**Long Beach Emergency Small Business Assistance Loan Fund**

**Basic Program Guidelines**

**Background:**

The COVID-19 virus remains fluid in the United States and has potential to severely affect the financial viability of small business economies as governments begin to shut down travel, assembly, and major special events. In cities like Long Beach, small businesses that rely on service contracts with major conferences at the Convention Center or major special events that have been canceled like the Grand Prix or Pride Parade have already lost significant revenue for the year and have begun searching for ways to avert employee layoffs.

Aside from decreasing customer visits, manufacturing and retailing businesses have also begun experiencing a shortage of materials, supplies, components, and products produced overseas. Official revenue loss numbers have yet to be released but cargo traffic at major ports like Long Beach have already fallen by over 18 percent in February when compared to the same month last year. The Small Business Association has indicated that small businesses may encounter issues with capital access including: the ability to make payroll, maintain inventory, and respond to market fluctuations; workforce capacity; and, inventory and supply chain shortfalls in light of this emergency situation. To promote short-term activity in the supply chain and to prevent catastrophic exits from employers and suppliers during the COVID-19 emergency, a timely, flexible, accessible loan program is needed immediately; and, designed for future emergencies that may come.

**Purpose:**

The purpose of this loan is to provide easy to access, timely, and sufficient financial relief to small business that are most impacted by an acute downtown in revenue caused by an unforeseen emergency outside their immediate control. This program will ensure businesses can keep their employees and businesses afloat during this time of economic hardship and prevent a chain reaction of reduced spending, inability to pay bills, job losses, or even closure.

**Funding Source:**

In order to be able to secure funding as quickly as possible we propose using the existing Economic Development Administration (EDA) Loan fund as the primary source of funding. The proposed terms are different from the current Administrative Plan, therefore they must be approved by the Loan Committee and EDA prior to implementation.

**Eligibility:**

Any licensed business—including for-profit, non-profit, or for-social benefit business—located within the boundaries of City of Long Beach is eligible for this program.

**Administration:**

The loan program will be administered by the Economic Development Department and potential consultants as needed.

**Existing Loan Portfolio:**

Propose deferral of loans up to nine (9) months with possible extension of term

**Uses of Funds:**

Loan proceeds may be used for working capital (examples are payroll or rent).

**Business Impact Statement:**

Businesses must provide an overview of the business in the form of an Executive Summary, which must show that would be profitable without disaster disruption, and the impact on the business such as decreased customers, decreased sales, etc. Must demonstrate financial impact in the form of profit and loss statements.

**Proposed Size and Terms to for the Long Beach Emergency Small Business Assistance Loan Fund:**

*Loan Size*: $2,500 to $10,000

*Term*: 5 to 7 years

*Rate*: The minimum interest rate authorized by EDA at the of lower of 4% or 75% of Wall Street Journal Prime (WSJ Prime).

*Repayment*: Principal and interest will be deferred up to nine (9) months. Loans may be prepaid, in part of whole, at any time without penalty.

*Fee:* $0

**Approval of all Emergency Loans by City of Long Beach staff**

**Proposed Guarantee**:

Loans shall be guaranteed by the business

**Business Technical Assistance:**

Long Beach may refer applicant to small business resource partners (SBDC).