
Capital Strategies for Fortifying Local Economies During the Crisis and Recovery

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Lindy Institute for Urban Innovation

Opportunity Zones Webinar Series

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EIG Updates and Resources

Opportunity Zones Resources

[Opportunity Zone Development Profiles](#)

[Opportunity Zones Facts and Figures](#)

Updated with the latest Census Bureau data

[OZ Activity Map](#)

[Opportunity Zones State Fact Sheets](#)

Visit our Website

Which Cities have the Greatest (and Growing) Share of [Prime Age Workers](#)?

Why is San Jose Growing While Cleveland Shrinks? [Maybe It's Immigration](#) and Not the Weather.

From Managing Decline to Building the Future - Could a [Heartland Visa](#) Help Struggling Regions?

Blog

Understanding the Paycheck Protection Program

Mar 26, 2020



A Lifeline for Small Businesses Included in the Phase III COVID-19 Relief Bill

[*EIG blog post*](#)

Federal Response

Paycheck Protection Program

As of the morning of April 16:

- Number of Loans Approved: 1,625,673
- Loan Amount Allocated: \$338,002,334,458
- Number of Lenders: 4,975

[EIG's Policy Recommendations for PPP](#)

Expand program funding

Expand program and providing explicit assurances that the program will not “run out” of money as long as relief is needed.

Increase loan limits

Increase at least 5 times average monthly payroll costs, or double the current ceiling, to give affected businesses a longer runway and greater certainty as they navigate difficult months ahead

Increase program flexibility

Eliminate 25 percent cap on non-payroll expenses to better reflect diversity of business needs

Discourage healthy businesses from applying

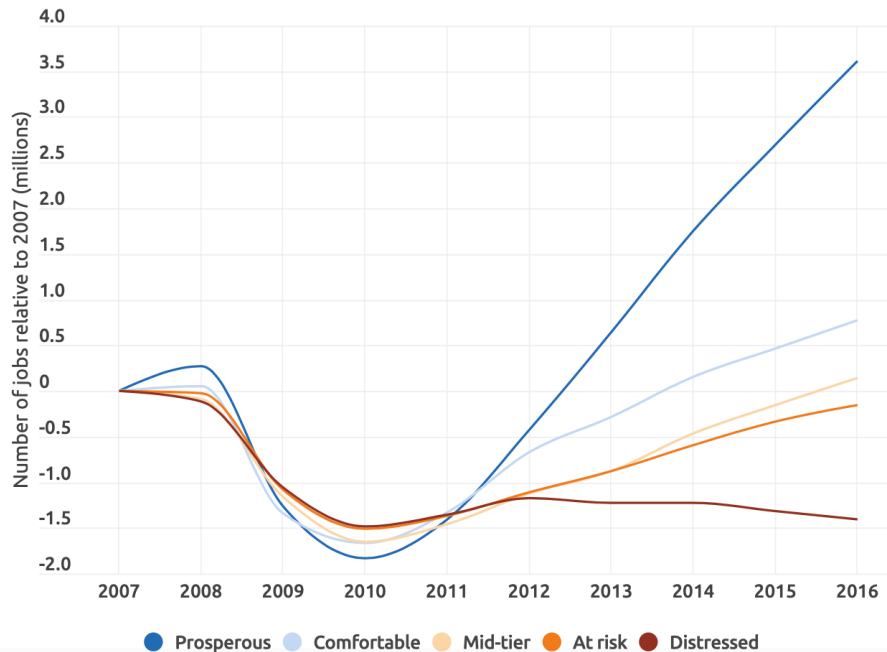
Up front certification under threat of penalty describing revenue loss or other significant operational disruptions as a result of the crisis

[EIG blog post](#)

Uneven Growth Since the Great Recession

Job growth was concentrated from 2007 - 2016

Change in employment by quintile since 2007



Overall:

- Prosperous zip codes dominated a deeply fractured jobs recovery.
- Fewer than a quarter of counties have recovered from the business closures of the recession.
- Prosperous zip codes added more business establishments during the recovery years than the bottom 80 percent of zip codes combined.

“The median American community has not healed from the trauma of the Great Recession and is ill-equipped to cope with the inevitable next downturn.”

[Distressed Communities Index](#)

Entrepreneurs and Small Businesses

Entrepreneurs and small businesses drive economic dynamism

- Small businesses contribute 2/3rds of new jobs and account for 47% of total jobs and 44% of economic activity.
- New businesses foster a dynamic economy; replacing dying industries, fostering competition with incumbent companies, and producing new, higher wage jobs.

Legacy issues from 2008

- New business starts, small business lending, and new bank formation never recovered from the Great Recession

Policy responses to the Great Recession failed entrepreneurs; We can't make that mistake again | [analysis](#)

- Women-owned, minority-owned, and young businesses were disproportionately impacted

Minority- and women-owned businesses tend to be younger, making them more vulnerable in the coming recession | [data analysis](#)

A robust and inclusive recovery is predicated on expanding access to assistance now

Main Street Emergency Act

Proposal:

\$50 billion in federal assistance to augment local relief funds, expanding distribution and reach

Background:

- Hardest-hit are local face-to-face sole proprietorships or businesses with fewer than 25 employees providing Main Street services
- Cities, counties, states and a group of alternative lenders are providing a variety of grant and loan products to support their needs
- Local funds are undercapitalized and already oversubscribed

Details:

- Localities are best situated to serve the needs of small businesses that are unlikely to benefit from the large federal relief programs that have already been enacted
- Provides direct assistance to cities, counties and states to scale existing (or newly created) relief funds that are explicitly targeted towards small businesses
- Includes funding to support provision of technical assistance

[Main Street Emergency Act blog](#)

Results from the Salt Lake City Emergency Loan Program

“More than 90% of the 17,000 licensed businesses in Salt Lake City alone are small businesses. We want to make sure they have every opportunity to withstand any interruption in the coming weeks.”

- Salt Lake City Mayor Erin Mendenhall

Details

- \$1 million loan fund
- Maximum loan amount of \$20,000 available to for-profit and non-profit businesses
- 5 year loan at 0%
- Working capital (i.e. payroll, rent etc.), marketing, inventory
- 90-day deferred payments

Process

- Selection committee
- Two funding rounds

Results

- \$13 million in total requests
- 52 loans approved / 727 applications received
- 45% women-owned businesses
- 21% minority-owned businesses
- 25% located west of I-15 (economically disadvantaged)

[Sorenson Impact Center](#) is available to work with local funds to assess the impact of assistance

Five Typologies of Local Relief Funds

City Government Funds

Initiated with city government money and quickly deliver support through loans or grants to affected small businesses

Public Entity Funds

Initiated with dedicated public entities like economic development agencies or special use authorities that are affiliated with, but operate independently from, city hall. They provide loans or grants to affected small businesses.

Philanthropic Funds

Set up separately from city hall and are capitalized with funds from community foundations or local anchor institutions to provide grants to small businesses.

Financial institution Funds

Capitalized by the variety of banks and CDFIs that commonly lend to small business. They provide grants and loans to small businesses.

Business Chamber Funds

Run through local nonprofit business associations and provide long-term and quickly deployed loans to the small businesses in their communities.

Establishing a Local Relief Fund

Lesson One: Local funds are undercapitalized and oversubscribed.

Lesson Two: Existing networks of institutions focused on other economic development goals are being repurposed for rapid deployment of emergency funding.

Lesson Three: Local funds are taking three broad approaches to distributing money

- **Approach 1:** Provide immediate liquidity to keep the business alive
Short-term, set grant amount , targets the most vulnerable businesses
- **Approach 2:** Provide favorable loans to keep the business intact
Medium-term; alongside or immediately following Approach 1.
Leverages city money to attract additional public and private capital
- **Approach 3:** Long-term support
Cities seed targeted loan funds managed by CDFIs

Additional Resources

[Template Evaluation Form](#)
[Draft Email and Form Checklist](#)
[Template Intake Questions](#)

[Setting up a Local Small Business Emergency Relief Fund: Lessons from Three First Movers](#)

Leveraging Existing Networks and Expanding the Table

Existing networks of institutions focused on other economic development goals are being repurposed for rapid deployment of emergency funding. What we have heard:

- Positioned them to provide rapid-response assistance and be nimble
- Better understand the needs of businesses
- Aimed to use established decision-making frameworks for equity and inclusion in approving loans
- Improved information dissemination
- Allowed for a robust and comprehensive response

Alabama

“But one of the most significant developments coming out of the OZ program right now is the ability of its infrastructure to step in and help. The same network that was built to drive capital into community-oriented projects is the same one that is looking to boost the local economy that is in crisis.”

Why Opportunity Zones could be a bright spot for Birmingham amid COVID-19 | [Birmingham Business Journal](#)

“Over the last two years, Opportunity Zones have allowed us to build a network of stakeholders that care deeply about helping distressed places,” said Alex Flachsbart, Opportunity Alabama founder and CEO. “We hope this site will provide a gateway linking our network to those businesses and communities in economic distress, no matter where they are in Alabama.”

[ALtogether Alabama press release](#)

What Can We Learn From Opportunity Zones Initiatives?

The playbook for standing up OZ initiatives can be used in creating a roadmap to recovery

- Take an asset-based approach
- Prioritize community engagement & inclusion
- Use a data-driven approach to opportunity identification
- Engage anchor institutions and major employers
- Create value through innovation and collaboration

Erie, PA

Flagship Opportunity Zone

- Collaborative approach to OZs
- Resulted in \$60 million in [committed OZ investment](#) over the next decade
 - Erie Insurance launched \$50 million Opportunity Fund
 - CapZone Impact Investments/Erie Innovation District JV on \$10 million Opportunity Fund

During the Crisis

- Many small business owners have been forced to lay off employees
- Businesses are wary of taking on excessive debt given the uncertainty
- Relief efforts have been established
- Local network of institutions remains intact and committed to economic growth

Erie, PA: A microcosm of the challenges many cities are facing across the nation



Why Erie's Downtown is a Proxy for the Nation

Q & A



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EIG's Opportunity Zones Coalition

Opportunity Zones Coalition

The Opportunity Zones Coalition is a group of organizations working together with a broad array of public and private stakeholders to ensure the timely and effective implementation of the policy.

If you are interested in learning more about the Opportunity Zones Coalition, please contact info@eig.org.

