

MEMORANDUM

To: CRA Board

From: Carlos Peralta

Date: April 15, 2020

Re: CRA Non-Profit and Small Business COVID-19 Emergency Assistance Package

INTRODUCTION

Due to the COVID-19 pandemic, many of the City of Cambridge (City) independent small businesses and local non-profits are facing hardships that will have a lasting effect on their operations and the City's retail environment. Throughout the month of March, CRA staff have held multiple discussions with the City officials and staff, local business associations and non-profit organizations. During these meetings CRA staff has gathered information on how best the CRA can provide needed emergency assistance to the Cambridge community.

NONPROFIT RELIEF INITIATIVES

CRA staff has been participating in weekly Cambridge Nonprofit Coalition (CNC) organizational support meetings. The discussion has allowed local nonprofits to express the immediate challenges caused by the global pandemic. The wide range of hardships, include but are not limited to loss of revenue from cancelled events, the need to shift resources to immediate community needs, support requirements for remote work for staff and programs, and provision of child care. Organizations expressed uncertainty regarding the availability of federal and state relief programs for nonprofits. Also attending the weekly CNC meetings are a number of local philanthropy organizations, who have been encouraged by the CNC members to implement temporary modifications to how grants are disbursed. Non-profits hope to have the authorization to apply awarded restricted funds to be released for emergency uses.

As part of the immediate CRA response to provide support for nonprofits during the COVID-19 emergency, it is proposed that the CRA provide existing tenants of 93-99 Bishop Allen Drive with rent relief for the months of April and May. The permanent rent relief will provide assistance to the nonprofit tenants as they deal with immediate cash flow challenges. The rent waiver would mean a \$70,000 in lost revenue from rent payments at 93-99 Bishop Allen Drive over the next two months.

The second component of nonprofit support for CRA consideration is to allow flexibility to existing Forward Fund partners to utilize any previously dispersed funds and access remaining Forward Fund payments for immediate operating expenses. This shift of funding could end up totaling \$100,000 to be shifted by the nonprofits from their original capital project proposal to be used for COVID-19 relief (Exhibit A). The decision to utilize the Forward Fund grant in this manner would be made by each individual organization.

CRA COVID-19 SMALL BUSINESS RELIEF PROGRAM

To help alleviate the impact the pandemic will have on local businesses, the City has initiated a Small Business COVID-19 Relief Program. The City's special grant program will be applied to helping eligible retail, food, personal services, and creative for-profit businesses in Cambridge with a grant up to \$6,000 per brick and mortar business. The program provides short-term working capital assistance to enable the viability of the business and the retention of jobs during the severe interruption of business related to the impact of COVID-19 pandemic and resulting social distancing.

To be eligible for the relief program, applicants must meet at least one of the following three criteria:

- Live in a Neighborhood Revitalization Strategy (NRS) area of Cambridge.
- Have a business in an NRS area of Cambridge.
- Own a Cambridge business with 5 or fewer employees, including the owners(s), who must have family incomes falling with the income ranges of very low and low-moderate as determined by the U.S. Department of Housing & Urban Development.

Grant applicants may utilize the working capital assistance to pay for one or more eligible expenses:

1. Mortgage, rent and other bills (utilities, accounts payable)
2. Employee wages
3. Resources to get the business established online (for example, a business needed to revamp their website to make e-commerce or delivery available to customers)
4. Perishable inventory that was lost due to an interruption of business

Due to the Community Development Block Grants (CDBG) guidelines, the City's federally-funded program may only assist residents and businesses in predominantly low-moderate income areas (NRS areas) or low-moderate income micro-enterprises.

The NRS geographic restrictions existing in the City's relief program presents a geographic gap in the program that the CRA could fill. Staff have explored whether the CRA could provide aid to business's in area's not eligible for CDBG funding. Per legal review, the CRA is well positioned to establish a relief program that closely follows the City's initiative utilizing the non-geographic criteria of the CDBG program.

Large portions of East Cambridge and Kendall Square are outside of the Cambridge NRS areas. Existing brick and mortar retail locations in these neighborhoods are going through similar adversities as other small businesses in the City. The CRA is positioned to provide relief to eligible businesses under similar guidelines that parallel the relief program offered by the City. Reallocating the anticipated 2020 Forward Fund grant expenditures of \$300,000 for COVID-19 small business relief can provide eligible retail, food, personal services and creative for-profit businesses with a grant up to \$6,000 per eligible small business inside the retail corridors bounded by Main Street in Kendall Square to Monsignor O'Brien Highway in East Cambridge areas highlighted in the map (Exhibit B).

The CRA program guidelines and requirements (Exhibit C) would be in parallel to those of the City relief program, excluding the NRS area business location as a prerequisite.

CRA BOARD MOTIONS

Motion: Providing all tenants of 93-99 Bishop Allen Drive permanent relief from April and May rental payments under current lease agreements.

Motion: Approving the option for all active Forward Fund grantees to utilize unspent funds for emergency operation expenses, lifting the capital project expectation from the grant agreements, and executing the immediate disbursement of remaining fund commitment for the same purpose.

Motion: Authorizing the Executive Director, in partnership with the City of Cambridge, to implement a Small Business COVID-19 Relief Grant Program applicable for establishments in East Cambridge and Kendall Square outside the CDBG NRS areas.

EXHIBITS

Exhibit A: Forward Fund Awarded Organizations

Exhibit B: CRA Small Business COVID-19 Relief Program Map Area

Exhibit C: CRA Small Business COVID-19 Relief Program Guidelines and Requirements

EXHIBIT A: FORWARD FUND GRANTEES

Organization	Year	Project Name	Unspent Funds
Community Art Center	2017	Port Kiosk	\$12,500
Cambridge Community Center	2018	Community Kitchen	\$12,500
Innovators for Purpose	2018	Genius of 700 Main	\$5,000
Just-A-Start, Inc.	2019	55 Norfolk St. Financial Opportunity Center	\$50,000
Cambridge Community Center	2019	Building Modernization	\$62,500
Cambridge Economic Opportunity Center	2019	Food Pantry Renovation	\$5,000
The Dance Complex	2019	Chair Lift Feasibility	\$5,000
Nurtury, Inc.	2019	Connecting Children with Growing	\$11,105
Agassiz Baldwin Community	2019	ABC Renovation Feasibility	\$5,000
TOTAL			\$168,605

EXHIBIT B: CRA SMALL BUSINESS COVID-19 RELIEF PROGRAM MAP AREA

CRA Small Business COVID-19 Relief Program Map Area

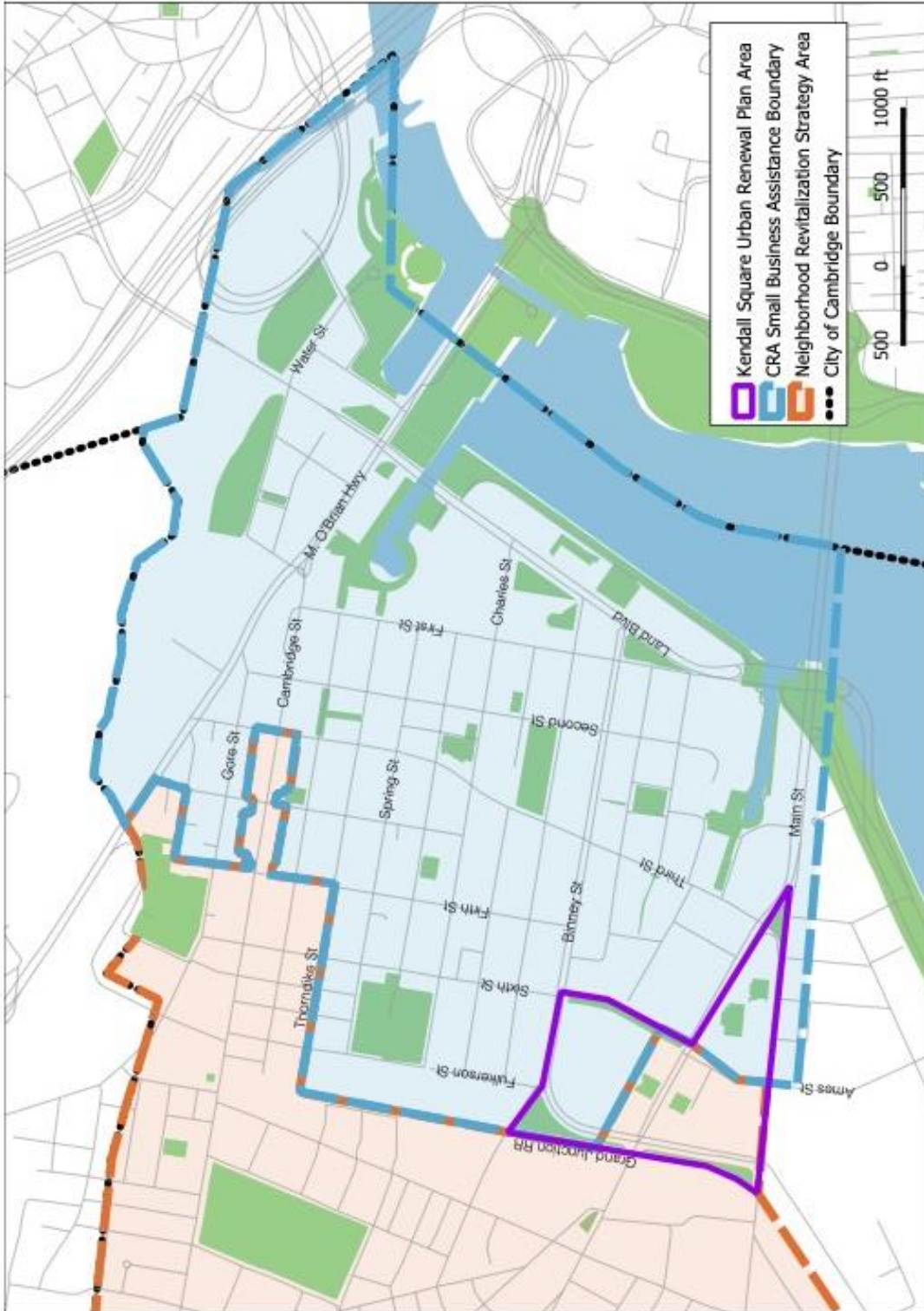


EXHIBIT C: CRA SMALL BUSINESS COVID-19 RELIEF PROGRAM GUIDELINES AND REQUIREMENTS (DRAFT)

The CRA Small Business COVID-19 Relief Grant Program will replicate the current City COVID-19 relief program which provides short-term working capital assistance to support the sustainability of businesses and the preservation of existing jobs during the unprecedented impact of the COVID-19 pandemic. Applicants must meet similar eligibility requirements in order to participate in the Small Business COVID-19 Relief Grant Program, except that the CRA program will apply to the geographic area of East Cambridge not eligible under the City program. The initial criteria for applications include:

1. The brick and mortar business must have been adversely affected by the COVID-19 Social Distancing Measures (e.g. you closed your business, had to lay people off). Priority will be given to businesses that were required to completely close down their business by order of the Governor.
2. The business must have a valid DUNS number.
3. The business must complete the full grant application and provide:
 - a copy of your lease or mortgage/tax bill,
 - Four (4) weeks of pay roll (if grant funds will be going towards payroll), and
 - Provide copies of accounts payable bills (if grant funds will be going towards loss inventory).
4. The business must agree to complete a post-grant survey that will be given to you six (6) months after you receive the grant.

Once a business is confirmed eligible, the following criteria will be reviewed to score applications:

- **Ownership**
 - Women owned (1 point)
 - Minority owned (1 point)
 - Women and minority owned (2 points)
- **Type of business**
 - Brick and mortar, local, for-profit retail, restaurant, and personal services (e.g. hair salon or massage) business open to the public (4 points)
 - Brick and mortar, local, for-profit business that is open for appointment or special services (e.g., medical services, insurance, real estate, construction, day care) (2 points)
 - Business to Business (B2B) Establishment (1 point)
- **COVID-19 Impact**
 - Sales – greater than 25% decrease in sales from a similar time frame in the previous year (2 points)
 - Loss of employees (1 point)

** The procedures for application submissions and review will be established after CRA Board approval of the CRA Small Business COVID-19 Relief Grant Program, and the procedures will be coordinated in partnership with the City.*