



“The LMDC will be around a whole lot longer than my business will.”

Owner of one small business formerly located in One World Trade Center

My name is Ariel Goodman, and I am the President of the lower Manhattan small business advocacy group, From the Ground Up, Inc.

When the sun rose on the morning of September 11th, I was the owner or president of four small businesses located on the 87th Floor of One World Trade. One of those companies had been in business for 37 years.

I was also a 10-year resident of Battery Park City and my neighborhood, lower Manhattan, was one of the fastest-growing neighborhoods in New York.

Today, my neighborhood is facing a new, grimmer reality.

In the two years since the terrorist attacks, the economy of lower Manhattan has shrunk by nearly 40%. Lower Manhattan’s small business community has borne the brunt of this economic downturn.

Since 9/11, our members report that approximately 15% of lower Manhattan's small businesses have closed their doors for good. Of the lower Manhattan small businesses that have managed to stay open, 75% of them are either barely breaking even or they are operating in the red. The economic outlook for retail small businesses is even worse.

For the most part, the lower Manhattan small businesses that have survived over the past two years have done so through a combination of:

- Hard work;
- Fiscal prudence; and
- Personal financial resources: including dipping into savings, college tuition funds, retirement accounts, borrowing from family and friends, and taking out second mortgages.

Although small business is essential to the successful revitalization of lower Manhattan, the small businesses victims of the 9/11 attacks have, for the most part, been ignored.

Generally speaking, the government grants available to assist lower Manhattan small businesses have been poorly crafted and characterized by unending documentation requirements. At the end of the day, even for successful applicants, these grants were simply insufficient to meet the needs of the hardest-hit of the small business victims of the terrorist attacks.

For example:

- Of the LMDC grants:
 - Despite its name, the WTC BRG program disproportionately favored businesses not in the immediate vicinity of the World Trade Center. For example, World Trade Center small businesses, many of whom were closed six months or longer, were eligible to receive grants of only 25 days, or less than 15%, of the business income they lost. In contrast, Wall Street businesses were eligible for grants of more than 250% of their lost business income.
 - Similarly, the WTC SFARG program disproportionately favors new businesses over businesses that were in existence on 9/11 and who suffered losses directly attributable to the attacks. The lease requirements used to determine eligibility are so arbitrary and byzantine that a new business signing a 3 year lease to operate downtown will receive a grant while a 20 year old existing business with a 10 year option on its lease will not.
- In contrast, the aid provided by FEMA's Mortgage and Rental Assistance Program was literally a lifeline for many of our members – in many cases the only thing keeping them afloat after 9/11. Unfortunately, FEMA's MRA program lasts only 18 months. When we lose that lifeline, even more of lower Manhattan's small businesses will close as their owners are forced to go elsewhere to earn a living.
- Less successfully, SBA loans were somewhat helpful for our members but difficult to obtain. More than 50% of the small business owners who applied for SBA loans were either denied assistance or they refused to put up the personal collateral required. Now that the two-year moratorium on loan repayment is ending, many of our members find that making these loan payments will put their businesses in the red.

Incredibly, no government program ever provided special assistance to small businesses actually located in in or immediately adjacent to the World Trade Center, even though many of those businesses – including mine – have yet to reopen at a permanent location.

Of the tens of BILLIONS of dollars appropriated by Congress to help lower Manhattan recover from the terrorist attacks, the LMDC still has \$1.2 BILLION unallocated and BILLIONS more that have been allocated but not yet disbursed.

One of the members of From the Ground Up whose business was formerly located in One World Trade told us last week that he thinks that the LMDC will be around a whole lot longer than his business will. In order to ensure that his statement is not prophetic, From the Ground Up urges that the remaining \$1.2 BILLION available to lower Manhattan be used for the following:

- 1) Extend FEMA's MRA assistance for at least another two years;
- 2) Extend the moratorium on SBA loan repayments for at least another two years; and
- 3) Create a program designed specifically for WTC small businesses.

The highest and best use for the LMDC's unallocated \$1.2 BILLION is to get it directly into the hands of the 9/11 small business victims who were its intended beneficiaries. Lower Manhattan's small business community needs that money, and we need it now – not in 2 years, or 5 years, or 10.

If no additional aid is given to small business, owners will most likely lose their businesses as well as their homes putting thousands of people on unemployment. The ripple effect will be felt not only in Lower Manhattan but throughout the world. Ask yourselves this, will the NYSE and AMEX want to stay in Lower Manhattan if there are no restaurants and services, will the residents want to stay? If no further aid to those most effected by this tragedy, and From the Ground Up's predictions come true, the entire economy would just collapse. Do you want this to be your legacy? We are trying

against overwhelming odds to stay here and rebuild, but we do need your help.

Small businesses create jobs instantly! Help us and you will help the economy and rebuilding process. We need action now before another business closes.

Respectfully submitted,
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FY04 VA-HUD Appropriations – Rep. Maloney Conference Request

Local Priorities included in House bill:

- 1. \$150,000 for LaGuardia Community College** for renovation of the physical space on campus.
- 2. \$450,000 for the New York Public Library** for renovation and expansion of the Map Division
- 3. \$450,000 for the Metropolitan Museum of Art** to help restore and repair the façade

FY04 VA/HUD APPROPRIATIONS SUBCOMMITTEE – Strategy Calls

Chair = James Walsh, 225-3701

Ranking Member = Alan Mollohan, 225- 4172

The key people to contact are:

a) Angela Ohm x5-4172

b) Ron Anderson (w/Walsh, I know you have a relationship with him), x53701

Talking Points:

- Wanted to personally thank you for your help on VA/HUD Appropriations and ask for your help to keep my projects;
- Wanted to remind you of a some priorities of mine that were included in the House bill:
 1. **\$150,000 for LaGuardia Community College (this was a Mollohan add, fyi)**
 2. **\$450,000 for New York Public Library**
 3. **\$450,000 for the Metropolitan Museum of Art**
- As the bill moves to conference, I hope that you can to maintain this strong level of funding.
- I have a new Legislative Director who is handling my appropriations, Orly Isaacson. I'm going to ask her to follow-up with you by e-mail.
- Thank you again. I know you have a tough job, so I really appreciate everything you're doing.