

File No. 200385

Committee Item No. _____

Board Item No. 24

COMMITTEE/BOARD OF SUPERVISORS

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Committee: _____

Date: _____

Board of Supervisors Meeting

Date: April 21, 2020

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- Introduction Form
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OTHER

- Small Business Commission Letter - 04/13/20
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Prepared by: Lisa Lew

Date: April 17, 2020

Prepared by: _____

Date: _____

1 [Urging Congress and Federal Executive Branch to Expediently Expand Economic Stimulus
2 Bill - Ensure Equitable Solutions for Small Businesses and Nonprofits]

3 **Resolution urging United States Congress and the Federal Executive Branch to**
4 **expeditiously pass and enact subsequent interim emergency coronavirus relief**
5 **stimulus packages in addition to the Coronavirus Aid, Relief, and Economic Security**
6 **Act (CARES) with at least \$500 billion more in economic aid and \$250 billion more in**
7 **investments for small business loans, specifically targeting women, people of color,**
8 **veteran-owned businesses, and nonprofits, bolstering community-based lenders and**
9 **smaller financial institutions; and supporting the San Francisco Small Business**
10 **Commission’s recommendations.**

11
12 WHEREAS, The global pandemic caused by COVID-19 claimed the lives of over
13 130,000 people and continues to ravage the healthcare system; and

14 WHEREAS, The City of San Francisco and the State of California are under a State of
15 Emergency requiring a shelter-in-place order that has severely impacted businesses and
16 workers; and

17 WHEREAS, According to the San Francisco City Controller and the Mayor’s Budget
18 Office, nearly 14,000 businesses are fully or partially impacted that generate monthly
19 revenues of \$3 billion a month with 166,000 employees; and

20 WHEREAS, Businesses and companies have been furloughing or laying off workers in
21 order to maintain solvency; and

22 WHEREAS, California has seen 2.2 million unemployment claims 2020 and it is
23 estimated that unemployment could rise above 10%-20% by the end of April; and

1 WHEREAS, There are more than 30 million small businesses in the United States with
2 an estimated 11 million owned by racial and ethnic minorities providing jobs to local
3 economies; and

4 WHEREAS, Language barriers and historic inequities in financing systems
5 disproportionately impact businesses run by immigrants or other people of color; and

6 WHEREAS, On March 25, 2020, Coronavirus Aid, Relief, and Economic Security Act
7 (CARES) passed by Congress provided a \$2 trillion economic stimulus to residents and
8 businesses impacted by global COVID-19 pandemic; and

9 WHEREAS, Community Development Financial Institutions (CDFIs) and other
10 community-based investment models historically provide responsible, affordable lending to
11 low-income, low-wealth, and other disenfranchised communities; and

12 WHEREAS, On April 3, 2020, the Federal government launched the Paycheck
13 Protection Program (PPP), a \$349 billion loan program to support small businesses that
14 partially or fully shut down because of the COVID-19 pandemic; and

15 WHEREAS, The early implementation of the PPP resulted in confusion due to the
16 complicated application process and barriers for many small businesses unable to access
17 loans through a major lender due to restrictions; and

18 WHEREAS, The first-come, first-serve basis of the loan program inherently makes it
19 difficult for smaller organizations and businesses that do not have traditional access to capital
20 or financing, particularly businesses run by people of color or other historically
21 disenfranchised groups; and

22 WHEREAS, The strict regulations also limited the ability for community-based
23 investment organizations like CDFIs to participate in PPP further hindering outreach and
24 support to small businesses and nonprofits that need more targeted support; and

25

1 WHEREAS, While the Small Business Administration made minor improvements in the
2 subsequent weeks after the launch of Payroll Protection Program by issuing clearer guidance
3 and approving non-bank lenders to participate with more than 1.3 million loans issued, there
4 are still shortcomings with funds getting depleted due to the overwhelming demand; and

5 WHEREAS, There are no current provisions to ensure an equitable distribution of
6 resources primarily to small businesses that have the least access due to language and other
7 socioeconomic barriers; and

8 WHEREAS, On April 8, 2020, Speaker Nancy Pelosi and House Democrats publicly
9 called for an interim economic stimulus package that would provide at least \$500 billion more
10 in aid with no less than \$250 billion for small businesses, with \$125 billion channeled through
11 community-based financial institutions that serve farmers, family, women, people of color and
12 veteran-owned small businesses and nonprofits in rural, tribal, suburban and urban
13 communities across our country; \$100 billion for hospitals and health care providers; \$150 for
14 state and local governments and a 15 percent increase to the federal SNAP benefit for
15 families in need of food security; and

16 WHEREAS, On April 13, 2020, The San Francisco Small Business Commission
17 unanimously voted on a set of recommendations to the fourth and subsequent Federal
18 Economic Stimulus packages that calls for extending, expanding, and refining the Paycheck
19 Protection Program (PPP) and Economic Injury Disaster Loans (EIDLs) as set forth in a
20 memo on file with the Clerk of the Board of Supervisors in File No. 200385; and

21 WHEREAS, The San Francisco Small Business Commission further set forth
22 recommendations calling for mortgage and commercial renter relief and increased
23 investments in Economic Development Organizations (EDOs) and Nonprofits;

1 WHEREAS, The United States Congress is set to continue discussions about the
2 interim emergency stimulus bill in addition to CARES 2 during the week of April 13, 2020 and
3 now, therefore, be it

4 RESOLVED, That the Board of Supervisors urges the United States Congress to
5 expeditiously pass an interim emergency stimulus package supported by Speaker Pelosi and
6 House Democrats that would invest no less than \$250 billion with half being directed to
7 businesses and nonprofits owned by women, people of color, veterans, and families; and, be
8 it

9 FURTHER RESOLVED, That the Board of Supervisors urges the United States
10 Congress and Small Business Administration to ensure that investments are channeled
11 through community-based financial institutions and that eligible small businesses are not
12 turned away from lenders; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors urges the United States
14 Congress and Small Business Administration to increase investments in local technical
15 assistance programs to provide outreach and resources available in different languages and
16 in a culturally sensitive manner; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors supports the San Francisco
18 Small Business Commission's set of recommendations and urges formal local advocacy
19 efforts through the City Lobbyist and local Congressional delegates to push for the adoption of
20 these recommendations to the fullest extent possible; and, be it

21 FURTHER RESOLVED, That the Clerk of the Board of Supervisors, no later than 30
22 days after the passage of this Resolution, shall transmit copies of this Resolution to the
23 President and Vice President of the United States, to the Small Business Administration, to
24 the Speaker of the House of Representatives, to the Majority Leader of the Senate, to the
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1 Congressional delegation of San Francisco, to the U.S. Senators of the State of California,
2 and to the representatives of San Francisco on the California State Legislature.

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CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

April 13, 2020

Honorable Mayor London N. Breed
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102-4681

RE: Small Business Commission Recommendations for the Fourth and Subsequent Federal Economic Stimulus Packages

Dear Honorable Mayor Breed:

On Monday April 13, 2020, per your authorization, the Small Business Commission (the Commission) held a Special Hearing at 11:00AM. They received a comprehensive overview of the local, state, and federal response to economic disruptions related to the COVID-19 emergency from the Director of the Office of Economic and Workforce Development, Joaquin Torres. They also reviewed and contemplated a memo sent to them by Office of Small Business staff which discussed recommendations related to the fourth and subsequent Federal Economic Stimulus Packages.

During the hearing, the Commission affirmed that the local response to economic disruptions affecting small businesses has been robust. And indeed, additional actions taken by the state have served the small business community well. However, the Commission concurred with staff in that while the passage of the federal CARES Act provided small businesses and workers with hope for relief more small business support is needed from Congress.

Attached are a set of recommendations for the fourth and subsequent Federal Economic Stimulus packages that the Commission voted unanimously (6-0, with one absent) to send to your Office for your consideration. The Commission believes that these recommendations would enhance aid that was authorized under the CARES Act and would ensure that the diverse needs of small businesses in San Francisco would be met.

Via the same Motion, the Commission also directed myself and Commission President Laguana to present the recommendations to you. Should you and your Office be amenable, Office of Small Business staff would be happy to coordinate.

Thank you for your consideration and thank you for your significant leadership in responding San Francisco's small business needs and to the needs of all San Franciscans during this crisis.



CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

Sincerely,

A handwritten signature in black ink that reads "Regina Dick-Endrizzi". The signature is written in a cursive style.

Regina Dick-Endrizzi, Executive Director, Small Business Commission

cc: Andres Power, Policy Director, Office of Mayor London N. Breed
Edward McCaffrey, Manager, State and Federal Affairs, Office of Mayor London N. Breed
Members of the Board of Supervisors
Clerk of the Board
Joaquin Torres, Director, Office of Economic and Workforce Development



CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

TO: San Francisco Small Business Commission
FROM: Regina Dick-Endrizzi, Director, Office of Small Business
DATE: April 13, 2020
RE: Recommendations for the fourth and subsequent Federal Economic Stimulus Packages

Commissioners:

Since February 25, local and state leaders have prudently issued health emergency declarations and orders to stay at home and shelter in place, effectively until further notice, in order to slow the spread of coronavirus infections. And likewise, leaders in the federal government have advised citizens to stay at home and to follow state and local directives. While these extremely important declarations and orders have significantly reduced the spread of COVID-19, it has meant that most if not all 93,899 small businesses in San Francisco, and the 359,337 workers who they employ have experienced irrecoverable losses. Some of these losses have been so immediate and severe that some small businesses have been forced into permanent closure.

Responsive to evident economic disruption, Mayor Breed, the Board of Supervisors, and other local and state officials acted swiftly to implement emergency programs, policies, and orders to support small businesses and those they employ. Additionally, the passage of the federal CARES Act provided small businesses and workers with hope that meaningful and immediate relief would be administered. However, a number of small businesses in the community and groups that represent them have reported that more small business support is needed, particularly from members of Congress.

As such, below is compilation of recommendations for the fourth and subsequent Federal Economic Stimulus packages for your contemplation. These recommendations would enhance aid that was authorized under the CARES Act and would ensure that the diverse needs of the small business sector are met.

Extend, Expand and Refine the Paycheck Protection Program (PPP):

- Extend the PPP through December 2020, with corresponding increases in eligible forgivable loan amounts;
- Extend the rehire period requirements in the PPP through the end of the calendar year, with corresponding increases in eligible forgivable loan amounts;
- Reduce the interest rate of the unforgivable portions of the PPP loan to 0%;

- Incentivize local financial institutions, such as Community Development Financial Institutions, to fund and administer PPP loans;
- Require a more equitable basis for the distribution of PPP funds, including preferences or set-asides for women, minority, and veteran-owned businesses. Currently, English-speaking businesses and those with existing relationships to major financial banks and consultants are favored;
- Provide small businesses with technical assistance needed to access PPP lending via financial technology (e.g., Stripe, PayPal, Square);
- Allow small businesses to apply for additional PPP loans if there is a demonstrated need.

Extend, Expand and Refine Economic Injury Disaster Loans (EIDLs):

- Increase the emergency grant advance amount to \$15,000;
- Allow EIDLs administered due to COVID-19 to be used for refinancing pre-existing debt;
- Reduce the interest rate for EIDLs due to COVID-19 to 1% for small businesses and for nonprofits;
- Extend the application period for EIDLs through the end of the calendar year for all states;
- Ensure that loan distribution is equitable across the country.

Private Sector Assistance:

- Encourage the tech sector to develop smartphone apps for small businesses to utilize in applying for major federal assistance programs, including the Paycheck Protection Program.

Business Interruption Insurance:

- Require insurance carriers to payout business interruption claims due to states and localities prohibiting access to their businesses because they are necessary to be closed to the public to prevent the spread of COVID-19;
- Stabilize the business insurance industry by creating a federal backstop for insurers facing an increase in business interruption claims and to support payouts.

Mortgage and Commercial Renter Relief:

- Require or incentivize commercial property owners to relieve small business owners of outstanding lease obligations if they have permanently closed due to COVID-19;
- Establish protections for small businesses that own property, from seizure or forced sale. Small businesses that own property, especially in prime commercial real estate markets may feel pressure to sell or even be threatened by seizure from mounting debts due to COVID-19;
- Extend the federal moratorium on mortgage defaults to commercial property owners and allow the restructuring of mortgages for commercial property owners whose incomes are affected by COVID-19.

Investment in Economic Development Organizations (EDOs) and Nonprofits:

- Provide financial assistance via grants to organizations that support small businesses with technical assistance for accessing federal and other government programs and services. EDOs provide direct support to small business owners who have language and cultural barriers that prevent them from expeditiously accessing aid. These small businesses play critical roles in providing jobs to disadvantaged communities, and EDOs can play a critical role in helping them navigate this process.
- Expand eligibility for PPP, EIDL, and other economic relief to 501(c)(6) organizations, known as Business Leagues (e.g., Chamber of Commerce groups and Destination Marketing Organizations). These organizations not only employ thousands, but they also significantly support for local economies;
- Increase the universal charitable deduction from \$300 to \$2000 for contributions above the standard deduction;
- Temporarily expand the cap for property exempt 501(c)3 public charity lessees of commercial property.

Support for Essential Businesses Workers:

- Fund personal protective equipment for home healthcare workers, workers in essential businesses and industries, and businesses who continue to produce, distribute and sell food to our households, homeless shelter providers in addition to first responders and health care professionals.

Support for Sector and Workforce Transitions:

- Invest in training and technical assistance to manage the transition from a storefront business to a delivery-based business;
- Invest in training and equipment to manage the transition to work at home, for example investment in fiber optic infrastructure to support home internet, particularly for more vulnerable business districts.

Ensure a Strong Post-COVID-19 Economy and Workforce:

- Extend Unemployment Insurance benefits authorized under the CARES Act through the end of the calendar year, including: the \$600 weekly enhancement;
- Expand aid to include those paying taxes via using the Individual Taxpayer Identification Number (ITIN);
- Create a small business payroll stimulus program. Small businesses deemed non-essential and those forced to furlough their employees due to their respective state/local stay at home orders will need to rehire their employees with limited, if any, capital;
- Support a national shop local campaign to bring small businesses back to life post crisis.



CITY AND COUNTY OF SAN FRANCISCO
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS
REGINA DICK-ENDRIZZI, DIRECTOR

Additional Areas of Support for Small Businesses:

- Create a federally managed secured asset buyback program: Certain capital-intensive small businesses may be temporarily oversupplied with fixed assets that are secured by debt, and for which there's an active resale market. Examples of fixed assets: vehicles, specialized equipment, high-end inventory;
- Personal Guarantee Protections: Many small business owners are required to provide personal guarantees in order to obtain debt financing. These guarantees, though well intentioned, leave small businesses at risk of losing their homes, retirement savings, college savings, etc.
- Enforce and bolster anti-competitive business practice policies and protections to prevent over-consolidation in industries from a rush of small business acquisitions.

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Supervisor Yee

Subject:

Urging Congress and the Federal Executive Branch to Expediently Expand Economic Stimulus Bill and to Ensure Equitable Solutions for Small Businesses and Nonprofits

The text is listed:

See attached.

Signature of Sponsoring Supervisor:

For Clerk's Use Only