The views expressed here are those of the presenters and do not necessarily represent the views of the Federal Reserve Bank of New York or the Federal Reserve System.
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