

Sourcing Disaster Focused Loans and Grants

Initiative Summary Statement:

Implement a funding mechanism for businesses post-disaster to potentially avert closures and enhance economic stability.

Initiative Description:

Objective: Implementing expedited disaster-focused loans and grants for business operations could help businesses reopen sooner, get community members back to work, and put money back into the local economy to bolster economic recovery following a disaster. A business funding opportunity could support immediate business recovery, allowing for real-time cash-flow through the Lee County region. The Lee County Economic Development Department seeks to establish a Disaster Focused Loan Fund and Grant Program to provide support to the business community following a disaster, allowing businesses to reopen faster, and addressing a cycle that has found nine out of the ten small businesses close within one year if they do not resume operations within five days post disaster.

Identifying key stakeholders and establishing local partnerships is pivotal to creating a meaningful central resource (i.e., person, website, etc.) that will make connections for businesses in critical need of funding following a disaster. The following activities could provide a framework to develop a Disaster-Focused Loan Fund and Grant Program:

- Prioritize local partnerships that will play a vital role in implementation efforts and management of disaster-focused loans and grants.
- Identify and prioritize gaps in established federal disaster-focused loan and grant programs.
- Collaborate with private partners, investors, and a local bank or trustee that has knowledge and ability to service a revolving loan fund.
- Develop and approve a plan to expediate and execute the funding locally and routinely monitor and track funds to ensure they are being utilized efficiently and aligned with established goals and expectations.
- Create an in-depth auditing process to maintain compliance and develop a long-term plan to address future strategic needs to further bolster economic recovery of the region.
- Consider the creation of a Revolving Loan Fund for economic opportunities not tied to a disaster (i.e., equipment, working capital, or other needs not disaster focused.) This could include a section designated for use during disasters or for facilities used during disasters.

Sourcing loans and grants should seek to prioritize ways to build a nimble economy open to transferable skillsets and technological advances. These efforts will not only enhance the sourcing of a Disaster-Focused Loan and Grant Program but formalize proper mechanisms for implementation.

Need: While multiple programs existed to assist business owners with reopening and rebuilding throughout Lee County, critical gaps were identified due to the compounding effects experienced by local business sectors following the COVID-19 pandemic and Hurricane Ian.

According to the National Association of Counties, most counties nationwide have incurred unforeseen expenditures due to the pandemic. Exacerbating this impact, following Hurricane Ian, County businesses experienced delayed payouts from the U.S. Small Business Administration (SBA). The process for economic impact loans is often slower than structural damage assistance. In total, businesses in the area received \$17.16 million through SBA Business Physical Disaster Loans and \$13.04 million through SBA Economic Injury Disaster Loans⁵ following Hurricane Ian.

The areas in the greater region most impacted by Hurricane Ian include the Cape Coral-Ft. Myers, Punta Gorda, and Naples metropolitan areas. These areas account for more than \$150 billion in annual economic output in the state, nearly 15% of the Florida economy.

Tourism is a vital component of the Lee County economy. The County attracts five million visitors and \$3 billion in tourist spending annually, according to the Lee County Visitor and Convention Bureau. Hurricane Ian had a significant adverse impact on the area's tourism industry. Six months after Hurricane Ian's landfall, approximately 67% of hotel rooms in the County were vacant. Beaches are a primary tourism draw and many were closed following the storm due to damage and safety constraints, a critical concern for local communities including Sanibel Island, Pine Island, and thirteen other barrier islands.

Prior to Hurricane Ian, 20% of Lee County residents worked in the hospitality industry⁶. The loss of employees, many of whom experienced significant damage to their homes, has

⁵ Hurricane Ian Progress Report [Dashboards | Ian Progress Report \(leegov.com\)](https://leegov.com/dashboards/ian-progress-report)

⁶ "How One Florida County is Confronting the Tourism Hit From Hurricane Ian", Skift, Dawit Habtemariam, [How One Florida County Is Confronting the Tourism Hit From Hurricane Ian \(skift.com\)](https://skift.com/how-one-florida-county-is-confronting-the-tourism-hit-from-hurricane-ian/)

greatly impacted the area's recovery. A Disaster-Focused Loan Fund and Grant Program with capability to resource the immediate recovery and restoration of businesses could bolster the tourism sector following disaster by augmenting continued employment for community members in the industry.

Following Hurricane Ian, qualified individuals, community groups, and organizations indicated an interest in aiding businesses to rehabilitate properties and maintain operating needs following the disaster, however, a direct connection between those stakeholders and the business community was not available. A pre-established Disaster-Focused Loan Fund and Grant Program could bridge this divide following future disasters, creating important connection points sooner and preventing business closures. Economic stability remains critical to sustained community resilience following a disaster.

Regional Approach: Regional collaboration expands access to funding sources as well as awards available to support a Disaster-Focus Loan Fund and Grant Program and accounts for diverse facets of the economy which is a key component of building resiliency. Moreover, regional partnerships increase success for securing competitive grants that may allow for innovative solutions to support business variety and growth. Funding mechanisms exist for different sized businesses. Identifying and prioritizing the needs of different sized businesses promotes Countywide economic goals and better matches funding needs to identify gaps in existing support.

Impact: A Disaster-Focused Loan Fund and Grant Program supports quicker business recovery post-disaster. Blending the opportunity of private investors and public sector business funding programs could allow for de-risking of proposition for businesses. Increasing access to funding through a Disaster-Focused Loan Fund and Grant Program promotes economic growth and community resilience throughout Lee County.

Key Considerations:

- Development and implementation of Disaster-Focused Loan Fund and Grant Program.
- The number of businesses assisted through the amount of grants and loans disbursed.
- Long-term plan for implementation of Disaster-Focused Loan Fund and Grant Program for future disasters.
- Developing a mechanism to create a pipeline with projects currently taking place.
- Foster resilience in the tourism industry through finding pockets of entertainment and attraction throughout the community/region and diversify the entertainment and attraction options with the consideration of current and future community interests.

Co-Sponsoring Branches:

Economic Recovery and Planning & Capacity

Stakeholders:

- United States Economic Development Administration
- United States Small Business Administration
- Florida Department of Commerce
- Local Industry Associations
- County government departmental experts on economic development and tourism..
- Municipal governments departmental experts on economic development and tourism.
- Local Chambers of Commerce

Potential Funding Sources:

- United States Small Business Administration
- United States Department of Treasury
- United States Economic Development Administration
- Enterprise Florida Virtual Business Matchmaking Grants
- Florida Department of Commerce Rebuild Florida Business Loan
- Florida Restaurant & Lodging Association

Resources:

- Lee County Ian Progress Report: Ian Progress Report (leegov.com)
- Resilient Lee Supporting Business and Workforce Workshop: supporting-business-and-workforce-workshop (resilientlee.com)