

**AMENDMENT #14 TO STATE OF IOWA PLAN #2 FOR DISASTER RECOVERY
Utilizing Funding from the Supplemental Appropriations Act (Public Law 110-329), 2008**

The purpose of this amendment is to modify the caps on assistance available under several elements of the Business Assistance Program. When the caps were initially established for the Iowa Disaster Recovery Business Programs they were set at a low level to ensure as many businesses as possible could be assisted. The larger businesses that participated in the programs received significantly less assistance than the smaller businesses in proportion to their overall loss. The businesses in Cedar Rapids suffered the greatest loss and still have outstanding needs, especially larger businesses. An increase in the program caps will make the program more equitable for the larger businesses affected by the disaster.

Expanded Business Rental Assistance and Business Equipment Reimbursement:

Businesses in Cedar Rapids suffered an estimated physical loss of \$530,000,000 as a result of the disaster. To date the equipment portion of the Expanded Business Rental Assistance Program and the Equipment Reimbursement Assistance Program have disbursed \$28,865,818 to assist with equipment purchases. Increasing the equipment caps from \$400,000 to \$750,000 would allow for an estimated additional amount of \$7,000,000 in equipment assistance to be disbursed to businesses who suffered a larger loss as a result of the disaster.

Flood Insurance Reimbursement:

The Flood Insurance Reimbursement Program has helped to encourage business owners to obtain flood insurance to protect against a future disaster. Increasing the number of years for which flood insurance reimbursement is provided from one to three years, will provide continued protection of the CDBG investments made in the disaster affected areas.

Loan Interest Supplement:

The modification proposed is to increase the cap from \$100,000 to \$250,000 in order to assist with increased debt load incurred by businesses as a result of the disaster. A survey completed for the city of Cedar Rapids demonstrated an increased debt load of \$107,000,000 for 257 Cedar Rapids businesses. To date \$4,157,852 has been disbursed under the Loan Interest Supplement program to provide interest supplements on disaster loans. An increase of the Loan Interest Supplement Program cap to \$250,000 would allow for an additional \$1,561,082 to be disbursed to provide disaster loan interest supplements.

Commercial Rental Revenue Gap:

Based on the information gathered to date for the Commercial Rental Revenue Program, there is a reported lost rental revenue need of approximately \$5,600,000. To date \$3,900,000 has been awarded to commercial landlords that suffered a loss in rental revenue as a result of the 2008 natural disaster. The City of Cedar Rapids estimates an additional \$733,000 could be provided to commercial landlords, if the cap were increased \$25,000 to \$100,000 per unit. This would benefit commercial landlords who owned rental units with higher rent amounts. These landlords suffered a greater loss and received proportionately less assistance than commercial landlords with lower rent amounts.

Amendment to METHOD OF DISTRIBUTION

At Activity G., Business Assistance Program, change the first six (6) paragraphs to read as follows:

The purpose of the disaster recovery business assistance program is to provide financial assistance to employers whose existence is threatened due to unmet needs in one or more of the following areas:

Business Rental Assistance: This program element of the overall Business Assistance activity is for businesses remaining in or locating in rental space that was physically damaged by the 2008 natural disaster(s). Assistance is in the form of rental assistance to help offset building rental lease payments for a maximum of six months, plus reimbursement of up to 100% of business expenses associated with purchasing such as machinery and equipment, office equipment, furniture, supplies and inventory, or computer hardware, or for startup businesses. Awards are not to exceed a total amount of \$50,000 per business for rental assistance, and up to \$750,000 per business for associated business expenses described above. In-home businesses are not eligible for assistance. (The Business Rental Assistance activity created in Amendment 1 is incorporated into this element)

Business Equipment Reimbursement: This program element is designed to assist businesses that (1) owned their own building, or (2) leased rental space, during the 2008 natural disaster(s). The building or rental space must have sustained physical damage. Awards are limited to up to 100% of business expenses associated with purchasing machinery and equipment, office equipment, furniture, supplies and inventory, not to exceed a total amount of up to \$750,000 per business. Any business awarded funds must be located in a presidentially-declared county at the time assistance is provided. Businesses eligible under the Business Rental Assistance element, above, will not be eligible for additional assistance under this element. Additionally, in-home businesses are not eligible for assistance.

Flood Insurance Reimbursement: This program element is designed to reimburse businesses for the cost of flood/sewer backup and related business interruption insurance coverage. Businesses are eligible if they meet one of the following criteria: (1) had water in their building as a result of the 2008 disaster(s), involving overland flow or sewer backup; and/or (2) are located in the 100 or 500-year floodplain. Under option (2), businesses that located to either floodplain subsequent to the disaster may also be eligible for assistance. Reimbursement would be for three years of coverage, up to \$30,000 per qualified business per year.

Loan Interest Expense: This program element provides funds to pay for interest costs of businesses who obtained SBA or private lender loans for disaster recovery. The continued existence of many businesses is threatened by the expense of new debt acquired as a result of the disaster. This problem is made more acute by the recession. Funds will be provided to individual businesses, for a maximum of three (3) years, not to exceed \$250,000 per business.

Commercial Rental Income Gap: This program element is designed to assist with cash flow for commercial building owners to offset loss of revenue from vacant rental space that was physically damaged by the disaster. Up to 12 months lost rent are available to commercial landlords, up to a maximum of \$100,000 per unit.