




**IEM.**

**Economic Revitalization  
Activities with CDBG-DR**

**COSCON Conference  
3/16/2023**

.....

**Marion McFadden  
VP for Disaster Recovery**

iem.com  


1

## Good Economic Revitalization Programs

- **Tie back to the disaster... but don't just put back what was lost**
  - While the first priority may be bridging the gaps left by insurance for small businesses that were physically damaged, CDBG-DR dollars allow States to think about the economy in the impacted area as a whole and design activities for business growth.
- **Move quickly!**
  - Most small businesses have never had a loan other than credit cards and many lack the financial cushion to survive major disasters – so invest in supports to help them apply.
  - Programs that open one, two or three years after a disaster may be too late for businesses that have already failed – but they can drive economic growth through investments in emerging businesses and reskilling the workforce.
  - And close quickly! It's in everyone's interest to move funding into business owners' hands and minimize the reporting requirements, so structure activities that provide working capital whenever possible. Be aggressive in setting deadlines. You can always do later rounds.



2

# Bad Economic Revitalization Programs

- **Throw good money after bad**
  - Assess the business's ability to operate if no additional funds arrive beyond CDBG-DR so that the taxpayer investment spurs economic activity and creates or retains jobs for LMI workers.
  - In program design, consider whether to require a match, realistically weighing the availability of private and philanthropic funds. If businesses can't raise required leverage, you may make awards but find them hard to disburse!
- **Assume business owners are comfortable with paperwork**
  - Assess the business's ability to operate if no additional funds arrive beyond CDBG-DR
- **Inappropriately feature elected officials during election season**
  - The political reality of hotly contested elections is that a chief elected official may want make use of CDBG-DR tourism funds to start in advertisements. HUD can help shut this down if you need support!



3

# Business Recovery Grant Pgm After 9/11



- **Grants to Stop Businesses from Fleeing Lower Manhattan & Renew NYC**
  - The collapse of the Twin Towers brought devastating loss of life. More than 100,000 jobs were impacted and 30M square feet of office space was damaged or destroyed.
  - Disaster grants were offered to WTC businesses as well as impacted neighboring businesses and nonprofits to stop them from leaving – and to support a new vision for a vibrant, commercial and residential downtown.
- **Lessons learned**
  - **Do broad outreach and set aggressive deadlines.** The program ran for almost a year but about 22% of applications came in during the last month, with half of that in the last two days.
  - **Calculate awards based on days of lost gross revenue** – and possibly stagger as businesses are farther from the area of greatest impact.
  - With downtowns, consider the opportunity to lure new residents and tourists by **investing in cultural events**. The population of Lower Manhattan doubled from 2000 to 2015; CDBG-DR funding was the catalyst.
  - Read HUD's Case Study: <https://www.hudexchange.info/sites/onecpd/assets/File/CDBG-DR-Case-Study-9-11-Business-Recovery-Grants-NYC.pdf>



4

## Puerto Rico ReGrow & Economic Dev Investment for Portfolio Growth

- ReGrow addressed the needs of agricultural businesses, including farm equipment, irrigation systems, greenhouses, and processing & storage facilities.
- IPG-MIT provides funds for major infrastructure projects such as electricity & microgrids, telecom networks, and resilient water and wastewater systems. These require significant leverage.
- **Lessons learned**
  - Help agro businesses think about future growth
  - For construction projects, set go/no-go deadlines for demonstration of site control and firm commitments of leverage



Family-owned Empresas Agrícolas El Paraiso Farm in Orocovis, PR, received \$99,000 for a walk-in cooler, refrigerated storage trailer, and distribution vehicle



5

# Questions? Please reach out any time!

[marion.mcfadden@iem.com](mailto:marion.mcfadden@iem.com)



6