

CASE STUDY

Keys to Economic Recovery from COVID-19

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FAYETTEVILLE, NC

Data Snapshot

DATA	DATA YEAR, ETC.
Population: 191,723	Data year: 2019
Municipal budget: \$215,369,370	Data year: FY 2019 Data source: Town website
Per capita income: \$23,853	Data year: 2019
Median household income: \$46,679	Data year: 2018
Poverty rate: 19.3%	Data year: 2017
Minority population: 52.2%	Data year: 2019
Proximity to urban center: 0 miles	Urban center name: Fayetteville, NC
Proximity to interstate highway: 7.5 miles	Interstate name: I-95

Synopsis: The City of Fayetteville, NC expanded on an existing small business loan program to fund emergency loans intended to keep businesses from shutting down in the area. Through a dense network of partnerships, the City was able to target assistance to the businesses that needed it most.

Overview/Introduction: The City of Fayetteville is located in central North Carolina, adjacent to the Fort Bragg army base. Fayetteville's economy is generally stable due to the military's presence, however the unique nature of the COVID-19 pandemic put local businesses in danger of closing despite this economic anchor. The City quickly addressed this concern, building on an existing small business loan program to create an emergency loan and grant program for area businesses, funded by the City.

In developing the program the City was particularly concerned about minority and women owned businesses and ensuring they received funding to stay afloat. The Center for Economic Empowerment and Development (CEED) advocated for this targeting. They work with individuals to prepare them for the job market and with businesses to prepare them for customers in the area. The City, the Chamber, and CEED conducted targeted outreach to minority and women owned businesses to discuss the funding opportunities.

The Community and its History: The City of Fayetteville's economy is dominated by the service industry and anchored by the military base, Fort Bragg. Before COVID-19 the economy was strong, with many residents drawn to the area because of the military presence. This military presence provided a degree of economic stability during COVID-19, as many people have continuing employment on the base and still spend money locally. Delays with government funding coming from federal and state programs created some hardships during this time, but the local grant and loan programs improved conditions by acting as a "bridge" between payments for local businesses.

The Strategy: After businesses began to temporarily close and unemployment increased, it became clear that the pandemic would have an immediate impact on the small business economy in Fayetteville. The City's Economic and Community Development Department began to work with the Chamber of Commerce and the Center for Economic Empowerment and Development (CEED), a local nonprofit, to find a solution. This partnership network paved the way for providing bridge funding for businesses.

The City provided \$250,000 for local micro loans. Additionally, an existing local small business retention grant expanded and the match funding requirement was removed. These changes made the funding more accessible for grants up to \$5,000. Funds for the grant program are still available seven months into the pandemic. After the grant and loan programs were introduced for COVID relief, local officials prepared to answer questions from the community about them. Reports were shared with the city council multiple times a week about how the funds had been utilized, as well as selection criteria and requirements.

The grant and loan programs leveraged a partnership among the City, the Chamber, and CEED to improve the local economy. Many organizations came together to share the resources and information with other businesses, as well as gather input from businesses on how to make the program more accessible. After some local businesses completed the process they began to educate others on how to do so by phone and email. Organizers quickly realized that the credit score requirement was too stringent, so CEED advocated for a change and the credit score requirement was lowered.

Due to the dense network of partners involved and existing relationships, these programs have been particularly successful in targeting minority- and women-owned businesses. Among the recipients, 96% are minority-owned businesses in Fayetteville, and 60% are women-owned as well. In the early stages of the pandemic many of these private businesses said they may not be able to weather the COVID-19 pandemic, but have been able to remain open because of these programs.

The Outcomes:

- Strong community effort to keep small businesses afloat.
- Funds from the grant and loan programs acted like a "bridge" that made way for more businesses to open and remain open.
- Of all the local businesses in Fayetteville, only one closed during the pandemic.
- Local businesses that received funds stated that the funding helped them to stay open.
- Small business owners helped each other with applications.
- Expansion of several businesses because the loan helped them improve their space and delivery. For example, vendors in the area opened online stores so that they could sell to more customers.

How and Why the Strategy is Working:

- 1. The City of Fayetteville met multiple needs by providing both grants and loans.** By including grants and loans the program meets a variety of business needs and pairs well with other funding opportunities at the state and federal levels.
- 2. Dense partnerships between the City and local organizations ensure that business needs are met.** By bringing together local government, the private sector, and nonprofits, the City was able to be responsive to the needs of businesses and get the word out to businesses that needed it most.
- 3. The response was quick and well-timed.** The City was able to move quickly by expanding an existing program. A solution was found early-on to address one of the main issues during COVID-19. Without skipping a beat, the City expanded their existing grant programs for local businesses. They also immediately created the micro loan program.
- 4. The community of Fayetteville worked together to keep firms in business.** Businesses, nonprofits, and government worked together to support businesses and ensure they could thrive during the COVID-19 pandemic. Partnerships proved essential for the grant and loan programs.
- 5. The strategy offered flexibility.** Organizers modified credit score criteria to remove barriers for many vulnerable firms and populations.

Lessons Learned from the Story:

- 1. Prepare elected officials for these changes.** Many residents had questions for the City Council about this program and the economic development department briefed council on the program so they were prepared to answer. The department kept City Council informed by sharing multiple updates with them throughout each week, and by sending consistent reports about funding and acceptance rates.
- 2. Funding is not enough, a successful program also needs ample staffing capacity to market and administer.** Fayetteville had the staff capacity to implement these projects, without which it would have been very difficult to launch the programs. Grant and loan programs can be complex to administer; beyond the presence of funding there must also be sufficient capacity to market the program, guide applicants through the process, and followup up with them

after funds are received. While Fayetteville had much of this capacity in house, through partnerships they were also able to enhance their marketing and technical assistance to potential applicants making the program more successful.

3. Leverage existing networks to market the program and assist potential applicants through the process. Local resources from CEED and the Chamber made it possible to push these programs out quickly, as they already had relationships with the target businesses. Additionally they were able to help business owners with the application process, ensuring a higher rate of success for applicants.

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