

Subject: * PRESS RELEASE *** MAYOR LONDON BREED ANNOUNCES \$1.5 MILLION TO ESTABLISH CITY'S FIRST AFRICAN AMERICAN SMALL BUSINESS REVOLVING LOAN FUND IN RESPONSE TO COVID-19**



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MAYOR LONDON BREED ANNOUNCES \$1.5 MILLION TO ESTABLISH CITY'S FIRST AFRICAN AMERICAN SMALL BUSINESS REVOLVING LOAN FUND IN RESPONSE TO COVID-19

A partnership with the San Francisco African American Chamber of Commerce and Main Street Launch to establish a new loan fund to support Black-owned businesses that have been deeply impacted by the pandemic

San Francisco, CA — Mayor London N. Breed, the Office of Economic and Workforce Development (OEWD), Main Street Launch, and the San Francisco African American Chamber of Commerce today announced the establishment of the African American Small Business Revolving Loan Fund, supported by an initial investment of \$1.5 million from Give2SF donations. The Fund will provide access to capital and financial assistance for African American entrepreneurs and Black-owned small businesses impacted by COVID-19.

The new loan program complements Citywide efforts to support micro-enterprises and small businesses historically underserved by private banks and other traditional sources of financing, as well as OEWD's standing commitments to invest in the City's historically Black neighborhoods.

"For generations, Black-owned businesses have been marginalized and discriminated against, all too often having difficulty securing the

financing they need to open and operate,” said Mayor Breed. “In the wake of COVID-19, businesses all over San Francisco are struggling to survive, and Black-owned businesses in particular have been especially hard hit. This new loan fund is a step in the right direction to right past wrongs and help San Francisco businesses stabilize and thrive.”

The purpose of the African American Small Business Revolving Loan Fund is to help stabilize San Francisco’s Black-owned small businesses by meeting urgent capital needs brought on by sudden revenue loss from business disruption resulting from COVID-19. As the City recovers from the current recession, it has made a commitment to ensuring a more equitable recovery and inclusive future economy.

“Our Black owned small businesses have suffered for years trying to survive through high rents, outmigration of community, gentrification and isolation,” said Supervisor Shamann Walton. “This fund will provide much needed resources for Black businesses to survive this pandemic and continue to pay their employees. I am most excited about the loan forgiveness options available to recipients of the fund. Without this support, we would be complicit in the possible complete eradication of Black businesses in San Francisco.”

San Francisco recognizes the oppressive history of racial injustice, the structural inequities that remain today, and the trauma those inequities perpetuate. Specifically, Black-owned businesses were in a perilous environment pre-COVID-19 and that environment has resulted in disproportionate financial impacts due to the pandemic both locally and nationally, creating further uncertainty as the City moves into recovery. Black-owned businesses are over-represented in the hardest hit sectors of the economy and tend to be smaller, with only a third of the revenue of non-black businesses. Black-owned businesses also face more hurdles in accessing liquidity and support services, and are 60 percent less likely to receive all of the financing they need, which puts them at additional risk for closure.

“Equitable access to economic opportunity is critical for the ongoing cultural and economic vitality of San Francisco,” said Joaquín Torres, Director of the Office of Economic and Workforce Development. “Black-owned businesses provide important services to our community, are a

consistent source of employment for Black workers, and spur meaningful local investments. By providing an opportunity to positively and proactively change the socioeconomic impacts that race still plays in the lives of Black San Franciscans, this new fund is a part of the solution. We can and must do more as a City to build wealth and generate wholeness for San Francisco's Black community."

"As we transition to reopening, we need to look beyond the requirement to wear face coverings," said Sheryl Davis, Director of San Francisco's Human Rights Commission. "What we defined as 'normal' was not working for so many in our City before COVID-19. Going forward, we must normalize investing in our most vulnerable community members and disrupting systems of inequity that have been perpetrated for centuries. This fund represents that shift to supporting business owners that have been overlooked and disadvantaged, while others profited unfairly. It's great to see them now rewarded for their innovation, creativity and hard work."

San Francisco's African American Small Business Revolving Loan Fund will function as a rapid deployment fund to support Black-owned businesses in San Francisco, including those businesses that provide needed services in historic African American neighborhoods. The goal is to enable businesses to sustainably maintain or advance their business operations while building African American community wealth in San Francisco, meeting essential needs, expanding opportunity and reducing structural barriers to equity.

Funding will be disbursed to eligible businesses by Main Street Launch. The \$1.5 million will support zero-interest loans up to \$50,000, with flexible repayment terms, loan forgiveness options, and wide-ranging technical assistance. The goal is to ensure that loan eligibility criteria are driven by need and that the loan product is structured to minimize barriers to access, including no personal guarantees or collateral requirements. Loans will be prioritized for long-standing San Francisco Black-owned businesses, especially those whose business operations are most heavily impacted by ongoing Shelter in Place restrictions.

"We are proud to partner with OEWD to support the honorable Mayor London Breed in her efforts to strengthen and reimagine African

American small businesses in San Francisco during these turbulent COVID-19 times,” says Jacob Singer, President and CEO, Main Street Launch. “We are looking forward to working with our community partners to deepen our impact and support of African American businesses in San Francisco.”

“The compelling urgency of an African American Small Business Revolving Loan Fund has long been overdue; now it is amplified due to COVID-19,” says SFAACC President, Dr. Matthew Ajiake. “This equity opportunity fund gives Black businesses the essential financial assistance required to curtail the historic and systemic inequalities of opportunity, now exacerbated by inadequacy of federal stimulus programs that have funded less than 12% of Black businesses. This absence of adequate federal focus and financial assistance have handicapped a disproportionate number of black businesses, forcing many owners to eventually close their doors forever. It is against this backdrop that we truly welcome our new partnership and thank Mayor Breed for her support and leadership.” Dr. Ajiake continued, “The SFAACC believes this fund would disrupt systemic racial inequities in funding mechanisms and strengthen Black businesses in this great City as their survivability and sustainability have cascading impacts on every aspect of our shared San Francisco experience and future.”

The African American Small Business Revolving Loan Fund is a result of public and private partnerships that leverage various resources, including generous donations to the Give2SF COVID-19 Response and Recovery Fund. Donations to Give2SF support housing stabilization, food security, and financial security for workers and small businesses impacted by COVID-19.

“It’s really hard for my business right now, still paying rent and not having any income,” said Hudari “Coach” Murray, owner of NewBills Barbershop at 781 Divisadero Street. “I have applied for three grants but haven’t received any help. So I’m relieved and gratified to hear news of this new funding opportunity. Thank you to Mayor Breed and the City for listening.”

“COVID-19 has wreaked havoc on the African American community from both a health and economic standpoint. As a Black Business Owner in

the Fillmore, it's been virtually impossible to get assistance," said Cheree Scarbrough, co-owner of Phenix Hair Designs formerly Winfred's. "This new Fund will help businesses like mine implement necessary changes in order to keep our doors open and our clients safe. Mayor Breed has been a world leader during these unprecedented times, and I'm grateful for her leadership and knowing that we haven't been forgotten."

Interested small businesses can visit oewd.org/covid19/business to learn more about how to apply for the new loan program, as well as existing loan and grant programs.

Additional Support for Small Businesses

Mayor Breed's initiatives to support small businesses during the COVID-19 pandemic include:

- Deferring business registration fees businesses totaling \$49 million for 89,000 businesses and further delaying the City's collection of the unified license fee until September 30, 2020. This will lead to \$14 million in deferrals impacting 11,000 payees. In March, Mayor Breed announced an initial three-month delay for the collection of the fee.
- Business tax deferrals for small businesses with up to \$10 million in gross receipts. Mayor Breed and Treasurer Cisneros notified small businesses that their first quarter businesses taxes can be deferred until February 2021. No interest payments, fees, or fines will accrue as a result of the deferral.
- \$10 million Workers and Families First Paid Sick Leave Program, providing up to 40 hours of paid sick leave per employee.
- \$9 million Emergency Loan Fund providing up to \$50,000 in zero-interest loans for individual small businesses.
- \$2.5 million Resiliency Grants providing up to \$10,000 grants to over 300 small businesses.
- \$1 million for Neighborhood Mini-Grants to Support 300 Small Businesses in Underserved Communities.
- \$2.5 million in support for working artists and arts and cultural organizations financially impacted by COVID-19.
- Supporting nonprofits funded by the City so workers don't lose their incomes;

- Issuing a Moratorium on Commercial Evictions for small and medium sized businesses that can't afford to pay rent.
- Capping the commission at 15% on 3rd party food delivery companies;
- Advocating for additional resources for small business and workers through the federal CARES Act.
- Establishing City Philanthropic www.Give2SF.org, where donations will support housing stabilization, food security, and financial security for workers and small businesses impacted by coronavirus.
- Launching a one stop City website for businesses and workers seeking resources, contacts, and updates during the COVID-19 emergency: www.oewd.org/covid19.

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