

*By Cameron McWhirter and Ruth Simon*

**D**ENHAM SPRINGS, LA.—One month after flooding devastated this bedroom community of roughly 10,000 people outside Baton Rouge, the cameras are gone, the water receded, but the work is just beginning for small-business owners such as Ed Hood.

Dr. Hood, 57 years old, opened a dental practice in his hometown in 1985 and was poised to launch a second location nearby when the flood hit. Twenty-eight inches of water poured into his office, rendering nearly \$1.5 million in equipment useless. The same floodwaters ravaged his home and those of a half-dozen relatives, leaving his extended family devastated.

On a recent visit, much of Dr. Hood's ruined equipment in his parking lot, while he waited for workers to hang new Sheetrock on the walls of his office building. While he waits for repairs, Dr. Hood is seeing patients in a mobile dental unit normally used by the National Guard.



Ed Hood surveyed the gutted office space where he ran his dentistry practice in downtown Denham Springs on Sept. 6. He lost nearly all of the equipment he uses to run his family business. PHOTO: WILLIAM WIDMER FOR THE WALL STREET JOURNAL

Unlike many small-business owners, Dr. Hood has flood insurance, but it will cover only a portion of his losses. Dr. Hood is seeking a \$2 million disaster recovery loan from the Small Business Administration to help him get back on his feet.

The SBA loan “would relieve the tension to some degree so I could breathe,” said Dr. Hood, whose monthly payroll for 35 staffers was roughly \$200,000 before the flood. Seven employees have already said they aren’t coming back.

Dr. Hood’s predicament highlights the challenges facing thousands of businesses in southern Louisiana that were battered by some of the worst flooding to hit the U.S. in years. The cost of rebuilding is frequently steep even for those with insurance, while the resources to help the local companies recover are scant.

The Louisiana Economic Development agency estimates more than 6,000 companies were hurt by the flooding, suffering roughly \$2.3 billion in physical damage to structures, equipment and inventory and another \$1.1 billion in other losses. Impact Forecasting, a unit of Aon Corp. , said commercial losses are likely to total \$3 billion to \$5 billion.



Water-damaged filing cabinets sat in the heat in front of Seale Funeral Home, on Sept. 7. The third-generation local business was hit by the flooding that devastated Livingston Parish last month. **PHOTO: WILLIAM WIDMER FOR THE WALL STREET JOURNAL**

Small businesses tend to get less disaster assistance than homeowners, even though they are crucial to a community’s recovery. “If you look at the assistance programs, we are really biased to the households,” said Yu Xiao, an associate professor at Texas A&M University, who has studied the business impacts of Hurricanes Ike, Katrina and Sandy. “But when small businesses come back, it’s more likely for the households in a nearby area to come back. Small businesses are the anchor for the community.”

In disasters, local companies can turn to the SBA for assistance largely in the form of low-interest loans. But those loans can take time and many small firms don't qualify. In the month since the flooding hit, the SBA has approved 339 disaster loans to Louisiana businesses totaling \$29 million, while it has rejected 585, often over poor credit quality or an inability to repay.

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The SBA processes disaster loans in an average of eight days, a spokeswoman said, and distributes an initial \$25,000 within five days of receiving signed loan closing documents. Turnaround times averaged 45 days for physical disaster loans after Hurricane Sandy, according to the Government Accountability Office.



Local business owners met at the Livingston Parish Chamber of Commerce, which flooded in the rains last month, on Sept. 7, 2016. Although drywall and flooring had to be removed, employees were still working and holding meetings in the office. PHOTO: WILLIAM WIDMER FOR THE WALL STREET JOURNAL

Other efforts to help disaster-stricken small businesses are typically cobbled together on a piecemeal basis, a process that can require congressional approval for funding and take months or even a year or more to get funds into the hands of local business owners.

“There isn’t a tool in place that is meeting the needs of these small businesses immediately after a disaster,” said Robin Keegan, a consultant and former head of the Louisiana Recovery Authority.

The federal government doesn’t provide grants right after a disaster that could be used by businesses to replace inventory or make repairs, a type of funding available to

individuals, Ms. Keegan said. Between 2000 and 2014, at least 85% of disaster loans went to individuals, not businesses, according to a 2015 report by the Congressional Research Service.

Don Pierson, who runs Louisiana Economic Development, said helping small business recover is “a major priority,” but the \$2.8 billion of federal disaster aid the state has requested is largely aimed at restoring public infrastructure, residential properties and flood control. Mr. Pierson said that assistance would help small business recover too, albeit indirectly. The state expects to provide some direct aid to small business, he added, but the details aren’t yet clear.

Already, some business owners are planning to close. A major antiques dealer in downtown Denham Springs has begun liquidating after decades in business.

Ty Bettison, 49, owner of Geeks Anywhere, a computer repair service, said he isn’t sure what the future holds. Mr. Bettison said he was turned down by the SBA for loans to repair his business and home, both of which were damaged by the storm.

“I am taking it day by day,” said Mr. Bettison, who has been repairing computers for eight years and opened his storefront two years ago. “I am not sure how income will work out at this point,” he said, adding that he had his best two quarters this year.

“Everything I own was going into the business to build it.”



A handwritten sign is seen on Sept. 6, 2016, on the door of a local business, Silks & Craft Supply, that was closed due to flood damage. PHOTO: WILLIAM WIDMER FOR THE WALL STREET JOURNAL

Some business owners are scrambling to get back on their feet as quickly as possible. Hector Barraza, 39, has already rebuilt the interior of La Carreta, his seven-year-old Mexican restaurant, and hopes to reopen next week.

Mr. Barraza is counting on insurance proceeds to cover most of the cost of the refurbishment. He has applied for an SBA loan in case his insurance proceeds don't arrive quickly. Asked if he was worried about taking on more debt, he said, "I don't have a choice."

Small businesses often have a tougher time rebounding from natural disasters than their bigger competitors, in part because they tend to have more limited cash reserves, are frequently loath to take on more debt, and often deal with damage to their homes too. Basic steps, such as debris removal, are time-consuming, difficult and costly.

"The sludge, the filth, the slime, the 2 inches of water on the carpet, all the furniture," said Stacy Seale, whose grandfather started Seale Funeral Home in 1957. "It was like an earthquake and a bomb went off at the same time."

Seale Funeral Home paid \$10,000 to remove debris this week from its main location in Denham Springs, which was swamped by 5½ feet of floodwater. It took five days to remove the 6-foot tall mounds of debris, which included battered file cabinets with soggy paper records for each of the roughly 25,000 funerals the company has handled in its 59-year-history.

Mr. Seale has brought back 18 of his 25 employees to handle cleanup and other duties. He estimates the damage his business suffered will be around \$1.5 million and, while he has flood insurance, he expects to have to max out his credit cards, take on a new SBA loan and cut deals with suppliers to be able to get his business back running at its pre-flood levels.

"I would much rather it had taken our house than this," he said. "This is our income."





New insulation was stacked inside one of the main rooms at Seale Funeral Home, on Sept. 7, 2016. PHOTO: WILLIAM WIDMER FOR THE WALL STREET JOURNAL

**Write to** Cameron McWhirter at [cameron.mcwhirter@wsj.com](mailto:cameron.mcwhirter@wsj.com) and Ruth Simon at [ruth.simon@wsj.com](mailto:ruth.simon@wsj.com)

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