

## MEMORANDUM

**To:** CRA Board

**From:** Carlos Peralta

**Date:** June 17, 2020

**Re:** Update on the CRA Small Business COVID-19 Relief Grant

## INTRODUCTION

On April 15<sup>th</sup>, in an effort to provide immediate relief to small businesses in parts of East Cambridge and Kendall Square, the CRA Board approved the *CRA Small Business COVID-19 Emergency Relief Grant*. The CRA grant program area was designed to run parallel to the City's Community Development Block Grants small business emergency grant program. The City's federally-funded program may only assist businesses in predominantly low-moderate income areas, Neighborhood Revitalization Strategy (NRS) areas or low-moderate income micro-enterprises. Due to the CDBG guidelines, the existing NRS geographic restrictions presented a geographic gap in the program that the CRA was able to fill.

CRA staff, with assistance from the East Cambridge Business Association (ECBA), the Kendall Square Association (KSA), the Chamber of Commerce and the City's Community Development Department (CDD) reached out to local businesses in the CRA program area and informed them of the grant opportunity. This led to a number of businesses submitting applications for staff review. Throughout the month of May, the CRA received interest from over 46 local small businesses.

## PROGRAM GOAL

The goal of the CRA grant program was to provide 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 state mandated business closures and social distancing rules have had a particularly devastating effect on local retail businesses. Awarded businesses were allowed to utilize the capital assistance to pay for one or more the following 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

## PROGRAM UPDATE

To date, the CRA has awarded grants totaling \$108,627, to 19 local small businesses. Women and Minority-Owned Businesses (WMOB) were highly represented in application submissions; of the 19 awarded businesses, 14 establishments of the grant recipients were WMOB.

The typical grant awarded was an average of \$6,000, which was the maximum allowed under CRA program guidelines. The majority of the awards were to food service providers. The following is a breakdown of business types that were awarded relief funds:

- 14 – Dine-In Restaurant
- 2 – Health & Fitness
- 3 – Other Retail

The geographical breakdown of the submitted applications is:

- 16 - Applications from Kendall Square businesses (13 grants awarded)
- 11 – Applications from East Cambridge businesses (6 grants awarded)
- 19 – Applications from outside of the CRA program funding area

At the time of posting this Board Memo, Staff is still reviewing four (4) applications and assisting a number of businesses with the goal of offering them awards in the coming days.

Regrettably, there were a number of applicants were not awarded relief grant funds by the CRA. Reasons for this ranged from applicants not providing Staff with the appropriate documentation (updated leases, appropriate utility bills or payroll data, etc.), thus leading to the applying business scoring low in the review process. The maximum score allowed was a score of 9, the typical application that was not selected for a grant scored below a 4. A major reason that led to business not receiving a grant, was due to the fact that some businesses were home-based operation. A major requirement for the CRA grant was that the business is an actual brick and mortar establishment in the program area.

Unfortunately, a large number of the applicants (19) were not eligible for grant consideration due to the CRA's grant program geographical restrictions. Staff provided many these business owners with other City resources and contacts within the CDD department to direct them toward opportunities for funding through the Mayor's Disaster Relief Fund (MDRF), Small Business Zero Interest Loan, and the CDD Small Business COVID-19 Relief Grant Program.

According to City staff, the relief funding programs that are available through MDRF and other forms of the City's recovery funding is oversubscribed, and due to this high demand, many eligible businesses may not be provided COVID relief funding.

## CRA BOARD MOTIONS

Motion: Approving revisions to the CRA Small Business COVID-19 Relief Grant Program to be applicable to establishments throughout the East Cambridge and Kendall Square Zip Codes of 02141 and 02142.

