

Advancing Our Communities During COVID-19 Crisis

April 1, 2020
NDOnline.org





Introduction

- Why we are here? Sharing SOLUTIONS & STRATEGIES in the time of COVID19
- Small Business Assistance in 3 Phases
 - Rescue
 - Stabilization
 - Recovery & Rebuilding
- Affordable Housing Support
- Training Resources

Q&A will be at the end of the session, please submit all questions to the chat box.



COVID-19

The NDC
Approach

Best Practices

*Tools and Training
to Affect Recovery*



Covid-19 Impact on Small Business



**Impact Was
Sudden & Severe**



Recovery Will NOT Be

*Rescue, Stabilization & Recovery-
Rebuilding*

Envisioning the Future

SURVIVAL/ RESCUE NOW-MARCH/MAY

PHASE I

- Element of Immediacy
- Deferments
- Relatively Small Amounts of \$
- Non-capital resources
- Needs: Key Staff/ Payroll, Insurance & Benefits, Utilities, Taxes, Loan Payments

STABILIZATION APRIL TO OCTOBER

PHASE II

- More Substantial Assistance: Working Capital and Funding Losses
- CARES Act \$
- Economic Injury Disaster Loan (EIDL)
- Payroll Protection Program (PPP)

RECOVERY & REBUILDING LATE 2020 AND BEYOND

PHASE III

- Largest \$ Needs
- Permanent Working Capital
- Could Include Fixed Asset Investment
- Government Guaranteed Resources



Phase I: RESCUE

The Key to Survival. Whether or not there will be a robust future for American small businesses is being determined NOW.

- Deferments
- Non-capital resources
- Locally funded infusion of cash
- Small amounts of money \$5k-\$25K
- Working capital
- Grants or soft loans
- No priority for collateral

What We're Seeing :

Front Line Communities Identifying and Reprogramming for Immediate Small Business Relief and Assistance

Seattle, WA Model
Long Beach, CA Model
Dallas, TX Model
Syracuse, NY Model



Phase I: RESCUE

Deferments:

- Many local Banks and Credit Unions offering 3-6 month modifications:
 - Interest Only Payments
 - No Payments
- SBA issued guidance encouraging SBA 7a lenders to approve loan payment deferments
- Many local municipal, non-profit and CDFI lenders considering 3-9 month deferments



Seattle, WA

Model

Program Response

- **Evictions for Small Businesses and Nonprofits have been halted during this outbreak**
- Utilities will not be shut off during this outbreak
- City of Seattle will defer business and occupation (B&O) tax collections for businesses that have annual taxable incomes of \$5 million or less and that pay taxes quarterly
- Greater Seattle Partners Economic impact survey
- State benefits for employers



Seattle, WA

Model

Financial Response

- **Direct to Business First:** *Federal SBA Economic Injury Disaster Loans*
 - The Seattle Office of Economic Development (OED) will be offering **technical assistance and launching resources** to help small businesses apply for SBA loans.
- **Then to:** City of Seattle Small Business Stabilization Fund
 - Approx. \$2.5 million is available for the City of Seattle Small Business Stabilization Fund, an emergency fund that provides working capital grants in **amounts up to \$10,000** to qualifying small businesses.
 - The nearby City of Tacoma worked with the federal Economic Development Administration (EDA) to revise a current Business Loan Fund to provide \$15,000 stabilization loans to businesses.



Seattle, WA Model

Financial Response

- **Then to: CID Restaurants and other Small Businesses Relief Fund**
 - Seeded by a \$100,000 donation from Vulcan, these funds are managed and disbursed by the Chinatown International District Business Improvement Area, Friends of Little Saigon, and the Seattle Chinatown International District Preservation and Development Authority (SCIDpda). 100% of the seed money from Vulcan and individual donations will **go directly to CID neighborhood small businesses.**

Note: Resources and Links will be provided at the end of the presentation



Long Beach, CA Model

Business Emergency Loan
Fund

- Identified federal EDA RLF as a resource
- Modified RLF Metrics, Solicited & Received EDA Approval
- New Program Parameters
 - Max \$25,000 (anticipated average \$5-\$15K)
 - No P+I for 9 months
 - Thereafter I @ $\frac{3}{4}\%$ of Prime; 7 year term
 - Must prove proof of existence prior to 2/15/2020
 - Job retention

14

loans processed in the first five days!



Dallas, TX Model

City of Dallas to create a
COVID 19 Response
Team

- Centralized Small Business Recovery System
- City of Dallas Business Distruption Fund
- Micro-Loan Program
- SBA Loan Program
- Identified CDBG, HUD Section 108, General Obligation Bonds, Dallas Water Utilities funds, and philanthropic contributions as source of funds for grants and loans

CITY OF DALLAS SMALL BUSINESS COVID-19 RESPONSE



Business Disruption Fund

- Funded with \$3.5m in local Economic Development GO Bond
- Grants up to \$10k after SBA grants exhausted
- Can serve employees not covered by stimulus funding

Micro Loans

- CDFIs in Dallas
- People Fund
 - Dream Spring
 - Lift Fund
 - TREC
 - Loans \$250k or less
 - Must agree to loan terms set by City

Grow America Fund

- Grow Dallas Fund
- Match City investment 4:1
 - Loans larger than \$250k
 - Permanent Working Capital
 - Furniture Fixture & Equipment

Technical Assistance

- Managed by NDC TA Provider
- Utilize Local Chambers
 - CDFI's
 - Training & resiliency planning for borrowers through Cash Flow Analysis



Syracuse, NY Model

Emergency Relief Fund

- Launched **SEDCO COVID-19 Emergency Relief Fund on Monday 3/24** (SEDCO – Syracuse Economic Development Corporation)
- Deployed funds used for a revolving loan fund through a city-managed/ staffed EDO (SEDCO)
- \$500,000 allocated for emergency program by the EDO Board of Directors
- EDO Board delegated loan approval authority to a specialized loan committee (allow for immediate approval). Loan committee meeting 1-2 times per week.



Syracuse, NY Model

Emergency Relief Fund

Loan Terms:

- Maximum \$25,000 loan (expected average of \$10,000 per borrower)
- 0% interest for 180 days (6 months)
- Upon maturity, borrower has the opportunity to convert the loan into a low interest-paying loan
- Initial collateral required: only personal guarantees from those owning 20% or more of the entity. Additional collateral will be sought if the loan is converted at maturity after 6 months.

11

loans approved

190k

total loan amount



Phase II: STABILIZATION

- Debt relief for existing SBA loans
- Economic Injury Disaster Loan (EIDL)
- Payroll Protection Program (PPP) CARES Act

Stabilization & Reassessment

- What small businesses have survived?
- What businesses move forward, and how?
- Larger amounts of \$ assistance are required



Phase II: STABILIZATION

Stabilization & Reassessment

- FOR 6 MONTHS, SBA will cover all loan payments for existing non-disaster SBA borrowers, including principal, interest, and fees (CARES Act, guidance pending)
 - 7a loans not made under PPP
 - SBA 504 loans
 - Microloans



Phase II: STABILIZATION

Emergency EIDL Loans

Provision allows expedited access to capital by allowing small businesses who have applied for an EIDL loan to request a **GRANT advance** of up to \$10,000 on the loan to provide paid sick leave, pay employees and pay other debt obligations. Request at time of EIDL Application



Economic Injury Disaster Loan:

MAX LOAN AMOUNT	Up to \$2 million
WHAT IS THE MONEY FOR?	Working Capital
WHAT IS THE RATE?	3.75% Fixed for life of loan
WHAT IS THE LOAN TERM?	Max 30 years based on ability to repay
WHAT ARE THE REPAYMENT TERMS?	Payment deferments of principal and interest available
WHAT ARE THE FEES?	NO fees paid by borrower or bank
WHAT IS THE COLLATERAL?	Required if available for loans more than \$25K



Economic Injury Disaster Loan: WHO IS ELIGIBLE TO APPLY?

- Small business, small agricultural cooperatives, ESOPS, cooperatives, tribal business concerns OR Non-Profit (501(c)(3) with fewer than 500 employees (FT, PT& other: SBA size standard)
- An individual who operates as a sole proprietors (whether or not self-employed) and independent contractor



Economic Injury Disaster Loan: WHERE ARE THE EIDL LENDERS?

- Apply Directly on the SBA Website
- Basic applicant information to determine eligibility and loan amount
and
- A comprehensive loan request packet (historical financial information, projections, etc); must show the ability to repay the loan



Phase II: STABILIZATION

The Paycheck Protection Program (PPP)

Provides cash-flow assistance through 100 percent federally guaranteed loans (up to \$10 million) to small employers who maintain their payroll during the emergency – the portion of the loans used for payroll costs, interest on mortgage, rent and utilities will be forgiven under certain conditions.



Paycheck Protection Program

WHAT IS THE MAX LOAN AMOUNT?	Lesser of: \$10 million OR 2.5x Average Monthly Payroll Costs
WHAT IS THE RATE?	Max 50 basis points to borrower
WHAT IS THE LOAN TERM?	Anticipated to be not less than 6 months, not more than 2 years
WHAT ARE THE REPAYMENT TERMS?	Payment deferrals of principal and interest for at least the first six months
WHAT ARE THE FEES?	NO fees paid by Borrower or Lender
WHAT IS THE COLLATERAL?	None
ARE PERSONAL GUARANTEES REQUIRED?	No



Paycheck Protection Program: WHO IS ELIGIBLE TO APPLY?

- Small business, tribal business concerns OR Non-Profit (501(c)(3) with fewer than 500 employees (FT, PT& other: SBA size standard)
- An individual who operates as a sole proprietors (whether or not self-employed) and independent contractor



Paycheck Protection Program: WHERE ARE THE PPP LENDERS?

SBA Program Participating Banks
Credit Unions
Small Business Lending Companies (SBLC)

WHAT DOES THE LENDER NEED FOR AN APPLICATION:

- Basic applicant information to determine eligibility and loan amount.
(Guidance Pending)
- Determination whether the borrower was in operation before February 15, 2020 and had employees for whom they paid salaries and payroll taxes or paid independent contractors.



**Paycheck Protection Program
Application Form**

OMB Control No. 3245-
Expiration Date 09/30/2020

Non-Profit <input type="checkbox"/> Vet Org <input type="checkbox"/> Tribal <input type="checkbox"/> Ind. Cont. <input type="checkbox"/> Self Employed <input type="checkbox"/>		DEA or Tradename if applicable	
Business Legal Name			
Business Primary Address		Business TIN (EIN, SSN)	Business Phone
		() -	
		Primary Contact	Email Address

Average Monthly Payroll:	\$	X 2.5 equals Loan Amount:	\$	Number of Jobs:	
Purpose of the loan (select more than one):					
<input type="checkbox"/> Payroll <input type="checkbox"/> Rent / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain):					

Applicant Ownership

List all owners of Applicant with greater than 20% ownership stakes. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (7) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Business or any owner presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Business, any of its owners, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Business or any owner an owner of any other business or have common management with any other business? If yes, attach a listing of all Affiliates and describe the relationship as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Business received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

Applicants who are individuals and all 20% or greater owners of the business must answer the following questions. If questions (5) or (6) are answered "Yes" or question (7) is answered "No," the loan will not be approved.

Question	Yes	No
5. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole?	<input type="checkbox"/>	<input type="checkbox"/>
Initial here to confirm your response to question 5 →	_____	_____
6. Within the last 7 years, for any felony or misdemeanor or a crime against a minor, have you: 1) been convicted; 2) pleaded guilty; 3) pleaded not a contender; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?	<input type="checkbox"/>	<input type="checkbox"/>
Initial here to confirm your response to question 6 →	_____	_____
7. <input type="checkbox"/> I am a U.S. Citizen <u>OR</u> <input type="checkbox"/> I have Lawful Permanent Resident status <input type="checkbox"/> No		
Initial here to confirm your response to question 7 →	_____	_____



Phase II: STABILIZATION

What else can you do to help?

How Municipalities + Local Non-Profits Can Help Delivery Recovery Resources

- Become a resource for information and capital
- Create "how-to" guides for the loan application process
- Partner with other organizations in the community to expand reach of the program
- Assist applicants with loan application document assembly and submission
 - Anticipated necessary documentation:
 1. First Two Quarters FY'19 941 Federal Filing
 2. First Two Quarters FY'19 State Payroll Filing
 3. FY'18 federal business tax return
 4. Utility bill through February 2020.
 5. Any additional information required to document eligibility



Phase III: RECOVERY & REBUILDING

Reinvigorating &
Revitalization: Supported by
SBA 7a Lending.

- Government guaranteed loans
- USDA
- SBA
- Banks
- Non-Bank lenders

Late 2020 & Beyond

- Existing Borrowers: SBA lenders can defer payments for 90 to 180 days
- SBA Disaster Loans
- Traditional SBA Loans



AFFORDABLE HOUSING

During the time of COVID19

Asset Management

- Tenant Health
- Federal Loan Deferrals
- Rent Payments

Investors

- Differences from Great Recession
- Stress Testing of Deals in Underwriting

Resources

Note: Resources and Links will be provided at the end of the presentation



NDC TRAINING RESOURCES

Training will be an important COVID-19 Recovery resource to the organizations that support small businesses and to entrepreneurs seeking financing.

- Business Credit Analysis skills for development professionals
- Understanding loan capacity for small businesses
- How to Get a Loan
- Cash Reigns Supreme

NDC Training will design courses specifically to address the recovery issue



NDC TRAINING REMOTE OPTIONS

Build Critical Development
Finance Skills While Working
From Home

Self-Paced, Interactive Online Learning

Available now:

- ED101: Economic Development Finance teaches essential economic development skills including fundamental business credit analysis and real estate finance basics

Coming soon:

- ED201: Business Credit Analysis - in beta-testing - available for registration June 1st, 2020
- HD420: Rental Housing Development Finance - in development – target registration by October 1st, 2020

Watch the NDC Training Schedule for the latest course availability



NDC TRAINING REMOTE OPTIONS

Build Critical Development
Finance Skills While Working
From Home

LIVE Webinars

- New Market Tax Credits— May 14, 1PM Eastern
- Low-Income Housing Tax Credits— June 18, 1PM Eastern
- Revolving Loan Funds and Small Business Recovery Programs— April 9, 2PM Eastern

RECORDED Webinars

Coming soon!

WASHINGTON DC UPDATE

Legislation	Date Enacted	Cost	Community Development Provisions
Phase 1: <u>Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020</u>	March 6, 2020	\$8.3B	Funding for SBA emergency program, but mostly HHS, CDC, NIH FDA.
Phase 2: <u>Families First Coronavirus Response Act</u>	March 18, 2020	\$104B	None. Mostly covered SNAP, Medicaid, testing, and paid leave
Phase 3: <u>Coronavirus Aid, Relief, and Economic Security Act</u>	March 27, 2020	\$2.2T	Extensive (see next slides)

Note: Resources and Links will be provided at the end of the presentation



SUPPORTING FUTURE RECOVERY

Housing/ HUD



Housing:

- Foreclosure moratorium through Dec. 31, 2020

HUD:

- CDBG – \$5B
- Homeless Assistance Grants – \$4B
- Section 8 Rental Assistance – \$1.25B
- Project-Based Rental Assistance – \$1B
- Public Housing Operating Fund – \$685M
- Emergency Food Assistance – \$450M
- Housing for Persons with AIDS – \$65M
- Housing for the Elderly – \$50M
- Housing for Persons with Disabilities – \$15M
- Fair Housing – \$2.5M



SUPPORTING FUTURE RECOVERY

Rural Development



\$145.5M for USDA Rural Development including:

- B&I Program – \$20.5M in subsidy to make \$1B in lending authority available
- Reconnect Pilot – \$100M in grants for rural broadband
- Distance Learning, Telemedicine, and Broadband Program – \$25M



SUPPORTING FUTURE RECOVERY

Economic Development Administration

\$1.5B for EDA

- Manufacturing Extension Partnership—\$50M to be distributed among the 51 MEP centers





SUPPORTING FUTURE RECOVERY

Human and Health Services

Head Start: \$750M for grants

- Community Services Block Grant: \$1B in direct funding
- Substance Abuse and Mental Health Services Administration (\$425M), including:
- Certified Community Behavioral Health Clinics: \$250M





SUPPORTING FUTURE RECOVERY

FEMA

\$45B for FEMA's Disaster Relief Fund.

Reimbursable activities: medical response, personal protective equipment, Nat. Guard, coordination of logistics, safety measures, community services.

\$400M for FEMA grants, including:

- \$100M Assistance to Firefighter Grants
- \$100M for Emergency Management Performance Grants
- \$200M for the Emergency Food and Shelter Program





SUPPORTING FUTURE RECOVERY

Tribal Communities

- \$1.03B to the Indian Health Service;
- \$100M more for the USDA Food Distribution Program for Indian Reservations
- \$453M to assist tribes through the BIA
- \$69M to help tribal schools, colleges and universities through for the BIE
- \$300M to the HUD Indian Housing Block Grant program





SUPPORTING FUTURE RECOVERY

Small Business Administration

- \$240M for small business development centers and women's business centers for technical assistance (TA)
- \$25M for resource partner associations to provide online information and training
- \$10M for minority business centers for TA





SUPPORTING FUTURE RECOVERY

CARES Act Additional Highlights

- \$130B for healthcare, including community health centers
- \$30.75B for K-12 schools
- \$150B for state and local government
- \$1,200/ \$2,400 rebate checks
- Unemployment insurance boost
- \$500B in corporate relief





SUPPORTING FUTURE RECOVERY

WHAT TO LOOK FOR NEXT?

- Funding for CDFIs?
- Boost for LIHTC, NMTC?
- More checks for individuals?
- More small business support?
- Infrastructure?
- Pensions?



Q & A

