

Overview

The Portland Small Business Relief Fund will provide grants and low or no interest loans to support Portland small businesses experiencing hardships due to new public health requirements to contain the spread of COVID-19. The goal of the fund is to provide interim relief to businesses and enable them to retain their business and employees.

Using priority and vulnerability criteria, Prosper Portland will manage the application and selection process for these emergency relief grants. In order to simplify and accelerate the disbursement process for applicants, Community Development Financial Institutions (CDFI) partners will process grant payments once applicants are selected.

Prosper Portland is in conversations with private, public and philanthropic funding partners to increase and coordinate funding for this purpose. If allocated, the initial \$1 million of City General Funds would be made available to impacted community businesses in the form of emergency relief grants.

Equity at Forefront of Guiding Principles

The City of Portland is committed to centering racial equity in our collective responses to COVID-19. Recognizing that Black, Indigenous and People of Color, individuals with disabilities, and individuals experiencing poverty are often disproportionately affected, the City of Portland is dedicating resources and creating support systems to ensure this crisis does not exacerbate existing inequities. We also acknowledge that the Asian Pacific Islander community has been particularly impacted by increased racism and xenophobia since this crisis began.

Three guiding principles inform the development of the Portland Small Business Relief Fund as well as consideration of further near-term efforts to support economic stability:

1. Prioritize support to the most vulnerable, applying a racial equity lens;
2. Act quickly. Leverage existing networks and assets; and
3. Make a difference through action, partnership and advocacy.

The Portland Small Business Relief Fund provides support to small businesses in sectors that have been directly impacted by the necessary COVID-19 public health requirements and prioritizes businesses owned by Black, Indigenous, Asian Pacific Islander and People of Color and/or women and employees. The median white family has 41 times more wealth than the median African American or Native American household and 22 times more wealth than the median Latino family. Systemic racism and gender bias further constrict access to capital; the average size loan for women-owned business was 31 percent less than for male-owned businesses. In times of economic growth, the wealth gap and constrained access to capital creates barriers to starting or growing a business; it can come at a devastating financial cost to business owners and their employees in economic downturns.ⁱ

To provide resources quickly, the process to develop and refine this proposal incorporates the input of existing equity-centered networks and advisory bodies, leaders from other cities, and financial partners. Partners from the Inclusive Business Resource Network, Neighborhood Prosperity Network, multicultural chambers, and CDFIs provided input on eligibility requirements, urgent business needs, grant and loan terms, and organizational capacity. As a result of this input, the proposal presents a framework grounded in racial equity priorities that leverages the trusted and nimble deployment infrastructure of our local CDFI partners.

The Small Business Relief Fund seeks to leverage the respective strengths among Prosper Portland and its partnership networks. Prosper Portland will pair its expertise in grant program development with its partners' trusted infrastructure to disburse funds rapidly. Learnings from other major cities show that high application volume will drastically outweigh available funds. Knowing that demand will surpass resources, staff intend to engage with the Council for Economic and Racial Equity over the coming days to further refine prioritization criteria.

Small Business Relief Fund - Grant (up to \$10,000)

General Fund Equity & Vulnerability Priorities

- Businesses that are public facing and directly impacted by new COVID-19 public health requirements and/or have experienced 25% or more decline in revenue since Feb 1, 2020
- Businesses owned by Black, Indigenous, Asian Pacific Islander and People of Color and/or women
- Businesses for whom resources will help them stay in business
- Businesses who continue to pay employees and/or provide healthcare and other insurance during COVID-19

Selection and Disbursement Process

- Simple online application process managed by Prosper Portland.
- Prosper Portland will use established and vetted criteria to rank qualified applications in order of priority
- Grant Timeline
 - Contract with disbursement partners (March 25-30)
 - Application live Monday March 30
 - Application closes Wednesday April 1, potentially sooner based on demand
 - Grant recipients selected Tuesday April 7 and connected with disbursement partners
 - Funding provided by Friday April 10

Disbursement partners and business advisors through the Inclusive Business Resource Network will work with grant/loan recipients to identify a stabilization strategy and apply funds to most critical expenses, keeping in mind areas where other disaster relief funds or other financial products or solutions may be more appropriate supports (i.e. lease payment extension agreement with landlord, low-interest loan through SBA, business interruption insurance, etc.).

Eligibility

The City of Portland \$2 million investment in loans and grants will be funded as follows:

- \$1 million from City of Portland general fund for maximum \$10,000 grants to Portland small businesses
 - Up to \$5,000 for businesses where owner is the only employee and businesses are home-based or do not have real estate rental payments
 - Up to \$10,000 for all other eligible businesses
- \$1 million from Prosper Portland Enterprise Zone funds for up to \$50,000 zero-interest loans

Ineligible Businesses:

- National franchises
- Locally owned franchises with more than three locations
- Businesses or individuals whose primary revenue is generated from rental/income-producing properties
- Businesses owned by individuals who qualify for unemployment benefits
- Non-profit organizations

Requirements:

- Business must meet one of the following:
 - Business is public-facing (e.g. retail, coffee shop, food service) and is directly impacted by new public health requirements related to COVID-19 pandemic.
 - Business has experienced 25% or more decline in revenue since Feb 1, 2020 (e.g. manufacturing, industrial, office-related, traded-sector).
- Businesses must have \$2 million or less in annual gross revenue
- Business must have 50 or fewer employees

- Principal place of business must be located within the City of Portland (<https://www.portlandmaps.com/>)
- Business must have been in operation and in compliance with the State of Oregon registration requirements on or prior to July 1, 2019. (Sole Proprietors operating under the owner's name are not required to register with the State of Oregon).

Loan Detail (up to \$50,000)

Additional Loan Eligibility Requirements

- Business must be registered with the City of Portland on or prior to July 1, 2019
- Businesses must have \$5 million or less in annual gross revenue
- Business must provide owner with primary source of income (more than 50% of monthly income should come from the business)

Loan Priorities (in addition to general priorities above)

- Job preservation, particularly for POC, women, low income individuals and individuals in East Portland and Neighborhood Prosperity Network service areas
- Businesses located in industrial districts
- Businesses that pay employees \$15/hour or more and will use resources to maintain level of employment

Loan Terms (DRAFT)

- 3- or 5-year term, 0% interest rate
- Payments deferred for 12 months
- Note: a loan term of 5 years will be provided to businesses that retain employees and/or continue to pay for health care premiums
- Loan balance is due at the end of the term. If it not, interest could accrue at 8% until balance is paid off.

Selection and Disbursement Process

We anticipate using a similar process as the approach identified above. Timeline and details to be finalized in near future in concert with key funding and administration partners.

Prohibited uses

Resources from both grant and loan funds may not be used for personal uses or those prohibited by federal (except legal cannabis), state, or local law or regulation.

ⁱ <https://inequality.org/facts/wealth-inequality/#racial-wealth-divide>
<https://www.cnbc.com/2019/03/07/the-lending-gap-narrows-for-women-business-owners-nationwide.html>