



FEDERAL RESERVE BANK *of* NEW YORK

Intelligence From the Hardest Hit Areas

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Overview

- Outreach Team
 - Gathers intelligence about emerging local issues, economic problems, and financial concerns from the ground up
 - Identifies knowledge gaps for which the FRBNY is uniquely suited to address and produce actionable analysis
 - Ongoing relationships with community organizations, business groups, and government agencies throughout the region
- Sandy-Related Conversations
 - Contacted 40+ service organizations operating in the hardest hit areas of the region
 - Organizations include local, state, and federal housing and business agencies; chambers of commerce; and economic development authorities
 - Focus on small business and housing market conditions



Small Business Recovery

- Access to Credit is Top of Mind
 - Collateral losses limit ability to obtain loans/lines of credit
 - High demand for SBA loans at favorable terms
 - Gap financing needed for short-term cash flow while firms restart operations and wait for SBA and insurance settlements
 - Local loan programs filling short-term financing needs—up to \$25k.
Examples include NYC Department of Small Business Services, NY Bankers Association and NY Business Development Corp, and Hudson County Economic Development Corporation



Small Business Recovery

- Insurance Coverage Won't Make Firms Whole
 - Companies lacked flood insurance
 - Major storm damage due to salt water
 - Business disruption insurance policies may not cover damage due to water, wind, or power outages
 - Many firms hold such policies, especially service industry firms
 - Demand for adjusters is greater than capacity
 - Insurance companies have set up mobile claims operations in heavily affected areas



Small Business Recovery

- Business Trade Groups are Engines of Recovery
 - Businesses located in areas with active business organizations are faring better than those in areas without such infrastructure
 - Service organizations in affected areas also sidelined by the storm but used websites and social media to communicate with members while operations were closed
 - Self-help cooperatives among business owners have sprung up to share resources and space



Small Business Recovery

- Business Owners Facing Key Decisions
 - Investment: Firms on waterfront discussing getting big generator systems— but logistical problems remain (i.e. where to locate generators). Renters with short-term leases hesitant to take out loans to renovate spaces they may not be able to retain
 - Relocation: Sandy is prompting relocation discussions. New Jersey or upstate New York where (higher ground) land is cheaper are in consideration, especially for waterfront firms
 - Closing Shop: Business owners close to retirement age are considering not reopening at all



Housing Recovery

- Shelter is Top Priority For Federal, State, and Local Authorities
 - Estimated 40,000 New York City residents need shelter—likely to be low estimate
 - Housing service providers report that most families who lacked power, heat, or hot water, but whose homes did not suffer structural damage, preferred to brave elements
 - Many public housing tenants refused to evacuate or relocate out of fear that a Katrina-like condemnation might take place



Housing Recovery

- Counseling and Service Resources Available
 - State Housing Task forces formed to identify housing priorities, catalog vacant rental housing units, and investigate temporary housing options
 - Housing counseling and service providers aggressively marketing emergency loan programs—examples are Neighborhood Housing Services of NYC and Asian Americans for Equality—in hard hit neighborhoods
 - Over longer term, Center for NYC Neighborhoods will deploy resources to support housing counseling and legal services for homeowners filing insurance and FEMA claims and seeking assistance from mortgage providers

