

MEMORANDUM (REVISED)

To: CRA Board

From: Carlos Peralta

Date: July 15, 2020

Re: CRA Small Business Assistance and Forward Fund Disbursement

SMALL BUSINESS GRANT UPDATE

On June 17th, the CRA Board voted to approve expanding the program area of the CRA COVID-19 Small Business Relief Grant to include all areas of East Cambridge and Kendall Square that is located within the City of Cambridge Neighborhood Revitalization Strategy (NRS) areas. This will allow additional small businesses the opportunity to apply for relief funds. The CRA staff was provided with a list of businesses from the CDD staff and immediately contacted numerous business owners to inform them of the relief funding opportunity. Seven local businesses have submitted applications for Staff to review. To date, the CRA has approved four additional businesses for a COVID-19 Small Business Relief Grant.

During the course of the relief grant program the Staff has received over fifty-one complete applications for review and has provided relief funds to twenty-three local small businesses, for a total of **\$129,827**. These funds have provided short-term working capital 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.

The grant application process has been temporarily closed to enable the CRA staff to focus its energy on processing the over \$1.5 million in loan applications that have been received.

SMALL BUSINESS LOAN PROGRAM UPDATE

The Mayor's Disaster Relief Fund (MDRF) and CRA Small Business Zero Interest loan awards were communicated to city business owners on July 6th. A total of \$510,000 MDRF grants and \$1,497,500 in loans were announced. The total number of businesses assisted is 137. A breakdown of those awards is summarized below:

- 27 loan only awards,
- 76 loan and MDRF grant awards; and
- 35 MDRF grant only awards.

The loan documentation process began last week. Most loans were for a full \$15,000, but some were reduced to match the quarterly expense data provided in applications. Applicants who only requested a loan were the initial focus of the CRA loan processing efforts, and they were sent loan documents to complete last week. The remaining loan documents will be sent out this week. Cambridge Savings Bank will be the loan servicer, making the payment from the CRA bank account and collecting loan payments over the term of the loans. They will liaise with the borrower to provide information on the

repayment dates. The loan closing process should take 3 weeks to complete – from documentation verification to disbursement.

As the grant program has some unspent resources and the approved loan applications didn't land on an even \$1.5 million, the Staff has requested that \$5,000 of the funding committed to the grant program be transferred to the loan program funds, so that one additional grant application can be fulfilled.

NON-PROFIT RELIEF

At the onset of the global pandemic the CRA shifted the 2020 Forward Fund budget to support the ongoing CRA COVID-19 Small Business Relief Grant. In addition to offering financial support to the local business community, the CRA Board also approved 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 unspent funds.

The CRA disbursed **\$17,500** of the **\$168,605** in planned, but not yet disbursed Forward Fund awards at that time to provide urgent relief to two non-profits. Staff participated in discussions with the remaining non-profits regarding their ongoing projects and received updates from a majority of the organizations that their Forward Fund projects are still continuing and moving forward although a bit slower than originally anticipated due to the pandemic. Thus, most of those funding commitments will remain in place, with a disbursement delayed until next year.

During regular Forward Fund programming, Staff would have made applications available to the local non-profit community in early Spring. This would have allowed identified Planning Grant awardees from previous years to apply for a capital infrastructure grant in order to support the completion of their planned project. Due to the shifting of the Forward Fund 2020 budget, project grants have not been made available. This has left past Planning Grant awardees with projects that are being hindered due to lack of funding.

When it appeared that not all the funding that had been shifted toward COVID relief would be utilized, CRA staff contacted the previous Forward Fund grantees to inquire if they had projects ready to implement. One of the recipients replied affirmatively, and another is planning a response. Recently the CRA received a letter from a 2019 Planning Grant awardee, The Dance Complex to make a formal request to the CRA for financial assistance order to complete the installation of their ADA Chair Lift in their Central Square facility. (Exhibit A) The Dance Complex is listed on the National Register of Historic Places which has made this project more costly than originally anticipated.

The Dance Complex has provided a detailed project budget in the attached letter summarized below:

Chair Lift Revised Costs = **\$85,879**

Funds applied to cost:

- Mass Cultural Council – Cultural Facility Fund - \$25,000
 - Match from The Dance Complex - \$25,879
 - CRA Forward Fund Planning \$10,000
- Total Funds Secured = \$60,879**

Additional Funding Requested = **\$25,000**

FORWARD FUND COVID RELIEF FUNDING OVERVIEW

Original 2019 Forward Fund Allocation	\$300,000
COVID Small Business Grants	\$129,827
Nonprofit Operational Relief	\$ 17,500
<i>Proposed Shift to Loan Fund</i>	<i>\$ 5,000</i>
<i>New Forward Fund Grant Proposal</i>	<i>\$ 25,000</i>
Remaining FF / COVID Relief Funds	\$122,673

Beyond the proposed transfers discussed within this memo, CRA staff would like to discuss an approach to utilizing the remaining funds outlined above.

CRA BOARD MOTIONS

Motion: To transfer \$5,000 from the CRA COVID-19 Small Business Grant Program to the COVID Small Business Loan Program and to return \$25,000 from the COVID-19 Small Business Grant Program to the Forward Fund program to support previous technical assistance grant recipient(s).

EXHIBIT A: The Dance Complex Letter