

# Lancaster City Small Business Emergency Aid Program

## 5-PRONG STRATEGY

### 1. **Defer Enterprise / Business Loan Payments to the City for 6 Months**

- All businesses that have existing enterprise loans from the City will automatically have loan payments deferred for six months unless they elect to continue payments according to the original schedule.

### 2. **Establish an Emergency Loan Fund to Assist Our Most Vulnerable Businesses**

- Using the City's Enterprise Loan Fund, the City will allocate \$250,000 to Community First Fund (CFF). This contribution will leverage investments from CFF (\$800,000) and ASSETS (\$200,000) for a total, blended Emergency Loan Fund of \$1.25M. The City contribution will serve as first risk capital for the Fund.
- Loan Terms: 0% interest for first year; loan payments deferred for six months; year two and beyond, amortized at 4% for up to five years.
- Loan amounts will be contingent on underwriting, up to \$50,000 per business (with most loans at lower levels).
- Small businesses will apply and be selected according to criteria such as longevity, number of employees, storefront presence, lost revenue, debt ratio, and inclusive economic impact.
- The interest earned through the fund will be allocated to CFF to partially subsidize administrative expenses.
- The City may contribute an additional \$250,000 to the Emergency Loan Fund, following analysis of program impact (e.g. efficiency, deployment rate, ranking criteria met, community need).

### 3. **Provide Staff Time and Expertise to Fundraising Efforts**

- Multiple fundraising efforts are underway to increase financial support for small businesses in the city, including the *EnCourage Lancaster* crowdfunding campaign and the efforts of CFF and ASSETS to raise grant dollars for disbursement to small businesses. City staff will help to market opportunities to potential philanthropic donors and community contributors and provide outreach to small business stakeholders who could benefit from the Emergency Aid Program.

### 4. **Support Technical Assistance for Small Businesses to Access State and Federal Dollars**

- Using Community Development Block Grant funds, the City Administration will provide a starting amount of \$50,000 to ASSETS to help small businesses navigate the emerging set of state and federal aid opportunities and apply for financial assistance. Additional grant funds may be possible following analysis of performance (e.g. businesses served, access to stimulus funds, ongoing need).

### 5. **Seek CRIZ Funds for Working Capital Needs of Small Businesses**

- The City Administration is working with the CRIZ Authority to make at least \$1M in recovery funds available through the CRIZ Small Business Financial Assistance (SBFA) program. We are seeking a legislative amendment to allow SBFA loans and grants to pay for operating expenses, working capital, business loan payments, and payroll to current employees. Currently, CRIZ loans and grants are only eligible to fund physical improvements. If authorized to use CRIZ funds in this manner, the CRIZ Authority may contribute these funds to CFF and ASSETS to administer. Please note CRIZ loans and grants are only available to businesses *within the CRIZ District*.