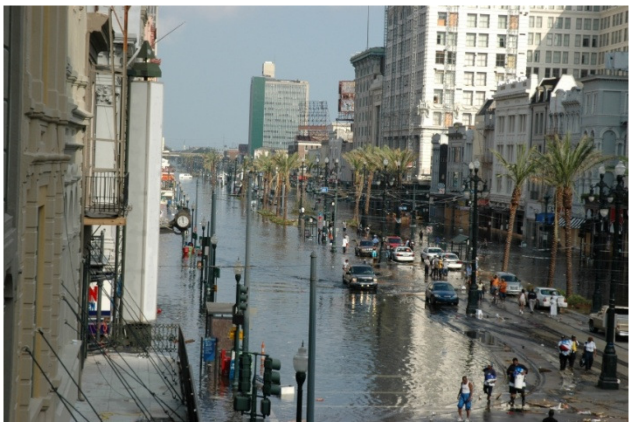
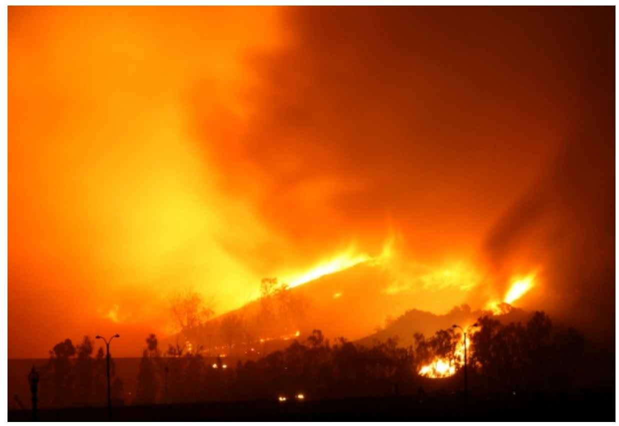
An Improved Federal Response

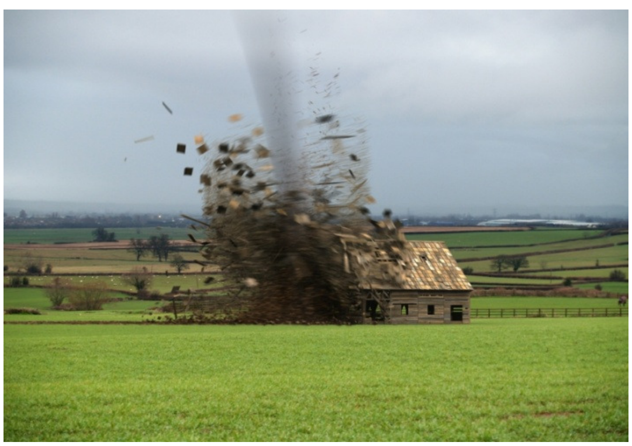
To

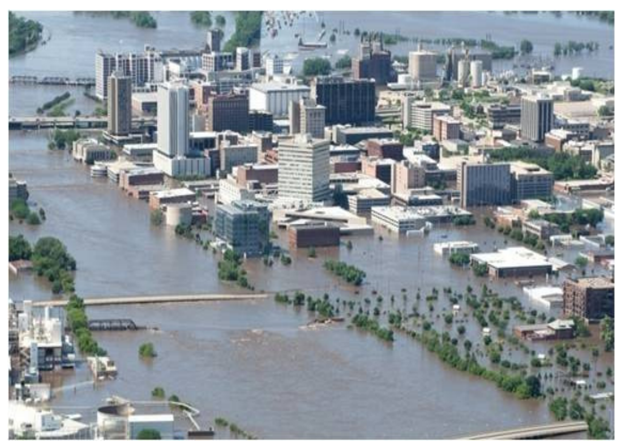
Post-Disaster Economic Recovery

Final Report









January 2010

INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

In cooperation with:

NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
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Recommendations for

An Improved Federal Response To Post-Disaster Economic Recovery

From
IEDC/BCLC/NADO Post-Disaster Small Business Recovery Workshop
December 15-17, 2009

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January 14, 2010

Acknowledgements

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We would also like to acknowledge the contributions of Jeff Finkle, President and CEO of IEDC and Stephen Jordan, Executive Director of BCLC for their organizational leadership on-site. We are also grateful for Mike Bellamente, Environmental Program Manager of NADO and Ines Pearce, Chief Executive of Pearce Global Partners Inc, who provided great organizational support at the workshop.

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The opinions, findings and conclusions reported in this paper are those of the December 15-17, 2009 workshop participants and of IEDC and do not necessarily reflect those of the listed sponsors and partners.

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I. Executive Summary

Please find below a summary of the recommendations developed by a working group convened by IEDC, BCLC, and NADO in December of 2009 to strengthen the federal response and provide more comprehensive support to communities' long-term economic recovery efforts:

1. Establish a cognizant federal agency responsible for post-disaster economic recovery and provide appropriate resources.
2. Establish a special fund for economic recovery in the amount of $100 million to be kept on hand at the federally-designated agency for post-disaster economic recovery.
3. Remove the log-jam at the federal level in terms of the application review and use of federal funds as they relate to post-disaster economic recovery.
    - Expedite the application process for federal funds
    - Improve the consistency of requirements among federal programs
    - Update federal criteria/regulations to meet post-disaster realities
4. Provide a trigger mechanism for waiving certain regulations on the use of federal funds in the unique situation of a disaster.
5. Consider adding "disaster recovery" as a fourth national objective to HUD's CDBG Disaster Recovery Assistance program, **OR** consider redefining the third national objective so that eligible activities also meet economic recovery needs and can be used for a longer period of time relative to the size and scale of the disaster.
6. Change regulations to enable community organizations to use federal funds, including CDBG funds, for regional marketing and branding purposes.
7. If a community is planning to use federal dollars for a business loan program, ensure that program funds get de-federalized after initial use for maximum flexibility in the long-term financing of economic recovery.
8. Provide greater flexibility in the use of federal funds for increasing local capacity for economic recovery. This includes covering the salaries of local and state public employees, as well as the salaries of contracting nonprofit organizations, which are providing business recovery services and needed technical assistance.
9. Provide greater flexibility in the use of federal funds for funding economic impact assessments from an independent, non-biased source.

10. The federal government should provide more information on the availability of different federal programs both before and after a disaster to help local communities better navigate the federal system.
11. The federal government should develop a central repository of best practices in economic recovery as a reference tool for local communities.
12. Design federal inter-agency agreements (IAA), such as the IAA between HUD and FEMA, so that state and local government are part of those agreements and initial working relationships.
13. Federal agencies should proactively explain the specifics of duplication of benefits (DOB) and should develop better systems to deal with DOB.
14. Increase federal funds for non-traditional loan programs and expand the use of funds to include equity financing and loan loss that can leverage private resources for immediate small business recovery needs.
15. Increase the industrial development bonds (IDB) single-issuance capacity to $50 million and provide a guarantee by the federal government to provide further assistance to small businesses.
16. Consider tax incentives similar to programs in ARRA that benefit small businesses.
17. Consider financial incentives similar to programs in the Gulf Opportunity Zone Act and ARRA whereby businesses are provided federal tax incentives to reinvest in disaster-impacted areas.
18. Consider financial incentives similar to programs in New York after September 11th and in ARRA that help government agencies raise capital to redevelop infrastructure critical to the business community.
19. Consider providing federal funds for wage subsidy and job training programs to provide immediate, medium- and long-term assistance designed to retain and attract workers. There is a precedent of an effective program developed in NYC after September 11th attacks.
20. Consider pre-positioning temporary housing for certain industries that are identified by communities as being core economic recovery and/or growth engines in the wake of a disaster. Also, consider re-inventing FEMA/federal government temporary housing programs for administration by local government with a market-driven site selection process.

II. Background

The International Economic Development Council (IEDC), the U.S. Chamber of Commerce's Business Civic Leadership Center (BCLC), and the National Association of Development Organizations (NADO) convened a group of 27 stakeholders on December 15-17, 2009, at the Edward Lowe Foundation Leadership Center in Cassopolis, Michigan, to discuss the subject of post-disaster economic recovery. Funding for the *Lessons Learned on Small Business Recovery* workshop came from a disaster recovery grant from the Department of Commerce's Economic Development Administration (EDA) and support from the Edward Lowe Foundation.

The three organizations invited a select group of economic recovery representatives and experts who have worked closely on small business recovery from catastrophic events occurring during the last 10 to 15 years. Workshop participants included executive leadership from economic development organizations, chambers of commerce, community development financial institutions (CDFI), economic development districts, state agencies and the federal government. Approximately 18 disaster-impacted communities were represented. These communities were severely impacted by either a natural or man-made disaster, such as hurricanes across the Gulf Coast, earthquakes and fires in the West, floods and tornadoes in the Midwest, and terrorist attacks on the East Coast. Different geographies were represented, from large metropolitan areas to more rural communities. A roster of workshop participants and their disaster experience is included in Figure 1 on the following page.

The purpose of the workshop was to identify issues, build consensus, and document the best practices and lessons learned regarding post-disaster small business recovery to assist communities in pre-disaster preparedness and post-disaster economic recovery. Over the three-day workshop, the staff at the Lowe Foundation facilitated dynamic discussions around key topics in post-disaster economic recovery. The group discussed programs and activities chambers, civic and economic development organizations execute well, where there is room for improvement, and what the ideal response for economic recovery should be. The group also discussed the appropriate roles for the private and nonprofit sectors as well as all levels of government, including a focus on recommendations for policy and program improvements at the federal level. Finally, the group discussed a framework for pre-disaster economic recovery planning. The workshop was designed so that the group would collectively build the foundation for a briefing paper to be written after the workshop and distributed nationwide. The briefing paper would not only help document the lessons learned and best practices, but would also identify a potential model for pre-disaster preparedness and post-disaster economic recovery.

Despite the 15 to 20 years of disaster recovery experience in the work group, many of the group participants said that it was the first time they had participated in such a group

Figure 1: Roster for Lessons Learned in Small Business Recovery Workshop, Dec 15-17, 2009

First Name	Last Name	Organization	Post-Disaster Economic Recovery Experience
Steve	Bandolik	Lanesborough Investments	BCLC/IEDC Expert Team to Cedar Rapids, IA
Chuck	Banks	Chuck Banks Associates	Cross-sector responses to multiple disasters (including 2007 Greensburg, KS tornado)
Robin	Barnes	Seedco Financial Services	Small business assistance for Hurricane Katrina ('05) & Gustav ('08); September 11th in NYC
Roberto	Barragan	Valley Economic Development Center	Small Business assistance for Northridge earthquake ('95) in Southern California
Mike	Bellamente	NADO Research Foundation	NADO's Disaster Recovery Assistance
Scott	Davis	U.S. Department of Housing and Urban Development (HUD)	FEMA & HUD Response to Disaster Recovery
Jeff	Finkle	International Economic Development Council (IEDC)	IEDC's Post-Disaster Economic Recovery Assistance program, 2005 to Present
George	Haddow	Bullock & Haddow, LLC	Former adjunct professor, Institute for Crisis, Disaster & Risk Mgmt at GWU
Stephen	Jordan	Business Civic Leadership Center (BCLC)	Leads BCLC's Business Disaster Assistance & Recovery Efforts
Robin	Keegan	Louisiana Recovery Authority	State response to Hurricanes Katrina ('05), Gustav ('08) & Ike ('08) in Louisiana
Stan	Magee	Acadiana Regional Development District	Council of Government (COG) response to Hurricane Katrina (2005) and Gustav (2008)
Shannon	Meyer	The Cedar Rapids Area Chamber of Commerce	Chamber response to Midwest Floods ('08) in Cedar Rapids, IA
Carrie	Mulcaire	International Economic Development Council (IEDC)	IEDC's Post-Disaster Economic Recovery Assistance program, 2008-Present
Michael	Norton	Northwest Arkansas EDD	Council of Government (COG) response to Ice Storms ('09) and Tornados in Northwest Arkansas
John	O'Leary	Economic Development Administration (EDA) - Minnesota Office	Local government response to 1997 Flood in Grand Forks, North Dakota
Tom	Patton	Central Florida Develoment Council	Local government responses to the trio of 2004 Florida Hurricanes: Charley, Frances and Jeanne in Polk County, Florida
Ines	Pearce	Pearce Global Partners Inc.	Directed Seattle Project Impact; senior advisor & recovery expert to BCLC; Disaster Resistant Business (DRB) Toolkit
Nancy	Ploeger	Manhattan Chamber of Commerce	Chamber response to September 11th, 2009 in NYC
Jill	Saegesser	River Hills Economic Development District	Council of Government (COG) response to Midwest Floods ('08) in Indiana
Brian	Schoon	Iowa Northland Regional Council of Governments (INRCOG)	Council of Government (COG) response to Midwest Floods (2008) in Iowa
Jeff	Sjostrom	Galveston Economic Development Partnership	Local government response to Hurricane Ike ('08) in Galveston, Texas
Beth	Stinson	Economic Development Administration (EDA) - Austin Regional Office	EDA response to Hurricanes Gustav ('08) & Ike ('08)
Brian	Tapp	Southeast Iowa Regional Planning Commission (SEIRPC)	Council of Government (COG) response to Midwest Floods ('08) in Iowa
Mickie	Valente	Valente Strategic Advisers, LLC	State response to Hurricanes in Florida; IEDC's Post-Disaster Economic Recovery Assistance program
Edward	White	Southwest Wisconsin Regional Planning Commission	Council of Government (COG) response to Midwest Floods ('08) in Wisconsin
Tish	Williams	Hancock County Chamber of Commerce	Chamber response to Hurricane Katrina ('05) & Gustav ('08) in Hancock County, Mississippi
John	Zakian	Greater New Orleans, Inc.	BCLC/IEDC expert teams to San Diego County, Cedar Rapids, and Galveston

activity around the topic of economic recovery. Most local communities look to re-invent the wheel each time a disaster occurs, as there are few mechanisms for learning from the successes and failures of other communities. This workshop provided a forum for participants not only to engage in peer learning but to also develop new networks and resources for their own ongoing recovery work.

As a result of the workshop, the group determined the importance of writing a separate memo featuring recommendations for improving the federal response and assistance to disaster-impacted communities as it relates specifically to the economic recovery process. The following recommendations were identified from workshop attendees directly engaged in post-disaster business recovery at the local or state level. The federal employees present at the workshop did not formulate these recommendations, but rather played a role of educating other workshop attendees on different federal disaster recovery programs, requirements, and issues.

This memo will be submitted to the Long-Term Disaster Recovery Working Group (LTDRWG), which has been convened at President Obama's request by the Secretaries of Homeland Security and Housing and Urban Development (HUD). The hope is that the LTDRWG will seriously consider these recommendations, understanding that the federal government plays a critical role in the economic recovery process for local communities.

III. Recommendations

Need for Federal Leadership in Post-Disaster Economic Recovery

According to the National Oceanic and Atmospheric Administration (NOAA), the 2008 Atlantic hurricane season was the third costliest season on record. Hurricanes Katrina and Rita in 2005 wreaked the most devastating impacts in U.S. history, followed by the 2004 season with hurricanes Charley and Ivan. The next costliest disaster year was approximately 60 years earlier, in 1944. Not only have disasters become more frequent, their aftermath impacts have become more expensive – both here in the U.S. and abroad. Despite more frequent occurrences, the U.S. still lacks a national emergency strategy and flexible resources targeted to post-disaster economic recovery, as well as a cognizant federal agency to oversee those funds.

The vast majority of disaster recovery funding comes from Congress exercising its right to extend emergency appropriations. In 2008, Congress passed a Fiscal Year 2008 War Supplemental Appropriations and a Fiscal Year 2009 Continuing Appropriations Act to provide $37 billion in 'emergency' appropriations for domestic disaster relief and recovery. The majority of these funds were devoted to agencies focused on rebuilding infrastructure and housing. The agencies providing economic assistance to businesses included the Small Business Administration's (SBA) Disaster Recovery Fund, the Economic Development Administration (EDA), and the U.S. Department of Agriculture's (USDA) Rural Development Disaster Assistance Fund. These agencies in total only received four percent of total appropriations in FY2008 & FY2009.

The current appropriations process includes time lags and hurdles that delay the rapid deployment of federal funding to disaster-impacted regions. It also provides only limited funds for business assistance and support, particularly for small businesses.[1] After a disaster, both large and small businesses find themselves in a tumultuous and uncertain environment. While an economic recovery effort needs to address the needs of both small and large businesses, special attention needs to be given to the small businesses that lack the resources to withstand more than a couple of weeks of business disruption.

Small businesses not only serve as a major source of local employment but also act as the backbone of local economies. According to the SBA, small businesses account for 99.7 percent of total businesses and employ just over half of all private sector employees. They provide essential services that allow residents to function in their neighborhoods, such as groceries and food services, gas, day care, health services, etc. Larger businesses suffer when their small business suppliers discontinue operations. In the September 11th attacks, approximately 4,400 small businesses were located in the immediate vicinity of the World Trade Center, with 700 small businesses destroyed in the center's complex alone.

[1] An independent business employing 500 employees or less, according to the SBA.

Hurricanes Katrina and Rita severely damaged or destroyed more 61,000 small businesses with 20 employees or fewer in the Greater New Orleans region and 70,000 in the Mississippi Gulf Coast. Both local jurisdictions and states become overwhelmed in trying to help these small businesses that play crucial roles as employers and as providers of services and products in their communities.

In the best of times, small businesses are challenged with accessing capital and other technical and business resources that stimulate self-sufficiency and sustainability. Therefore, in post-disaster scenarios, small businesses often have very limited access to capital and are also left to deal with a broken or inefficient SBA loan program, limited workforce options, limited resources to fund needed technical assistance, problems with rebuilding property and/or restoring damaged inventory, and a diminished customer base. Some communities that are prone to disasters find the increased cost of insurance serves as one of the largest barriers for small business recovery. Regardless of the community's disposition, many of the small businesses have no flood insurance, no business interruption insurance coverage and are generally underinsured, placing them in an extremely vulnerable position with little or no cash flow.

In the case of the 2008 floods in Cedar Rapids, businesses took on an excess of $120 million of additional debt load, while at the same time experiencing revenue decreases of more than 40 percent. It is not uncommon for small business owners to deplete their retirement and personal savings, borrow from family and friends, take out second mortgages on their homes, and max out their credit card borrowing limits in order to stay afloat. Furthermore, in the current recessionary climate and extended credit crunch, small businesses faced with a major disaster today would likely heavily rely on government assistance in accessing capital and other resources they need to get back on their feet and start the rebuilding process.

Experience illustrates a phased approach to recovery: small businesses urgently need 'gap' or 'bridge' financing[2] to assist in the assessment, clean-out, and rebuilding of their damaged property. In order to preserve their employee base, they also need wage subsidies or other resources to retain their workers. For those who are able to rebuild and reopen, the second wave of urgent need is cash flow to cover rent/mortgage, payroll, inventory and other medium-term expenses. Worker housing may be critical depending on the extent of damages to housing and availability of transportation. Finally, in the long term, equity and other long-term financing is critical as businesses adapt to a new environment, sometimes changing their business models. Entrepreneurship should also be supported during this phase as community needs and opportunities evolve.

[2] Gap or bridge financing refers to the gap presented between the occurrence of the event and the anticipated funding from insurance, FEMA, SBA or other resources.

Private and nonprofit community development financial institutions (CDFIs) and other small business assistance providers can play a critical role in nimbly and quickly deploying funds, but they have limited resources with which to do so. With the appropriate capital, loan loss and operating support, these private financial partners can assist small businesses through the lingering effects of a catastrophic event, particularly at a time when the market is unwilling to invest with so many unknowns.

The laborious application process, stringent eligibility criteria, and voluminous documentation requirements often thwart attempts for businesses to access government funding. Federal agencies' primary assistance vehicle for businesses, low-interest loans, are typically unacceptable to small businesses, which are often debt-adverse in the immediate stage following a disaster when there are so many unknown factors. For many small businesses, such as service or professional firms, the SBA loan program is not an option because they often lack the capital equipment or other assets that can serve as collateral for the loans. When the choice is to offer their personal residence or personal income as collateral for a business loan, as it is for many of these businesses, there is no choice but to refuse the loan. This is a risk most small business proprietors cannot take, particularly in the case when they've experienced damage to both their home and business in the disaster. Another important issue is the lack of expediency in the distribution of these federal dollars. When small businesses want to take out low-interest loans from SBA, it often takes months for the funds to reach the businesses.

In the immediate recovery stage, grants and/or state emergency bridge loans[3] - designed as short-term, no-fee financing with flexible terms - should be implemented immediately within the first few weeks after a disaster. This cash infusion allows businesses to defray short-term expenses and survive until they can access long-term financing that requires more paperwork and authorization, such as an SBA loan, CDBG-funded loan funds or EDA revolving loan funds. While states like Florida and Louisiana created state emergency bridge loan programs and New York provided a combination of business grants and short-term loans post-September 11th, the majority of states have not set up this structure nor do they have the mechanism for rapidly distributing these funds to businesses. Business assistance centers must also be open and appropriately staffed to respond to business crisis needs and questions, providing much-needed technical assistance. This form of support enables small businesses to move from crisis management to rebuilding and further to ensure that their doors remain open in the long-term. The federal government has a critical role to play in providing this type of financing and business support.

[3] A state emergency bridge loan program is designed to provide a source of expedient cash flow to businesses physically damaged during a major catastrophic event, enabling them to quickly begin repairs and replace destroyed inventory. These short-term loans are intended to "bridge the gap" between the time the catastrophic event hits and when businesses are able to secure other resources such as government assistance, insurance funds, profits from a revived business, secured longer-term loans, etc. to provide loan repayment.

Currently there is no lead federal agency for economic recovery following a disaster. For other critical areas, there are federal agencies in charge of recovery components such as: The Federal Emergency Management Agency (FEMA) for first response efforts, temporary housing and rebuilding public infrastructure; the Army Corps of Engineers for major infrastructure projects, such as levees; and HUD for the restoration of permanent housing, infrastructure, and other community services. The Community Development Block Grant (CDBG) program provides funds which may be used to provide grants and loans to businesses, but this is not consistently applied in all states and communities. Also inconsistent from state to state is the implementation of revolving loan funds capitalized by repaid CDBG-funded loans. The SBA provides low-interest loans to businesses, but this is only one part of the puzzle in the economic recovery process. USDA Rural Development can also provide financing assistance for infrastructure, affordable housing, community facilities and private businesses, but is restricted to serving only rural areas. EDA provides funds for industrial/economic development, infrastructure and business financing, but its resources are extremely limited.

Local economic development organizations, chambers of commerce, business assistance organizations, and other economic development stakeholders must navigate the cumbersome maze of federal programs in order to meet the disaster-related needs of their businesses. There has not been clear communication about which agencies offer what support. Some federal agencies lack the understanding of other federal disaster programs, and/or lack the willingness to cooperate with other agencies to effectively leverage available recovery resources. Oftentimes, federal agencies do not possess a deep understanding of business needs, nor do they have the technical expertise to provide economic development-related resources to a community. There is an important role that a single federal agency can play in leading coordinated economic recovery efforts that include partnering with local organizations and businesses and leveraging private resources.

We recommend the following federal actions intended to (a) support the economic recovery process of disaster-impacted communities and (b) help existing small businesses quickly recover and prosper in their communities.

Recommendation 1: Establish a cognizant federal agency responsible for post-disaster economic recovery and provide appropriate resources. This agency would need to execute an Interagency Agreement (IAA) with other federal agencies to most effectively deliver economic recovery resources. There should be strong consideration of the Department of Commerce's Economic Development Administration serving as the lead agency for economic recovery efforts. The Federal Emergency Management Agency is the first-response agency for disasters; however, FEMA is authorized to perform emergency management, and is prohibited from doing economic development and economic recovery by the Stafford Act. EDA has the experience of partnering with the private sector and understands the needs of businesses. Also, EDA's primary mission is to focus on economic recovery in all forms. Just as FEMA is the lead agency for emergency management, EDA should have the lead in economic recovery.

FEMA's Disaster Relief Fund serves as a major source of federal disaster recovery assistance immediately following a disaster. It supports a wide range of programs providing grants to assist state and local governments and certain private nonprofit organizations in their immediate disaster recovery effort. The fund receives regular (nonemergency) appropriations for disaster relief every year. The balance in the fund fluctuates continually as funds are obligated. At present, the funds are used to support infrastructure projects, hazard mitigation, as well as temporary housing projects. There are no-prepositioned funds focused on immediate business relief efforts.

Recommendation 2: Establish a special fund for economic recovery in the amount of $100 million to be kept on hand at the federally-designated agency for post-disaster economic recovery. At a triggering event of a presidentially-declared disaster, the agency would be able to expend funds on immediate economic recovery efforts. These funds would be replenished as necessary from the FEMA Disaster Relief Fund to maintain an ongoing balance of $100 million.

This would enable the federal agency to more rapidly deploy immediate and flexible financing for businesses such as bridge/emergency loans or grants. Consideration should be given to the state bridge loans or September 11th-style grants as a model. These grants for businesses need to be distributed within the first few weeks of a disaster. This fund could also be used to expand needed technical assistance through the business recovery centers and through nonprofit partners that are established and ready to respond to disaster-related business needs. This fund would play a critical role in expediting funds from the federal government to the disaster-impacted community. The local community's economic development organization, chamber of commerce, business association, and other economic development stakeholders can play a prominent role in publicizing opportunities among their business networks.

Recommendation 3: Remove the log-jam at the federal level in terms of the application review and use of federal funds as they relate to post-disaster economic recovery. Federal government agencies engaged in disaster recovery should carefully evaluate how to standardize, improve the efficiency of and accelerate the application process for the use of federal funds. This includes improved processes and procedures for the review, approval, and implementation of federal assistance. The following are specific recommendations for improving the efficiency of federal funding mechanisms:

- *Recommendation 3A: Expedite the application process for federal funds:* There are examples of fast-track programs at the federal level which should be considered as a model for other federal programs. An example includes the IRS prioritizing the review of applications to become a 501c3 organization for organizations serving disaster-impacted areas. The expediency of federal assistance plays a crucial role in helping disaster-impacted communities to recover economically.

- *Recommendation 3B: Improve the consistency of requirements among federal programs:* Federal requirements among different programs need to be consistent with one another. For example, FEMA's requirement for environmental review should be consistent with HUD's environmental review requirements to avoid duplication of effort and a waste of federal funds.
- *Recommendation 3C: Update federal criteria/regulations to meet post-disaster realities:* SBA should review its loan programs to ensure its collateral rules, loan requirements and terms fit today's economic climate and are market-specific to where the disaster strikes. SBA should update its underwriting criteria (currently based on a pre-disaster scenario) to reflect post-disaster challenges. SBA should reconsider requirements that exclude loans to retailers (that often lease their facilities) and other businesses such as professional and financial service firms.

Increasing Flexibility in the Use of Federal Funds

While regulations of the use of federal funds serve to protect against waste, fraud and abuse, each disaster impacts a community in a different and unique way, and regulations should be flexible enough to meet situational needs. FEMA, SBA and HUD were unprepared to deal with the scope of assistance needed for recovery from the September 11th attacks on New York City. SBA could only make loans, as opposed to grants, to local businesses. Furthermore, financial services firms were not eligible for SBA financing, yet this was the prominent business sector in the Lower Manhattan area. Regulations for the CDBG program also further complicated matters as the program was not designed for disaster assistance. Exceptions and waivers that HUD and SBA eventually approved played an important role in funding important economic recovery programs.

Local and state officials in Grand Forks, North Dakota, after the 1997 floods also realized the need for waiving specific federal requirements so that funds were best directed to meet the community's unique needs. They worked closely with federal partners to figure out ways to effectively streamline regulations around bidding procedures and resource procurement. Similar to New York, they developed appropriate policies and programs that were tailored to address local conditions and concerns. Local officials also made sure that all policy actions to waive specific federal requirements were provided by federal agencies in writing.

Both local and state officials in the cases of Grand Forks and New York worked hard to waive specific regulations that would add time or complexity to rebuilding efforts. Although negotiating necessary waivers may have delayed implementation of federally funded assistance programs, in the long term, it paid off by allowing local jurisdictions more flexibility to respond to challenging recovery needs. In both these examples, there was an understanding that federal guidelines and regulations should be adjusted to address specific conditions on the ground and reduce some of the bureaucratic red tape that would add further burdens to the distressed community.

While these two communities effectively obtained waivers of specific federal fund requirements, a majority of disaster-impacted communities and states have lacked awareness of this opportunity and have suffered as a result. There are stories of some communities getting waivers and other communities not receiving the needed waivers. The federal government should prioritize dialogue with both local and state officials on waiving specific requirements.

We recommend that several federal actions be pursued to increase the flexibility of the use of federal funds in the extenuating circumstances of disaster situations as a means for spurring the economic recovery process.

Recommendation 4: Provide a trigger mechanism for waiving certain regulations on the use of federal funds in the unique situation of a disaster. A trigger mechanism such as the Presidential declaration of a major disaster would help to ensure that federal agency staff members start important discussions with local and state counterparts about federal regulations at an early stage. There needs to be special rules in place to increase the flexibility of the use of federal program dollars in disaster recovery activities. Federal agencies should clarify various federal regulations as well as options to pursue some waivers. Local and state agency staff can discuss their knowledge of local conditions and how the waiving of specific regulations would provide them the flexibility to best use funds to meet critical recovery needs.

One example of a waiver related to business recovery may be a request to waive some of the SBA collateral rules. Negotiations should consider waivers not only for CDBG, SBA and EDA funds, but also for other federal programs such as the USDA rural business programs and the US Department of Labor's National Emergency Grant (NEG) programs. Open and frequent communication is important, particularly between local and state officials and the federal agency point of contact to facilitate the development of appropriate policies and programs. Waivers at the federal level need to be consistent with waivers at the state level. All policy actions should be provided in writing for clarity.

Currently, eligible activities for the CDBG Disaster Recovery Assistance program must meet at least one of the following three national objectives:

1. Benefit persons of low and moderate income
2. Aid in the prevention or elimination of slums or blight
3. Meet other urgent community development needs because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available

These eligibility rules restrict the effective use of CDBG disaster recovery funds for economic recovery because the three objectives are narrowly defined. One of the problems is that the low- to moderate-income (LMI) benefit test appears to usurp the other two national objectives. In addition, HUD definitions of "urgent need" do not reflect the amount of time necessary to assist in community economic recovery after a disaster. Local communities need these federal funds to be flexible and adjustable to meet specific recovery/rebuilding needs when a disaster has severely damaged the entire community.

Recommendation 5: Consider adding "disaster recovery" as a fourth national objective to HUD's CDBG Disaster Recovery Assistance program, OR consider redefining the third national objective so that eligible activities also meet economic recovery needs and can be used for a longer period of time relative to the size and scale of the disaster. This would help to spur the use of CDBG disaster funds at the local level for critical post-disaster economic recovery projects, programs and initiatives that could not receive funding at present due to the program's narrow definition. These changes would play an important part in providing local communities with the flexibility to devote appropriate resources to critical recovery projects.

Support for Communication & Branding Efforts

After a disaster, the local channels of communication are disrupted due to a breakdown of both physical and social infrastructure. Depending on the magnitude of the disaster, the regional and national media may put the community in the spotlight, highlighting the disaster's devastation and impact. These images in the press, television, and Internet can leave lasting negative impressions on viewers – both local and national. In this environment, rumors and misinformation spread quickly and cause significant harm to the rebuilding/recovery process.

Hence, there is need for the local government, nonprofit and private sectors to effectively communicate with each other and to have an effective communication strategy for the public. Often, the city's communication and public information services are extremely limited and the staff members are overwhelmed with the task of communicating clear and effective messages to different community audiences. Business owners may be unsure whether to rebuild locally or move to a new community, particularly if they are receiving mixed messages about when the lights will turn back on or when they'll receive a permit to rebuild.

Economic development organizations and chambers of commerce can serve as trusted sources of recovery information to their business networks, but they are often dealing with significant capacity issues, such as limited staff and funds to focus on getting out important communication messages. They also are facing a dramatic reduction in business membership as well as businesses focusing their efforts on rebuilding projects so that they are not able to effectively campaign for dollars to fund a marketing/branding effort for the community.

Recommendation 6: Change regulations to enable community organizations to use federal funds, including CDBG funds, for regional marketing and branding purposes. Federal funding should be flexible enough to enable economic development organizations and chambers of commerce to fund marketing/media campaigns that help to encourage business development from both within and outside the community. This is an effective strategy for retaining and attracting businesses and workers back to the community. The campaign should not only bring a national focus to the recovery efforts but also to the needs of small businesses. Marketing messages should emphasize the area's national importance and highlight the region as a good place to invest and live. Community brand-building efforts require significant financial resources, ranging from hundreds of thousands to a couple of million dollars. Currently, EDA is the only agency to allow funds from its economic adjustment program to be used for this purpose, but its resources are extremely limited. Changes in federal regulations could open up additional resources to be used.

Recommendation 7: If a community is planning to use federal dollars for a business loan program, ensure that program funds get de-federalized after initial use for maximum flexibility in the long-term financing of economic recovery. This not only ensures that funds continue to circulate in the local economy in perpetuity, or until losses eliminate them, but that the nonprofit or local government agency managing the program doesn't have a huge administrative burden in proving no duplication of benefits or any compliance of federal regulations for the use of federal dollars. Good examples of this as a best practice stem from the New York State Economic Development Corporation's willingness to partner with nonprofit CDFIs following September 11th. The Louisiana Recovery Authority has mirrored this effort. As CDBG-funded loans were repaid, the nonprofit lender, the repaid capital, or program income, became available for the participating nonprofits' lending activities and administrative costs. Furthermore, the ability to use program income as a loan loss reserve provides a leverage mechanism that attracts private capital.

Support for Capacity-Building Efforts

In the wake of a disaster, new realities emerge and a host of both opportunities and challenges present themselves to the impacted markets. Just at the time when local capacity to provide increased or different services to residents and businesses is urgently needed, local and state governments, as well as nonprofits, often face significant cash shortfalls and diminished human resources. Small jurisdictions are particularly vulnerable to suffering basic operational challenges with their limited staff size and budgets. Economic recovery plans and strategies are of no value to the public sector if there is no sustainable operational capacity to implement them, including having the appropriate level of personnel to maintain adequate public services or to manage recovery operations, including business recovery. In its present form, the Stafford Act[4] does not include sections to allow

[4] Congress passed the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) in 1988 as the primary legislation governing the federal response to disasters in the United States.

the federal government to fund either the overtime pay of state and local public employees or pay for additional temporary public employees in areas impacted by disasters.

Following the 1997 floods, the local government in Grand Forks effectively corralled federal dollars to cover staffing and other administration costs for the projected three- to four-year period of recovery. Local officials spent significant time and effort working with federal counterparts to ensure these additional resources were made available. These resources helped the city to establish a one-stop shop for contractors and merchants to guard against ill-qualified contractors preying on the community and to more efficiently approve rebuilding projects. These additional resources played a critical role in expediting the economic recovery process for Grand Forks.

Nonprofit organizations serving the business community, such as small business development organizations, EDOs or chambers, are faced with similar staff shortages as well as staff lacking specific skills and knowledge to provide appropriate business recovery assistance services. Many businesses see these organizations as the first line of assistance; at the same time, they are dealing with their own significant financial or operational challenges. There is an urgent need to get capacity-building funds immediately out to the appropriate organizations that are connected with the business community. For example, the chamber of commerce in Cedar Rapids is in the process of implementing a Business Long-Term Recovery initiative that includes a case management team to meet on-site with flood-affected businesses to assess their immediate and near-term needs and then link them with resources that will help address those needs. This program is being implemented 18 months after the 2008 floods only because the chamber had little or no access to immediate funding to support this initiative.

In recent years, some organizations have used National Emergency Grants (NEG) out of the Department of Labor to help fund additional personnel to staff their business recovery centers, but these funds are limited and are not always well known by these organizations.

Recommendation 8: Provide greater flexibility in the use of federal funds for increasing local capacity for economic recovery. This includes covering the salaries of local and state public employees, as well as the salaries of contracting nonprofit organizations, which are providing business recovery services and needed technical assistance. Having contingency staffing plans and dedicated funding in place that would be triggered by a disaster would enable both local government and not-for-profit organizations (such as EDOs, chambers, CDFIs and other business assistance providers) to hasten their response time and abilities.

Greater Support for Assessing Damage to the Local/Regional Economy

Disasters fundamentally change the social and economic makeup of impacted communities. A community that clearly understands what has been impacted after a major catastrophe and the new social, political and economic environment is in a better position to make decisions that will spur recovery. Post-disaster economic assessments play a critical role in helping the community to understand those new realities.

A key issue is that traditional and preliminary impact assessment studies often overlook the broader and more long-term economic impacts to businesses, particularly small businesses, which is a disservice to the entire community. Businesses provide the products, services, jobs and revenue source to make recovery a reality. Cities and other local governments should be provided with financial resources to fund economic impact assessments that document the challenges and opportunities of the private sector at various points in time following the disaster. In the case of September 11th, seven organizations were commissioned to conduct a total of eight economic impact studies of the terrorist attacks on New York City.[5] These studies served as a basis for discussions over what resources were needed to rebuild the economy.

The purpose of the economic impact assessment is to better understand the disaster's impact on the local, regional and sometimes national economy. The study evaluates the economic value related to different classes of damages. Such studies provide a comprehensive estimate of direct and indirect losses, payments as well as economic activity. The analysis of direct and indirect losses could include the following:

Direct losses

- human lives;
- property loss: buildings, business fixtures, computer equipment, phone and power utilities, subway stations, planes, vehicles;
- costs to respond to the emergency, remove debris, stabilize buildings, and clean up;
- health effects, injuries, and emotional distress; and
- costs to provide temporary living assistance.

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[5] The major studies include: City of New York Office of the Comptroller, *The Impact of the September 11 WTC Attack on NYC's Economy and City Revenues* (Oct. 4, 2001); New York Governor and State Division of the Budget, *Rebuild New York–Renew America: The World Trade Center Attacks; Current Estimated Cost; and other supporting documents* (Oct. 9, 2001); Fiscal Policy Institute, *World Trade Center Job Impacts Take a Heavy Toll on Low Wage Workers* (Nov. 5, 2001). New York City Partnership and Chamber of Commerce, *Economic Impact of the September 11th Attack on New York City* (Nov. 2001; rev. Feb.11, 2002); Milken Institute, *The Impact of September 11 on U.S. Metropolitan Economies* (Jan. 2002); New York State Senate Finance Committee Staff, *Financial Impact of the World Trade Center Impact, prepared by DRI-WEFA* (Jan.2002); New York State Assembly Ways and Means Committee Staff, New York State Economic Report (Mar. 2002); Fiscal Policy Institute, *The Employment Impact of the September 11 World Trade Center Attacks: Updated Estimates Based on the Benchmarked Employment Data* (Mar. 8, 2002).

Indirect losses

- lost employee income and business profits associated with business closures or limited operations, because office space and infrastructure were destroyed or damaged;
- job losses;
- lost employee income and business profits associated with other businesses that depended on those that closed or cut back;
- spending reductions from other income losses triggered by the firms that closed or cut back;
- fiscal impacts such as reduced tax revenues (such as gross income losses); and
- delays to travelers and commuters.

Studies can provide a detailed breakout of losses by a specific industry sector, losses to nonprofit entities, and/or losses to small businesses. They also can discuss the impacts of the increased cost of doing business in the impacted area (including higher utility and insurance rates). Studies that incorporate disaster trends and include projections for the coming years are also helpful in preparing civic and business leaders of possible future scenarios. Studies that discuss the regional or national perspective of economic impacts, such as the loss of gross domestic product/output and personal income, are important as well. Most impact studies use a baseline to reflect the way the economy would have preceded if the disaster had not happened.

These impact assessments can also serve as the first step towards the process of re-imagining how the community should be built back.

Recommendation 9: Provide greater flexibility in the use of federal funds for funding economic impact assessments from an independent, non-biased source. Federal funds should be set aside for a community to assess the economic impact of a disaster to better understand where financial resources can be used most effectively. This economic impact study should help the community to gain a more accurate situational analysis of the business and industry impacts (including business interruption); the type of impact on local economic assets and drivers; infrastructure damage and how that damage impacts the local economy; and any other important issues facing the local community's economic recovery. Initiating an economic impact analysis would enable an impacted community to more effectively address the economic challenges and more efficiently leverage available public and private sector resources to overcome those challenges.

Improve Communication and Cooperation among Federal Agencies and among Local, State and Federal Governments in Post-Disaster Economic Recovery

Communication vehicles among different federal agencies and among different levels of government need to be improved, particularly when the local community is receiving federal assistance from multiple agencies. Particularly in the case of a catastrophe, breaking down silos to improve communication, collaboration and cooperation will go a long way in spurring recovery in a community while ensuring public funds are used in an efficient manner.

Local communities frequently are puzzled by the federal maze of complex programs and requirements. They also get frustrated dealing with multiple federal representatives from the same agency due to the frequency of federal staff turnover. For example, FEMA has a policy to rotate staff from one disaster to another to prevent staff burn-out, but this contributes to a lack of knowledge of the local socio-political issues and context. Local officials feel they lose the momentum that was created from working with the previous staff member and need to spend significant time educating the new staff person on the local issues. This initial confusion leads to wasted time and resources on the part of local officials, who themselves are experiencing burnout from the long hours and demanding work involved disaster assistance work.

Local community organizations have expressed a concern that lessons learned from previous disasters are not documented and shared with other communities impacted by disasters. For instance, community leaders in Grand Forks, New York City, Southern California, the Greater New Orleans region, etc., have countless lessons learned from their disasters to share with future disaster-impacted communities. Instead, local, state and federal officials often re-invent the wheel in each disaster scenario. Local officials and nonprofit leaders hunger for an information clearinghouse of best practices and effective efforts for community economic recovery (pre-disaster, short-term and long-term economic recovery). Community leaders across the country are seeking information on the common economic recovery issues that a community will face following a major disaster event so that they may more accurately anticipate and execute the appropriate steps toward recovery. Federal agencies have a national perspective and can provide access to information and resources to meet the local community's thirst for economic recovery information.

Local officials believe there could be improvement in coordination of efforts on the ground among local, state and federal levels of government. Different levels of government need to understand the roles and responsibilities of one another, particularly in an emergency situation, to prevent further confusion. Because disasters impact communities in unique ways and local communities have different socio-political structures that will influence the effectiveness of recovery policies and programs, local officials need to be at the negotiating table with federal government agencies at an early stage. Local input is critical in adjusting federal regulations to meet local conditions. Open and frequent communication among different agencies and different levels of government will facilitate the development of appropriate policies, programs and initiatives to spur community recovery.

Recommendation 10: The federal government should provide more information on the availability of different federal programs both before and after a disaster to help local *communities better navigate the federal system.* This includes greater clarity in agency requirements, deadlines, etc. This comprehensive information, including information on procurement opportunities for rebuilding efforts, should be readily available at all post-disaster Business Assistance Centers. Much of this information should be shared with local communities before a disaster hits to assist with pre-disaster preparation.

Recommendation 11: The federal government should develop a central repository of best practices in economic recovery as a reference tool for local communities. Local communities should not need to re-invent the wheel in terms of initiatives and strategies around economic recovery, but should be aware of the lessons learned and best practices of other communities. The information should be readily available at all times and disseminated quickly in the immediate aftermath of a disaster.

Recommendation 12: Design federal inter-agency agreements (IAA), such as the IAA between HUD and FEMA, so that state and local government are part of those agreements and initial working relationships. These IAA agreements designate the major partners up front and can help to clarify roles and responsibilities. Bringing both the state and local counterparts to the negotiating table of these federal inter-agency agreements can play an important role in developing strong partnerships among the different levels of government. It also helps to ensure that recovery efforts aren't duplicated but are better aligned.

Recommendation 13: *Federal agencies should proactively explain the specifics of duplication of benefits (DOB)*[6] *and should develop better systems to deal with DOB.* At present, a huge administrative burden is placed on local communities and state governments in providing documentation that there is no duplication of benefits between different federal programs. Better monitoring programs at the federal level would ensure that there is no duplication of benefits between multiple federal agencies.

Increase Capital Availability to Businesses

As mentioned above, both small and large businesses rely heavily on the availability of capital to rebuild and restore their damaged or destroyed property, machinery and inventory. The longer it takes for businesses to receive the capital to open their doors and rebuild their business base, the greater the chance those doors will never re-open and rebuilding will not occur. In this environment, it is critical for existing federal programs that provide capital availability to be expanded, and for regulations to be updated to meet the disaster-related needs of small businesses.

[6] In the event of a major catastrophe, disaster assistance and programs from the public and private sector help to ensure that residents and businesses are able to rebuild or relocate their property. Federal assistance programs cannot duplicate benefits provided by other sources, including those provided by other federal agencies, or this would be considered a duplication of benefits (DOB).

Recommendation 14: Increase federal funds for non-traditional loan programs and expand the use of funds to include equity financing and loan loss that can leverage private resources for immediate small business recovery needs. As mentioned above, traditional loans are considered high-risk for small businesses in the immediate aftermath of a disaster. Small businesses need access to low-interest terms and/or forgivable loans, particularly during risky economic times. EDA, for example, should consider a creative option for its revolving loan fund (RLF) that allows the nonprofit administering the RLF to take an equity position in the business in exchange for the business receiving a low-interest or forgivable loan. This equity stake in the small business would provide an appropriate incentive for the small business owner to repay the loan, so the funds would continue to circulate in the local economy. Other creative solutions can be innovated.

A precedent for this type of post-disaster small business assistance program was established by the private sector after the 1992 Rodney King riots in Los Angeles. Bank of America developed a $25 million small-business rebuilding program for locally owned businesses combining the best characteristics of loan and equity investments. Local businesses suffering physical damage from the riots received up to $100,000 in loans at below-market interest rates in exchange for Bank of America entering into equity partnerships with these merchants. These loans provided terms specifically for destroyed businesses, and the underwriting and credit analysis was flexible to distribute money quickly. The loans required repayment in five years or the business had to give up equity. The bank had a high repayment rate because small business owners did not want to lose equity in their businesses.

Recommendation 15: Increase the industrial development bonds (IDB) single-issuance capacity to $50 million and provide a guarantee by the federal government to provide further assistance to small businesses. Local economic development organizations and chambers can pool projects for small businesses to take advantage of this funding source.

Appropriate Tax Incentives & Policies to Spur Business Re-investment

The purpose of the 2009 American Recovery and Reinvestment Act (ARRA) was to provide a stimulus to the economic downturn of the U.S. economy. The package includes a number of different federal tax cuts and other federal government actions aimed at helping businesses to survive and reinvest in light of the nationwide credit crunch and a contracting economy. The Recovery Act helped to provide the following types of assistance to businesses:

- reducing the cost of doing business through federal tax write-offs;
- increasing the flow of capital for small business recovery and growth;
- helping businesses to borrow capital at a cheaper rate;
- incentivizing small and medium-sized businesses to reinvest; and
- incentivizing real estate investors to further invest in impacted geographic areas.

These actions serve as models for federal policy changes that support post-disaster economic recovery.

For example, businesses with gross receipts of up to $15 million could 'carry back' their losses for up to five years (instead of the usual two years), and immediately write off up to $250,000 of qualifying property in 2009. ARRA also allowed small businesses to reduce their estimated tax payments to 90 percent of the previous year's taxes instead of the standard 110 percent, helping to boost their liquidity and better align their estimated taxes with actual taxes in a year of severe economic contraction. The legislation also extended the 50 percent bonus depreciation allowance through 2009, allowing businesses to take a larger tax deduction within the first year of a property's purchase, and allowed the acceleration of certain tax credits in lieu of a bonus depreciation deduction. To further incentivize investment, the Recovery Act included a measure that excludes from taxation 75 percent of the capital gains for investors in small businesses who hold their investments for five years.

For small businesses, ARRA provided an additional $730 million to allow changes to SBA's lending and investment programs to provide appropriate assistance to meet market realities. Among these changes were: 1) temporary elimination of fees on SBA-backed loans; 2) raising SBA's guarantee on some loans to 90 percent; 3) a new loan program to help small businesses meet existing debt payments; and 4) expansion of SBA's Microloan program.

ARRA also included $25 billion for two new types of Recovery Zone Bonds – $15 billion for Recovery Zone Facility Bonds and $10 billion for Recovery Zone Economic Development Bonds. Recovery Zone Facility Bonds are a type of traditional, tax-exempt private activity bond that may be used by private businesses in designated recovery zones to finance a broad range of depreciable capital projects. Recovery Zone Economic Development Bonds are one type of taxable Build America Bond that allow state and local governments to obtain lower borrowing costs through a new direct federal payment subsidy, for 45 percent of the interest, to finance a broad range of qualified economic development projects, such as job training and educational programs.

Another precedent for federal government action to incentivize property redevelopment in the disaster-impacted community is the 2005 Gulf Opportunity Zone (GO Zone). The GO Zone Act of 2005 was designed to create tax incentives to help revitalize and rebuild communities in the Gulf Coast after hurricanes Katrina and Rita. These areas comprised counties and parishes in Louisiana, Mississippi, and Alabama that were designated as warranting individual or public assistance due to these hurricanes. The tax incentives directed at cities and states provided tax-exempt bond authority to rebuild devastated infrastructure. Businesses could also receive tax incentives (through bonus depreciation) for redeveloping property in the zone area.

Recommendation 16: Consider tax incentives similar to programs in ARRA that benefit small businesses.

Recommendation 17: Consider financial incentives similar to programs in the Gulf Opportunity Zone Act and ARRA whereby businesses are provided federal tax incentives to reinvest in disaster-impacted areas.

Recommendation 18: Consider financial incentives similar to programs in New York after September 11th and in ARRA that help government agencies raise capital to redevelop infrastructure critical to the business community. A precedent for this is the tax incentives provided to New York City after September 11th. Congress provided tax-free bonding authority to New York for the rebuilding of the destroyed area. Half of the bonds were allocated by the state's governor and half by the mayor of New York City. This enabled local and state government agencies to raise more capital to fund infrastructure projects.

Providing Resources to Meet the Community's Immediate and Long-Term Workforce Needs

The federal government must make it a priority to provide a spectrum of support and assistance designed to retain workers or attract a workforce to a disaster-impacted community. Immediately following a disaster, wage subsidies should be provided to ensure that workers remain, even though businesses may be temporarily closed or operating below capacity. A recovery program implemented by a nonprofit CDFI following September 11th directed subsidies to cover 50 percent of wages for 1,350 low-wage workers employed by 290 small businesses in Lower Manhattan. The program, which also included CDBG and privately funded loans, grants and technical assistance, supported 1,400 small businesses and was credited with retaining 6,000 jobs in the area.[7]

Temporary rental or other workforce housing solutions in a post-disaster scenario are key to quickly getting employees back to work in their communities. The local workforce can't be expected to drive two to three hours to their jobs. Local and federal agencies must understand that workers will be attracted back to places that provide physically, environmentally and financially appropriate areas to live. And, finally, job training or retraining that matches the employment opportunities in a disaster-impacted community is necessary to spur along the economy.

One example of a creative solution in providing temporary housing is from Proctor and Gamble's Folgers coffee roasting plant in New Orleans. The company made their land adjacent to the primary plant available for the first set of FEMA trailers, housing a total of 500 of their employees. They used these trailers as temporary housing for both employees and contractors and covered other household expenses such as laundry service, meals, etc.

[7] Seedco's Lower Manhattan Small Business & Workforce Retention Program utilized $45 million to implement its multi-pronged recovery program in NYC following the terrorist attacks of 9/11. The program was implemented in partnership with the Alliance for Downtown New York and supported by $19 million of CDBG disaster recovery funds from the Empire State Development Corporation, and the September 11th Fund, The Ford Foundation, The New York Times Company Foundation and a host of other public and private funders.

They also provided low-interest loans of up to $5,000 to help employees get back on their feet. P&G says its ability to create the temporary housing facility enabled the plant to set up operations two months earlier than it would have been able to do otherwise.

Recommendation 19: Consider providing federal funds for wage subsidy and job training programs to provide immediate, medium- and long-term assistance designed to retain and attract workers. There is a precedent of an effective program developed in NYC after September 11th attacks.

Recommendation 20: Consider pre-positioning temporary housing for certain industries that are identified by communities as being core economic recovery and/or growth engines in the wake of a disaster. Also, consider re-inventing FEMA/federal government temporary housing programs for administration by local government with a market-driven site selection process.

IV. Concluding Remarks

Post-disaster economic recovery is a complex and arduous process that is made even more difficult when impacted communities experience a shortage of resources and capacity. A delayed response in addressing the immediate issues of businesses, particularly small businesses, has long-lasting impacts on the ability of the community to fully recover economically. A comprehensive approach to post-disaster economic recovery - with agencies at the local, state and federal levels working in concert with the private and nonprofit sectors - is essential.

We have argued for the need to establish a lead federal agency for post-disaster economic recovery that has the appropriate resources to truly address communities' recovery issues. There also would be tremendous benefit in better disseminating information about the lessons learned, successes and failures of previous post-disaster economic recovery experiences so that impacted communities can learn from one another. Otherwise, mistakes made in the past will continue to be repeated. It is the hope of economic recovery professionals that the federal government will carefully examine these recommendations to strengthen the federal response and provide more comprehensive support to communities' long-term economic recovery efforts.