



The Honorable Isabella Casillas Guzman
 Administrator
 U.S. Small Businesses Administration
 409 3rd Street SW
 Washington, DC 20416

Re: Recommendation for Community Navigator Pilot Program

Dear Administrator Guzman,

Thank you for the role you have played in the past three months since becoming Director of the U.S. Small Business Administration to ensure that support reaches small businesses and nonprofit organizations struck by the economic consequences of the COVID-19 pandemic. To that end, we seek your support for ensuring that a Community Navigator Pilot Program grant is awarded to an applicant capable of effectively providing meaningful support to underserved small businesses across the nine-county San Francisco Bay Area.

The Pandemic’s Impact on Bay Area Small Businesses

Amidst countless devastation and immeasurable suffering, the COVID-19 pandemic laid bare the vast structural inequalities faced in the San Francisco Bay Area community. Existing inequities have made the current crisis more painful for many of our residents, including those experiencing poverty, our disabled neighbors, as well as our Black, Latinx, Indigenous, Asian Pacific Islander, and other residents of color. Recent uprisings throughout our region have highlighted the need for transformative, structural change, and the need to center racial equity at the heart of these conversations throughout our region.

As such, cities and counties across the region convened local economic recovery task forces early in the pandemic, identifying local priorities and actions to provide immediate relief and to advance local recovery strategies. Common across our region was the recognition of the pandemic’s negative impact on small businesses owned by people of color and the urgent need to provide them with support in accessing local, state, and federal resources.

The Paycheck Protection Program, the most highly funded program established to help small businesses through the pandemic, has a well-documented track record of failing to adequately serve small businesses owned by people of color. This was no different in the Bay Area. An analysis by the San Francisco Chronicle¹ of data compiled by the Center for Investigative Reporting's Reveal found that in our region, "businesses in higher-income or predominantly white census tracts were far more likely to have received a PPP loan than businesses in areas that are lower-income or have a higher share of Black and Hispanic residents," and that "in the 10 census tracts with the largest share of Latino residents in the Bay Area, 22% of business owners received PPP loans. In predominantly Black neighborhoods, 23% of businesses got PPP loans, while businesses in mostly Asian and white neighborhoods fared better at 34% and 41%."

We now know that this inequitable distribution of taxpayer funds resulted from deliberate actions by the Treasury Department and SBA under the previous administration, which encouraged big banks to provide loans to existing, predominantly White, clients at the expense of struggling small businesses in underserved communities. A further analysis of Reveal's data compilation by local public broadcaster KQED² found that out of the 6,600 loans approved by one of the three major banks in the Bay Area administering PPP loans, around 3,000 went to businesses in predominantly White neighborhoods but that only around 250 went to those located in predominantly Latinx neighborhoods and only 14 went to businesses in predominantly Black neighborhoods. Similar patterns applied to the region's other two major PPP lenders as well.

These dynamics exacerbated existing challenges faced by businesses owned by people of color in accessing assistance, which range from language barriers to navigating enormous paperwork and documentation requirements, to unresponsive bank personnel. These compounding factors have made it especially difficult for these businesses to successfully access loans and other forms of support needed to survive through, and rebound from, the pandemic.

Why the Bay Area Should Receive a Community Navigator Pilot Program Award

Over the last year, small business bottom lines across the region have taken a hit, and many have closed their doors permanently. In some counties, revenue is half of what it was last year and less than half of businesses are open.³ The Community Navigator Pilot Program is exactly the type of promising opportunity needed to help mitigate the myriad challenges faced by small businesses

¹ "How PPP loans benefited the Bay Area's wealthy, white areas more than those with large Black and Latino communities" by Shwanika Narayan, Nami Sumida and Lea Suzuki, San Francisco Chronicle, June 23, 2021, <https://www.sfchronicle.com/projects/2021/ppp-loans/>

² "Unequal Distribution: How Businesses in East Oakland and Other Communities of Color Missed Out on PPP Loans" by Adhiti Bandlamudi and Matthew Green, KQED, May 11, 2021, <https://www.kqed.org/news/11872011/unequal-distribution-how-businesses-in-east-oakland-and-other-communities-of-color-missed-out-on-ppp-loans>

³ "Indicators of Equitable Recovery in the Bay Area" by PolicyLink for the Bay Area Equity Atlas. Page 11. https://sff.org/wp-content/uploads/2021/04/3_IndicatorsOfEquitableRecovery_revised.pdf

owned by people of color coming out of the coronavirus pandemic. If matched with meaningful resources, the program has the potential to address the inequitable distribution of economic opportunity for our region's and the nation's entrepreneurs.

In making award decisions, we strongly urge the SBA to select at least one Community Navigator awardee that is able to effectively serve Bay Area businesses owned by people of color so that our region is not left behind in efforts to equitably advance the economic recovery. The region is home to some of the most racially and ethnically diverse cities in the entire country⁴, with many small businesses owned by people of color anchoring our communities and in need of support. There are many organizations in our region capable of serving as effective navigators and many more that will be able to serve as strong partners to the eventual awardee(s). The Bay Area is home to an ecosystem of community organizations, local governments, and a philanthropic sector that is accustomed to collaboration across the region and that stands ready to work with any awardee in the region to ensure they—and our region's underserved small business community— succeed.

Thank you for your consideration of the particular needs and opportunities of the San Francisco Bay Area. If you would like to get in touch with us, please contact Jacob Denney with SPUR at JDenney@SPUR.org, or Avo Makdessian with the Silicon Valley Community Foundation at AMakdessian@siliconvalleycf.org.

Sincerely,

City of Oakland
City of San Jose
San Francisco Foundation
SPUR
Silicon Valley Community Foundation
Bay Area Council
California Reinvestment Coalition
REDF
Oakland Metro Chamber of Commerce
Renaissance Entrepreneurship Center
La Cocina
East Bay Community Foundation
Canal Alliance

⁴ “How Racially and Ethnically Diverse is Your City?” by Deidre McPhillips, U.S. News, January 22, 2020, <https://www.usnews.com/news/cities/articles/2020-01-22/measuring-racial-and-ethnic-diversity-in-americas-cities>