting a potential 267 additional retained and/or created New York City jobs, with 267 of these jobs located in Lower Manhattan.

As of June 30, 2003, ESDC Directors had approved 67 grants for a total value of \$222,634,759. These companies have committed to retaining or creating a total of 67,595 jobs in New York City, with 59,095 of these in Lower Manhattan. The average value of grants approved by the Board of Directors was \$3.3 million. The average value of grant per direct job created or retained was \$3,294 for approved projects.

The JCRP requires that employment at assisted firms be tracked for a minimum of 7 years, with the actual term determined on a case-by-case basis. For the 72 accepted offers, as of June 30, the average period for tracking employment is 9.2 years.

As of June 30, 2003, grants were disbursed to 34 companies for a total value of \$130,100,270. This disbursement reflects a commitment to retain and/or create 55,235 jobs in New York City, of which 43,518 are located in Lower Manhattan. The average value of grants disbursed was \$3.8 million, with a median of \$650,000. The average value of grant per job created or retained was 3,767.

As of June 30, 2003, among the 34 companies receiving grants, 36% of their existing employees were low- and moderate-income earners, (defined as annual earnings of less than \$35,150). Low-income earners, (defined as annual earnings of up to \$22,000), reflected 13% of total reported employment. (Employment distribution by salary band includes proprietors and partners and are based on information supplied by employers in the grant application or in

the grant disbursement agreement with ESDC.) The income limits referred to above reflect the limits set by HUD's 2003 HOME income limit chart for a 1-person household. Prior to the posting of the 2003 report, ESDC had been collecting data using the 4-person household limit from the 2002 HOME income limit chart.

The Job Creation and Retention Program has made substantial progress toward meeting its program goals. As of June 30, 2003, the assistance provided to the 34 companies receiving grants from the Program will contribute to the retention and/or creation of 69% of the initial estimate of 80,000 jobs at affected businesses targeted by JCRP. If the assistance provided by the 72 grants accepted (including those approved by the ESDC Board of Directors) is considered, JCRP has contributed to maintaining approximately 91% of the estimated 80,000 jobs.

The \$700 million initial federal appropriation allocated \$170 million to JCRP. The accepted offers as of June 30, 2003, totaling \$251.3 million, exceed the initial program allocation. The Final Action Plan anticipated a total program cost of \$400 million, with the additional allocations to come from congressional appropriations to the Lower Manhattan Development Corporation (LMDC).

The Partial Action Plan submitted by LMDC on August 27, 2002 allocates a total of \$350 million as supplemental funds to three ESDC administered programs, including \$150 million for JCRP. As of June 30, 2003, a total of \$11,183,000 from the LMDC sub-allocation was obligated to fund grants approved by ESDC. As of that date, none of the LMDC sub-allocated funds were disbursed to grant recipients. As noted in the Partial Action Plan, the revised total program allocation for JCRP (including the LMDC sub-allocation) is \$320 million, which is fully funded.

The initial \$170 million allocated to ESDC will fund fifty-one of the 67 grants approved as of June 30, 2003. The 34 companies that have received JCRP funding to date from ESDC totals \$130,100,270 and reflects a job commitment of 55,235 in New York City, of which 43,518 are located in Lower Manhattan.

New York State and City continue to face serious challenges in maintaining the presence of the large companies that are the anchors of disaster recovery and the revitalization of Lower Manhattan. Many firms are still evaluating losses and assessing strategic needs. JCRP assists these firms, where possible, in the assessment and planning process. As of June 30, 2003, JCRP grant commitments have contributed in many instances to a company's decision to remain, to relocate, or to consolidate operations downtown or elsewhere within New York City.

Additional Compensation to Lower Manhattan Businesses (BRG2)

Funds	
Total Project Budget from All Reported Sources	\$13,240,000
Total HUD Recovery Funds from the ESDC Grant	\$13,240,000
Obligated HUD Recovery Funds to June 30	\$13,060,000
Unobligated HUD Recovery Funds to June 30	\$179,780
Cumulative HUD Recovery Funds Expended to June 30	\$13,060,220

Accomplishment Measures	Expected	Cumulative to Date
# Low /Mod Wage Earners/Proprietors	NA	2,263
# Low Wage-Earners/Proprietors	NA	1,178
# Wage-Earners/Proprietors	NA	4,941
# of Businesses	NA	72

Additional Compensation to Lower Manhattan Businesses (BRG2) targets businesses employing fewer than 200 people in one or more establishments on or south of 14th Street but more than 500 people nationwide. BRG2 offers assistance on the same terms and conditions as the WTC Business Recovery Grant Program (BRG). Both programs closed on December 31, 2002, and no longer receive applications for assistance.

The provision of supplemental grants in August 2002 to cover increased calculation of loss created additional demand for program funding. To meet program needs, ESDC worked with HUD to process the re-allocation of \$8,240,000 from the WTC Disaster Recovery Bridge Loan Program to BRG2 in March 2003. As of June 30, 2003, the total program budget is \$13,240,000. Over this period, a total of \$13,060,220 in program assistance was disbursed to 74 eligible businesses. The average award per business was \$176,489.

The BRG2 program has helped to retain 4,941 jobs in Lower Manhattan. This is much more than the initial estimate of 2,000 jobs at potentially eligible businesses. Its achievements complement those of the main BRG program and should be viewed in this overall context. Together, these programs contributed significantly to the recovery of those small businesses that have suffered substantial economic dislocation or physical damage.

Total employment (including wage earners and owners) at BRG2-assisted eligible businesses funded by the ESDC program allocation was 3,971. This is much more than the initial estimate of 2,000 jobs at potentially eligible businesses. Sixty percent of total employment at assisted establishments (or 2,263 wage earners and proprietors) were low- and moderate- income earners (defined as annual income up to \$50,250). Low-income earners (defined as less than \$31,401 per annum) reflected 30% of total employment (or 1,178 wage earners and proprietors). (The income limits referred to above and below reflect the limits set by HUD's 2002 HOME income limit chart for a 4-person household).

The achievements of BRG2 complement those of the main BRG program and should be viewed in this overall context. Together, these programs contributed significantly to the recovery of those small businesses that have suffered substantial economic dislocation or physical damage.

Business Information Program (BIP)

Funds	
Total Project Budget from All Reported Sources	\$5,000,000
Total HUD Recovery Funds from the ESDC Grant	\$5,000,000
Obligated HUD Recovery Funds to June 30	\$3,284,467
Unobligated HUD Recovery Funds to June 30	\$1,715,533
Cumulative HUD Recovery Funds Expended to June 30	\$3,284,467

Accomplishment Measures	Expected	Cumulative to Date
# of Businesses	100,000	89,500

The WTC Business Recovery Marketing Plan (“the Plan”) budgeted an initial \$2 million of the \$5 million allocation to promote awareness of disaster recovery programs through marketing and outreach efforts. Phase I of the Plan used a multi-media and multi-lingual approach to promote two key business recovery programs: the WTC Business Recovery Grant Program (BRG) and the Small Firm Attraction & Retention Grant Program (SFARG). The BRG program closed on December 31, 2002. The SFARG program will continue to receive applications through December 31, 2004. Phase II of the Plan continues marketing and advertising activity for the SFARG program and extended these activities in the second quarter to include the Job Creation and Retention Program (JCRP) and, initially, the Employee Training Assistance Program (ETAP).

These efforts have been very successful in reaching a significant number of small businesses. The WTC Recovery Marketing Plan provides an effective means to promote the availability of assistance through these programs. Key elements of the strategy implemented by the Plan have demonstrated significant progress:

- **Web Sites**—As of June 30, there were nearly 92,000 web hits accessing the Action Plan, program information, and applications from the Empire State Development Corporation (ESDC) and NYC Economic Development Corporation (EDC) web sites, www.nylovesmallbiz.com and www.newyorkbiz.com. The web sites have been important in allowing easy access to program guidelines, application forms, Q&As, maps of designated program areas, and other informational materials.
- **Toll-Free Telephone Numbers**—As of June 30, nearly 72,000 calls were received at the two Call Center toll-free telephone numbers, 1 (800) I LOVE NY and 1 (866) 227-0458, that were set up immediately after the attacks on the World Trade Center. The Call Centers have been very important in providing businesses and individuals with information on the on-going WTC disaster recovery programs as well as the Lower

Manhattan Development Corporation's (LMDC) Residential Grant Program. The toll-free numbers remain an important part of the Business Recovery Marketing Plan.

- WTC Business Recovery Centers—When the BRG program ended on December 31, 2002, the two walk-in centers, operated by ESDC and EDC located at 2 Rector Street and 140 William Street, were closed as well. However, a walk-in center was opened at 110 William Street in Lower Manhattan to assist businesses in applying for grants through the Small Firm Attraction & Retention Grant program.
- Job Creation and Retention Program (JCRP) and Patriotic Appeal—An inspirational full-page print advertisement “LOWER MANHATTAN. More than Just a Smart Move.” was developed to build awareness before and call-to-action target audiences for JCRP and other WTC disaster recovery programs. This ad was presented as a patriotic appeal ad to encourage businesses to support the re-building of Lower Manhattan through corporate involvement. It was placed in 12 different regional and national business publications, which collectively represent 13 different insertions, appearing from November 15th through February 2003 (12 weeks). The ad will continue to be used in the coming year as budgets permit. Publications in which the ad has appeared include *Business 2.0*; *Forbes*; *Fortune Small Business*; *Area Development*; *Business Xpansion Journal*; *National Relocation & Real Estate*; *Plants, Sites & Parks*; *Site Selection*; *Crain's New York*; *Baltimore Business Journal*; *Philadelphia Business Journal*; and *Pittsburgh Business Times*.
- Employee Training and Assistance Program (ETAP)—An informational print advertisement was created to promote the funds available to businesses through ETAP. This ad ran during March and April in those community and foreign language publications that circulate to a targeted audience of Lower Manhattan business owners. The ad appeared in English and was also translated into Spanish, Chinese and Mandarin. The ad was placed in nine different publications with a total of 18 insertions from March 1st through the end of April. The ad ran in the following publications: *Battery Park Broadsheet*; *Hoy*; *El Diario*; *La Prensa*; *Downtown Express*; *The Villager*; *Ming Pao*; *Sing Tao*; *Tribeca Tribune*; and *World Journal*. The ETAP program was closed to new applications as of May 12, 2003. As of June 30, 2003, a total of \$3,284,467 of program funds was expended for these BIP activities.

ESDC and EDC staffs continue to coordinate speaking engagements at community organizations and business groups in Lower Manhattan to promote the disaster recovery programs and distribute applications and program materials. Press releases encourage the media to promote the recovery programs as well.

Lower Manhattan Development Corporation's Report - Overview

The text that follows is drawn from the July 2003 quarterly report and the original *Action Plan* LMDC submitted to HUD via the DRGR system. Most of the text was provided by LMDC, some was drafted for this report by HUD staff reviewers. Unlike ESDC, LMDC funded a variety of planning activities during the reporting period, so this section provides more detail in the planning and administration categories than was necessary for ESDC. The report covers grant activities up to June 30.

The *Accomplishment Measures* tables show data submitted in DRGR at the same time. Accomplishments data are only shown in the tables if LMDC has already expended HUD grant funds for the activity. LMDC is using the standard CDBG program definitions for “low” and “moderate” income families, individuals and households. For the Residential Location Incentive Grant program, LMDC is using the standard HUD income limits and defining the components of income using the IRS adjusted gross income definition.

The LMDC narratives that follow are:

- Overall Narrative of HUD Quarterly Report
- Residential Location Incentive Grants
- Columbus Park Pavilion
- Interim Memorial
- WTC Employment Training Assistance Program (ETAP)
- Marketing Initiative for History and Heritage in Downtown NYC
- Planning Activities
- Grant Administration and Outreach Activities

Note: *narratives for the BRG, SFARG and JCRP programs, which both LMDC and ESDC fund and which are administered by ESDC, are included with the ESDC narratives under the applicable program heading.*

LMDC Overall Narrative

Funds	
Total HUD Recovery Funds from the LMDC Grant	\$689,930,325
Obligated HUD Recovery Funds to June 30	\$679,939,548
Unobligated HUD Recovery Funds to June 30	\$268,160,658
Cumulative HUD Recovery Funds Expended to June 30	\$261,291,594

With HUD funding, LMDC is coordinating long-term plans for Lower Manhattan and pursuing initiatives to make the area a vibrant 21st century community for residents, businesses, commuters, and visitors. LMDC is also working to rebuild the World Trade Center site and to create a permanent memorial for the victims of September 11. A transparent and open public process guides LMDC's ongoing planning efforts.

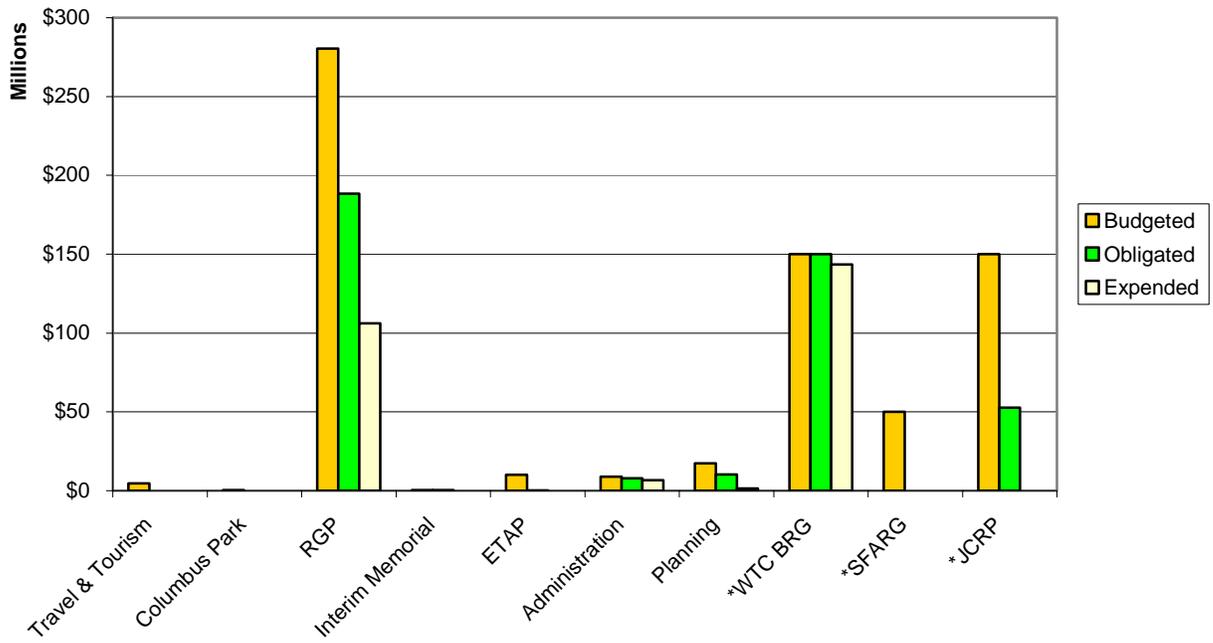
Governor Pataki and then-Mayor Guiliani created the Lower Manhattan Development Corporation in the aftermath of September 11th to coordinate the rebuilding of the World Trade Center site, the revitalization of Lower Manhattan south of Houston Street, and the creation of a fitting memorial. Congress appropriated \$2 billion through this grant to fund LMDC initiatives.

In the *Action Plan*, this is how LMDC summarized needs in Lower Manhattan:

The World Trade Center attacks resulted in a staggering loss of life and extensive physical destruction to Lower Manhattan. Approximately 30 million square feet of commercial space was damaged or eliminated, and seven buildings in the World Trade Center site were completely leveled. Critical transportation infrastructure was disrupted or obliterated, including the PATH station, the 1/9 subway line and sections of Route 9A and Church Street. Vehicular access to the area south of Canal Street was prohibited for seven days. As a result of the tragedy, residential occupancy rates in the immediate region dropped to 60%, over 100,000 jobs were displaced, and small and large businesses struggled to maintain viability.

HUD DISASTER RECOVERY FUNDS BUDGETED, OBLIGATED & EXPENDED BY ACTIVITY

data from LMDC report on \$2 billion grant as of June 30, 2003



Residential Location Incentive Grant Program

Funds	
Total Project Budget from All Reported Sources	\$280,500,000
Total HUD Recovery Funds from the LMDC Grant	\$280,500,000
Obligated HUD Recovery Funds to June 30	\$188,320,750
Unobligated HUD Recovery Funds to June 30	\$92,179,250
Cumulative HUD Recovery Funds Expended to June 30	\$106,195,305

Accomplishment Measures	Expected	Cumulative to Date
# Properties	1,500	1,681
# of Low/Mod Households Benefiting	12,500	19,517
# Low-income Households Benefiting (a subset of Low/Mod)	8,400	14,735
# of Total Households Benefiting	38,000	31,268
# of Businesses	10	26
# of Non-business Organizations Benefiting	N/A	0

On June 7, 2002, Governor George E. Pataki and Housing and Urban Development Secretary Mel Martinez announced the approval of LMDC’s Residential Grant Program. On August 15, 2002, LMDC announced the availability of applications for the \$281 million Residential Grant Program. Over 140,000 applications have been distributed throughout the Lower Manhattan area at over 130 locations including community centers, elected officials offices, Community Board offices, senior centers, residential developments, libraries, and at two full service LMDC Residential Grant Program Community Offices located in TriBeca and Chinatown.

During this quarter, LMDC continued to expand its outreach campaign working with landlords, co-op and condo boards, media, and local community organizations to ensure that all residents, potential residents, and owners are aware of the program. LMDC launched the "It Pays to Live Downtown" campaign in January, 2003. The outreach campaign featured citywide “It Pays to Live Downtown” advertisements placed in local papers, subways, bus stops, and phone booths throughout February and March. Additionally, LMDC mobile application teams visited all residential buildings in Lower Manhattan where no one had yet applied for the grants. On April 26, 2003, LMDC sponsored “It Pays To Live Downtown Day” encouraging existing and new downtown residents to take advantage of LMDC’s Residential Grant Program. Volunteers visited every residential building in Lower Manhattan and local businesses handing out posters and flyers advertising the Residential Grant Program and the May 31, 2003 application deadline.

In an effort to ensure that everyone who lived in the area on September 11, 2001 and remains receives the September 11, 2001 grants, LMDC recently issued additional guidelines for tenants who have not been able to obtain leases or notarized letters from

their landlords.

LMDC has a multilingual hotline (1-866-RenewNYC) to answer questions about eligibility for the program, the status of applications, recertifications, and other issues. This hotline operates Monday through Friday from 9:00 AM to 5:00 PM. LMDC provided multiple ways for residents to apply for the LMDC Residential Grant Program. Applicants were able to mail in applications, apply via the hotline, and make appointments at the Chinatown office at 225 Park Row or the TriBeCa office at 68 Reade Street to meet with an eligibility specialist and receive help in filling out the application. All of LMDC's Residential Grant Program services, including our web site, hotline, offices, and outreach, provide all services in English, Chinese, and Spanish. LMDC has also hired a not-for-profit organization to provide services to individuals who speak other languages.

To minimize the risk of loss from fraud, LMDC has retained a Compliance Auditor and investigative team, which operate a fraud prevention hotline and other initiatives. LMDC's Vice President for Investigations provides in-house expertise on fraud prevention and has day-to-day oversight responsibility for the investigative team. The fraud prevention hotline number is 1-866-830-9131. Staff at Residential Grant Program Community Offices have been fully trained on fraud recognition procedures and are able to contact the investigative team as necessary.

For residents to receive grants, their buildings must be free from hazardous living conditions. To verify building conditions and determine eligibility, LMDC worked with New York City's Department of Buildings, Department of Housing Preservation and Development, Department of City Planning, Department of Finance, and Department of Information Technology and Telecommunications, to create a comprehensive database matching applications in all three zones with the buildings' legal residential and health status conformity.

Working with city agencies and the New York City Fire Department, LMDC categorized the health, safety, and habitability criteria of each building into two levels: Level I and Level II. Residents living in buildings with Level I violations, Hazardous Violations and Vacate Orders from the FDNY, and Unsafe Building Conditions and Emergency Declarations from the Department of Buildings, are not eligible to receive grants until the violation has been cleared. In buildings with Level II violations, Hazardous Violations issued from the Department of Buildings, new residents – anyone who has purchased or rented an apartment on or after November 1, 2002 – will not be eligible to receive grants until the violation has been cleared. To date, 105 buildings in Lower Manhattan have cleared hazardous violations due to the initiation of the Residential Grant Program. Working with the LMDC, FDNY and city agencies, over 70 buildings have cleared Level I Fire Department Hazardous Violations or Vacate Orders, and 37 buildings have cleared Level I and Level II Department of Buildings Vacate Orders, Emergency Declarations, or Hazardous Building Violations.

31,268 applications were approved through June 30, 2003. Checks were issued to

29,610 residents prior to June 30, 2003. Of the 31,268 approved applications representing approximately \$172 million in grants, LMDC will distribute 26,014 September 11 Grants, 20,087 2-Year Grants, and 6,849 Family Grants to individuals. LMDC will distribute 217 2-Year Grants to 26 businesses.

The deadline for the LMDC Residential Grant Program was May 31, 2003 with a grace period for some exceptions. LMDC continues to process applications in order of date received. If applications are missing information, LMDC contacts residents to complete the paperwork. LMDC continues to issue approval letters after quality controls, including fraud prevention measures and confirmation of building eligibility, are applied to each application.

There has been a positive response to the LMDC Residential Grant Program. Applicants include residents that lived here prior to September 11, 2001 and remain committed to the area, families making Lower Manhattan their home, and new residents making two-year commitments to Lower Manhattan. Lower Manhattan is comprised of many diverse neighborhoods. Over 60% of the approved applicants are low- or moderate-income individuals and families. Over 20% of the approved applicants are families. Since the Residential Grant Program was first announced in February 2002, there has been a tremendous resurgence of interest in moving to Lower Manhattan, which is reflected in the increase in residential occupancy rates. For example, the occupancy rate of Battery Park City was 60 percent after the attack, rose to 74 percent shortly after the announcement of the draft plan, and is now over 95 percent. Over 50 percent of the residents in zone 1, the area closest to the World Trade Center site, are new residents to the area since September 11, 2001.

The new and renewed commitment of residents to the area, despite the disaster, provides a strong foundation for the revitalization of Lower Manhattan.

Columbus Park Pavilion

Funds	
Total Project Budget from All Reported Sources	\$1,428,571
Total HUD Recovery Funds from the LMDC Grant	\$428,571
Obligated HUD Recovery Funds to June 30	\$0
Unobligated HUD Recovery Funds to June 30	\$428,571
Cumulative HUD Recovery Funds Expended to June 30	\$0

Accomplishment Measures	Expected	Cumulative to Date
# Public Facilities	1	0
# of Low/Mod Persons Benefiting	81,320	0
# Low-Income Persons Benefiting (a subset of Low/Mod)	62,557	0
# of Total Persons Benefiting	100,412	0

Columbus Park is a heavily used neighborhood park bounded by Baxter, Bayard, Mulberry, and Worth Streets. On June 14, 2003, HUD approved the allocation of \$428,571 for renovation of the Columbus Park Pavilion. LMDC and the New York City Department of Parks and Recreation are working jointly on the environmental review and a subrecipient agreement.

Interim Memorial

Funds	
Total Project Budget from All Reported Funds	\$350,000
Total HUD Recovery Funds from the LMDC Grant	\$350,000
Obligated HUD Recovery Funds to June 30	\$0
Unobligated HUD Recovery Funds to June 30	\$350,000
Cumulative HUD Recovery Funds Expended to June 30	\$0

Accomplishment Measures	Expected	Cumulative to Date
# of public facilities	1	0

March 11, 2002, LMDC joined Governor Pataki, Mayor Bloomberg, former Mayor Guiliani and families of many who perished at the World Trade Center in a moving ceremony to unveil the interim memorial. The centerpiece of the memorial is “*The Sphere for Plaza Fountain*,” a monument to fostering world peace that sat atop a granite fountain in the center of the 5-acre World Trade Center Plaza. *The Sphere* was commissioned by the Port Authority and created by sculptor Fritz Koenig in 1971. The attack September 11th transformed *The Sphere* in an icon of hope. Although it sustained a large gash through its center, it remained structurally intact and was one of the few public art treasures at the World Trade Center that could be recovered. The Parks Department estimates that approximately 300 visitors per day visit the memorial.

LMDC used the New York City Department of Design and Construction as a subrecipient to prepare *The Sphere* and the site and to install the sculpture and related landscaping. The interim memorial is installed in a section of historic Battery Park known as Eisenhower Mall, near Bowling Green and adjacent to Hope Garden. The initial work is complete but LMDC has not yet drawn grant funds to reimburse its expenses for the activity. For additional information and pictures of the interim memorial, refer to <http://www.renewnyc.com/memorial.htm>.

WTC Employment Training Assistance Program (ETAP)

Funds	
Total Project Budget from All Reported Funds	\$10,000,000
Total HUD Recovery Funds from the LMDC Grant	\$10,000,000
Obligated HUD Recovery Funds to June 30	\$121,910
Unobligated HUD Recovery Funds to June 30	\$9,878,090
Cumulative HUD Recovery Funds Expended to June 30	\$69,282

Accomplishment Measures	Expected	Cumulative to Date
# of Persons Benefiting	3000	44
# of Businesses	100	2

The WTC Employment Training Assistance Program (ETAP), established by the Empire State Development Corporation (ESDC), in cooperation with the Lower Manhattan Development Corporation (LMDC) and the New York City Economic Development Corporation (EDC), provides assistance to small businesses and not-for-profit organizations to offer training opportunities to their employees in Lower Manhattan. \$10 million has been allocated to ETAP from a \$2 billion federal appropriation made available to LMDC through HUD. As of June 30, 2003 ESDC has received 20 applications for training assistance. Three grants were disbursed to two businesses for \$69,282 to assist in training 44 new and retained employees. As of June 30, 2003 another three grants totaling \$52,627 are pending disbursement. As of May 12, 2003 ESDC is no longer accepting eligible applications for ETAP in anticipation of a reallocation of the remaining ETAP funds to help cover the existing budget gap in BRG funding. ESDC will fund all eligible applications submitted before that date.

Marketing Initiative for History and Heritage in Downtown NYC

Funds	
Total Project Budget from All Reported Funds	\$4,664,000
Total HUD Recovery Funds from the LMDC Grant	\$4,664,000
Obligated HUD Recovery Funds to June 30	\$0
Unobligated HUD Recovery Funds to June 30	\$4,664,000
Cumulative HUD Recovery Funds Expended to June	\$0

On June 14, 2003, HUD approved the allocation of \$4.664 million for History and Heritage in Downtown NYC. History and Heritage in Downtown NYC (HHD) is a joint initiative of museums whose mission is history and heritage and are located in Lower Manhattan including, but not limited to:

- Castle Clinton National Monument;
- the Eldridge Street Project, Inc.;
- Federal Hall National Memorial;
- Fraunces Tavern Museum;
- Lower East Side Tenement Museum;
- Museum of Chinese in the Americas;
- Museum of American Financial History;
- Museum of Jewish Heritage- A Living Memorial to the Holocaust;
- Smithsonian National Museum of the American Indian;
- New York City Fire Museum; New York City Police Museum;
- South Street Seaport Museum; the Skyscraper Museum; and
- the Statue of Liberty National Monument and Ellis Island Immigration Museum.

The project involves a marketing initiative that will promote downtown as a cultural destination. This project will be coordinated with a broader marketing initiative for Lower Manhattan. In late June 2003, LMDC and the cultural institutions decided on a short-term strategy for marketing during the summer months. A brochure/map and a web site focusing on the 14 cultural destinations are planned for distribution in July 2003.

Administration and Planning Activities

Funds	
Total Project Budget from All Reported Funds	\$26,195,500
Total HUD Recovery Funds from the LMDC Grant	\$26,195,500
Obligated HUD Recovery Funds to June 30	\$18,180,810
Unobligated HUD Recovery Funds to June 30	\$8,014,690
Cumulative HUD Recovery Funds Expended to June 30	\$8,206,534

In the *Action Plan* as of June 30, 2003, LMDC has budgeted \$26,195,500 for planning and administrative activities. Of this total, \$16,720,954 is currently budgeted for administrative activities and the remainder for planning. At HUD's request, the quarterly reports provide additional detail, breaking down uses of funds by major planning project or administrative category. (For this grant, HUD capped expenditures for planning and administration funds in the grant agreement at 5% of the grant.)

Planning. In future, additional planning detail may be broken out from the general administration category. This quarterly report shows planning activities in the following categories:

- WTC site planning – budget \$8,296,023. On July 10, 2003 the LMDC entered into a contract, jointly with the Port Authority of New York and New Jersey, with Studio Daniel Libeskind, LLC for design consulting services relating to the redevelopment of the World Trade Center Site, including among other things, the creation of an integrated site plan reconciling multiple uses on the site and establishment of design guidelines for commercial development on the site.

The creation of a memorial at the World Trade Center site is, and will remain, the centerpiece of LMDC's planning process. LMDC has developed a clearly defined process to guide the development of the memorial that is closely coordinated with the redevelopment process for the World Trade Center site. Two major components of the process were the creation of a memorial mission statement and a memorial program. The mission statement describes the purpose of the memorial, while the program describes the principles that the memorial must embody and the elements it must feature to be considered in the competition.

The mission statement and program were released for public comment from January 8, 2003 through February 2, 2003, and revised based on more than 2,000 comments received during that period. The drafts were developed by two separate committees, convened by the LMDC and comprised of family members, residents, survivors, first responders, arts and architecture professionals, and community leaders. The committees premised their work on an initial memorial mission statement and program developed by the LMDC Families Advisory Council last spring. The mission statement and program are the core of the guidelines of LMDC's World Trade Center

Site memorial competition.

On April 18, 2003, the LMDC announced the selection of a distinguished panel of jury members to evaluate and review entries in the international World Trade Center Site Memorial Competition. The jury is comprised of thirteen individuals representing various points of view-- including world renowned artists and architects, a family member, a Lower Manhattan resident and business owner, representatives of the Governor and Mayor, and other prominent arts and cultural professionals.

On April 28, 2003 the LMDC announced the start of the international competition, and a corresponding global outreach campaign to encourage participation in the competition, featuring ads in newspapers and magazines around the world, to design a memorial at the World Trade Center site for all those lost on September 11th and in the 1993 bombing of the World Trade Center.

On July 17, 2003, LMDC announced that 5,200 memorial submissions had been received from 62 nations and 49 states for the World Trade Center Site Memorial Competition, making it the largest design competition in history. To ensure that the members of the jury were informed of the public's hopes and aspirations for the memorial, LMDC organized a public outreach campaign called Public Perspectives. The campaign included a mailing to all families of victims of the February 26, 1993 and September 11, 2001 terrorist attacks, a large scale public forum on May 28, 2003 attended by over 700 members of the public, and targeted outreach initiatives to Lower Manhattan community groups and organizations, which ensured that all residents, businesses, workers and survivors are involved with the process. Earlier this month a compilation of all the comments received was delivered to each of the jurors.

On June 30, 2003, the Lower Manhattan Development Corporation announced a worldwide outreach campaign to cultural institutions interested in becoming part of the facilities and programs on the future World Trade Center site. The Invitation to Cultural Institutions seeks information from those interested in creating an interpretive museum of the events of February 26, 1993 and September 11, 2001 on the World Trade Center site. It also seeks information from cultural institutions interested in relocating or becoming part of cultural facilities on the World Trade Center site. Information gathered from institutions will be used to further develop World Trade Center site plans.

- LMDC general planning- budget \$3,830,000. An integral part of LMDC's efforts to revitalize Lower Manhattan are a series of studies that will identify short-term and long-term solutions to the challenges facing these neighborhoods in the wake of September 11. These studies include a Chinatown Transportation and Traffic Improvements Study, a Study of the Fulton Corridor Retail and Arts / Entertainment District, and a Public Realm Enhancements Study.

LMDC carries out general planning activities associated with rebuilding and revitalizing Lower Manhattan. These activities include conducting studies, data

gathering, and preparing plans.

Since September 11, road closures throughout Chinatown have severed crucial links to the Financial District and other areas south of the Brooklyn Bridge. Additionally, outmoded infrastructure, congestion, and other transportation and traffic-related problems have converged to inhibit Chinatown's economic and social activity. Developing solutions to these and related problems will help encourage stronger commercial and social activity between Chinatown and other areas of Lower Manhattan. On April 10, 2003, the LMDC announced the selection of Parsons Brinckeroff as the consulting firm that will conduct the Chinatown Traffic and Transportation Study. The study will survey pedestrian and automotive traffic issues, congestion, parking, accessibility, and related quality-of-life concerns in Chinatown. Parsons Brinckeroff will work in conjunction with LMDC's partner agencies to develop a strategy for improving the traffic flow and related conditions in Chinatown, as well as street connections with surrounding areas of Lower Manhattan.

Directly east of the World Trade Center site, the Fulton Street Corridor could become a premier retail, arts and entertainment thoroughfare for Lower Manhattan. Even before September 11, 2001, Fulton Street functioned as a traffic artery and souvenir spot for tourists shuffling between the World Trade Center and the South Street Seaport, and as a place where local office workers could obtain discounted merchandise during work breaks and lunch hours. Moreover, a dense network of subway lines (A, C, E, J, M, Z, 2, 3, 4, 5) situated beneath Fulton Street makes this corridor an unofficial transit hub for Lower Manhattan. The Lower Manhattan Development Corporation and the Department of City Planning are jointly conducting a study to strengthen and enhance the Fulton Street corridor as an important retail and arts/entertainment destination - stretching from the South Street Seaport to the World Financial Center. The study will examine the existing retail, arts and entertainment environment along Fulton Street; analyze the impact of September 11th on this vital commercial strip; and propose a revitalization strategy to strengthen and diversify retail outlets and arts/entertainment venues.

LMDC is also conducting a Public Realm Enhancements Study. Many of the privately owned public spaces in the Financial District have been closed due to security concerns since September 11th. These include the many bonus plazas, arcades, and sidewalk widenings that account for the majority of open space in the area. This study is being undertaken by one of LMDC's urban design consultants, Smith-Miller+Hawkinson, and they will develop a strategy to reopen these spaces through new design concepts that allow security to be added discreetly along with new uses, such as outdoor cafes, passive green areas, and playing fields. The study area is the Financial District core, between Broadway and Water Street, from John Street to Whitehall, and currently Smith-Miller+Hawkinson has already identified specific areas of focus within the financial core for strategic enhancements to the public realm, and are drafting options for each of these areas.

- Environmental Counsel and Consulting – budget \$4,250,000. LMDC has retained legal counsel and sought advice on environmental and/or land use requirements and matters relating to LMDC's:
 - planning studies and activities at the 16-acre World Trade Center site and adjacent areas,
 - approved project in Battery Park known as the Interim Memorial Program,
 - approved project to fund the renovation of the Columbus Park Pavilion,
 - international design competition for a permanent memorial,
 - planning and development of short-term improvement projects in Lower Manhattan,
 - long-term planning studies, and
 - public information, outreach, and participation efforts relating to the foregoing activities.

LMDC has used the services of an environmental consultant for the review of planning and development proposals, the preparation of environmental memoranda, reports, checklists, and notices as appropriate under applicable laws and regulations relating to, among other things, the World Trade Center Innovative Design Study, the World Trade Center Site Memorial Competition, the Interim Memorial Program, the Columbus Park Pavilion Project, and administrative activities at LMDC's offices.

In refining the proposed concept for the World Trade Center site, LMDC collaborated with the site's owner, the Port Authority of New York and New Jersey, and other interested parties and communities to arrive at the World Trade Center Memorial and Redevelopment Plan.

In June 2003, LMDC released the Draft Scope of Generic Environmental Impact Statement for the World Trade Center Memorial and Redevelopment Plan and noticed the related public comment meetings for July 23, 2003. In addition, LMDC has been assisted by its environmental counsel and consultants with respect to environmental initiatives and coordination efforts by and among private, city, state, and federal entities involved in rebuilding efforts in Lower Manhattan, including the transportation recovery projects sponsored by the Federal Transit Administration and the Federal Emergency Management Agency.

- Economic Impact Consultant – budget \$900,000. LMDC currently uses the services of an economic impact consultant to assist in the evaluation of programs or projects to be funded through CDBG funds.

Administration. The CDBG activity "administration" consists of several categories. It may include expenditures for a variety of administrative tasks, such as general grant management, oversight, and coordination; reporting to HUD; and citizen

participation and public information. In many communities, the administration category primarily includes salaries and related expenses for grantee staff and is not broken out into categories for HUD. LMDC plans to include detail in the quarterly report for certain projects carried out with partners or through contractors. The current quarterly report shows two administration categories (another one, the River to River festival, was previously completed):

- General Administration - \$15,720,954. LMDC maintains a staff and office space to carry out its planning and community development activities, including general management, oversight, monitoring, and coordination. In addition, LMDC provides local officials, businesses, and citizens with information about programs.

In June 2003, LMDC announced the launch of a communications outreach campaign to inform Lower Manhattan residents, employees, and visitors of upcoming short-term, quality of life improvements that are being implemented over the next six to 12 months. The campaign began when LMDC staff and volunteers fanned out across Lower Manhattan from 7-9 am to distribute 10,000 palm cards and place 100 posters in local businesses and restaurants. The communications outreach campaign is one of the elements outlined in Governor's Pataki's call for short-term, quality of life improvements in Lower Manhattan.

The campaign has four main components: the development of branded marketing materials including posters and palm cards; the creation of informational kiosks at strategic locations downtown that will double as visitor centers; increased distribution of LMDC newsletters, e-updates and messages from the President; and, continued support of LowerManhattan.info as a central online source of information about the rebuilding effort. As part of the campaign, LMDC is continuing to reach out to businesses and residents downtown in order to distribute newsletters and e-updates.

In June 2003, 50,000 LMDC newsletters were distributed to strategic locations in the area and inserted in local publications. Upcoming short-term improvements to be announced in the campaign include the River to River Festival this summer, the return of PATH service, and the creation of a new pedestrian bridge over Vesey Street.

Over the last year, LMDC has conducted one of the most ambitious outreach campaigns ever undertaken in urban planning. To date, we have hosted three exhibits of plans, drawing close to 200,000 visitors; and we have received close to 33,000 written comments. We have held public meetings in all five boroughs of New York City, on Long Island, and in New Jersey and Connecticut.

LMDC is committed to accomplishing its mission through an open and inclusive process, taking into account the opinions of those affected by the World Trade Center attacks on February 26, 1993 and September 11, 2001. From the beginning, victims' family members have played a critical role in this process. Family members have participated and voiced their opinions by responding to our outreach mailings, by attending public meetings, and by sending thousands of letters and emails to the LMDC. It is a priority of the LMDC to continuously reach out to family members to keep them informed of our

initiatives and events. LMDC created several Advisory Councils representing a broad spectrum of groups including victims' families, business owners, and downtown residents. From the beginning, these Advisory Councils have provided valuable feedback to the LMDC. LMDC Families Advisory Council has played an important role in the process.

Family Outreach and Activities -Family Mailings. In July 2002, LMDC organized a family mailing including an introduction to LMDC and the initial draft memorial mission statement and program created by the Families Advisory Council. The mailing was sent to over 3,000 family members to review and provide comment.

In January 2003, LMDC sent a second mailing to more than 3,000 family members as part of the Plans in Progress outreach campaign. The mailing included information on the nine design concepts for the World Trade Center site released on December 18, 2002 and the revised draft memorial mission statement and program. Family members were encouraged to provide comment on both the site planning efforts and the revised draft mission statement and program.

As part of the Public Perspectives outreach campaign for the World Trade Center Site Memorial, LMDC invited World Trade Center Site family members from February 26, 1993 and September 11, 2001, as well as Pentagon families and Somerset County, Pennsylvania families to participate in this historic process by informing the memorial jury members of their hopes and aspirations for the memorial. LMDC sent a mailing to over 6,500 family members to ensure that as many families as possible were aware of the memorial process and the ways they could participate and provide feedback.

LMDC recognizes the importance of the World Trade Center site to the families who lost loved ones on February 26, 2003 and September 11, 2001. As a result, two areas have been created for the families to observe the site in quiet contemplation. The first of these rooms is the One Liberty Plaza Family Room, located on the 20th floor of One Liberty Plaza, overlooking the World Trade Center Site. The second room, the Liberty Street Family Room, is on Liberty Street, which is located at the World Trade Center Site. Both of these areas provide a private, peaceful setting.

- Listening to the City – CDBG budget \$500,000. The Listening to the City events enabled people from the entire New York metropolitan area to participate in the public dialogue regarding the future of the World Trade Center site and adjacent areas and the creation of a fitting memorial. Approximately 4,500 people attended the Listening to the City events on July 20, 2002 and July 22, 2002, representing a diverse demographic and geographic population. Participants in these forums came from all over the region and represented a variety of backgrounds. In addition to reviewing and discussing the six concept plans for the World Trade Center site and adjacent areas, participants were asked to discuss a variety of issues related to Lower Manhattan and its revitalization. The participants were also asked to provide comments on the draft Memorial Mission Statement. The event on July 20th was the largest public urban planning dialogue of its kind in history. Another 800 people participated in an on-line dialogue held between July 29, 2002 and August 12, 2002. This activity is complete and these are final numbers.

Supplementary Data

Supplementary Databases. ESDC provided HUD a copy of its grant management database for the period from the start of grant activities until August 2003. These data represent information down to the applicant level and include topics not covered in DRGR reports, such as race and ethnicity information for direct benefit activities, and North American Industrial Classification System (NAICS) code information for assisted businesses. LMDC provided data from its grant management databases for the Residential Grant program for the period from inception of the program until the end of the reporting period. These data also provide information down to the applicant level and include race, ethnicity, outreach effectiveness, language and building eligibility information. HUD program staff use these information resources for remote monitoring of the grant programs.

Reporting Jobs By Wage Band. ESDC is carrying out all its activities under the “Urgent Need” national objective of the CDBG program. This means program rules do not require that business assistance activities result in the creation or retention of jobs for low- and moderate-income persons. To provide a measure of performance resulting from economic development activities, ESDC still collects and reports data on jobs assisted, including information on the salaries earned in jobs created or retained as a result of the grants.

In published waivers and alternative requirements, HUD eased income-reporting requirements to allow ESDC to collect job data based on the “wage band” of individuals hired rather than based on the income status of the entire household. (The latter approach is used throughout the regular CDBG program.) ESDC used HUD’s section 8 family income limits for New York City to set the salary range limits for wage bands called “low”, for earning levels at or below the limit for families earning 50% of median income, “moderate”, for earning levels at or below the limit for families earning 80% of median income, and “Above moderate”, for earning levels above the 80% limit.

This modified income collection method cannot be directly compared with other CDBG and HUD income data based on household and family income. Obviously, some of the jobs created by ESDC and reported in *low* or *moderate* categories could be held by people whose households include another wage earner with a significantly higher income. Still, and unexpectedly, the data do show the BRG program resulting in a significant amount of job creation and retention activity in the lowest income-earning categories. This point is significant because it means the BRG program is assisting at least some of the populations that HUD’s experience with disaster recovery shows have the greatest difficulty recovering from the economic effects of disasters.

Program Requirements

Chapter 13 of division B of the Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002 (Public Law 107-117, approved January 10, 2002) appropriates \$2.0 billion in Community Development Block Grant funds and makes applicable the first six provisos of section 434 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002 (Public Law 107-73, approved November 26, 2001). Section 434 provides for the use of CDBG funds made available from the Emergency Response Fund by the fifth proviso under the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38, approved September 18, 2001) to New York State for properties and businesses damaged by, and economic revitalization related to, the September 11, 2001, terrorist attacks on New York City. Prior to the \$2.0 billion appropriation, \$700 million was made available from the Emergency Response Fund. The third proviso of section 434 authorizes the Secretary to waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or use by the recipient of these funds, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment.

Other requirements include the Housing and Community Development Act of 1974, as amended, and the portions of 24 CFR Part 570 dealing with the state program, except as waived or replaced with alternative requirements by *Federal Register* notices 67 FR 12042, published March 18, 2002, 67 FR 36017 published May 22, 2002, and 68 FR 26640 published May 16, 2003.