CASE STUDY

Keys to Economic Recovery from COVID-19

This case study was developed by NCGrowth and the ncIMPACT Initiative as part of the Testing the Keys for Economic Recovery project supported by the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill with funding from the North Carolina Coronavirus Relief Fund established and appropriated by the North Carolina General Assembly. Learn more about project findings, upcoming webinars, case studies and resources at https://go.unc.edu/KeystoRecovery.

BELMONT, NC

Data Snapshot

DATA	DATA YEAR, ETC.
Population: 12,495	**Data year:** 2018
Municipal budget: $14,647,487	**Data year:** FY 2020-21 **Data source:** Town website
Per capita income: $34,536	**Data year:** 2018
Median household income: $70,506	**Data year:** 2018
Poverty rate: 12%	**Data year:** 2020
Minority population: 38%	**Data year:** 2020
Proximity to urban center: 14.4 miles	**Urban center name:** Charlotte, NC
Proximity to interstate highway: 5.4 miles	**Interstate name:** I-85

Synopsis

Belmont paired an emergency small business loan program with the "Keep the Lights on in Belmont" program to drive residents to support local enterprises and raise funds for an emergency relief grant for downtown businesses.

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Overview/Introduction

The City of Belmont offers a total of $400,000 in small business emergency loans to locally owned, non-franchise businesses located within the Belmont corporate limits as part of the City's "Keep the Lights on in Belmont" program. "Keep the Lights on in Belmont" is a relief effort by Downtown Belmont Development Association to support local small businesses.

Loans to eligible small businesses are awarded in amounts up to $10,000 to help cover operating expenses until state or federal assistance is available or until the economic crisis passes. The City of Belmont performed the loan administration itself and partnered with the Main Street Advisory Committee, an advisory committee to the City Council concerning the Main Street program and downtown development, as part of the oversight process. They created a process to review applicants and reward funds. So far, a quarter of the funds have been allocated. This $100,000 issuance allowed businesses to stay open during the pandemic.

The Community and its History

The City of Belmont began to take off shortly after the recession of 2008. Because of its location many people were interested in moving to the area, as it is a small town on the outskirts of Charlotte. It was a way to feel the "hometown nostalgia" while also staying close to a populated metro. At almost 100% occupancy, the town and its housing market are booming.

Residents enjoy downtown life. The Main Street in Belmont is comprised mostly of small, locally-owned businesses and is a quintessential part of town. However, once COVID-19 hit, residents became concerned for the well-being of businesses, especially those downtown. At first, Belmont residents mostly hung onto feelings of fear, as people would go downtown and realize for the first time that there was not a soul in sight. This fear naturally stemmed from both the pandemic and the lack of economic activity.

As Belmont municipal employees began to understand that people were not prepared for the financial and economic impacts of the pandemic they began to further analyze the needs of the community. This eventually led to the launch of the "Keep the Lights on in Belmont" campaign.

The Strategy

The "Keep the Lights on in Belmont" campaign was created and is still run by the Downtown Belmont Development Association. Originally, the strategy started to address concerns about Main Street businesses' inability to continue operating. As it is the center of town, it was important to put focus on ensuring its health.

Initially though residents' feelings of concern were elevated by the launch of "Keep the Lights on in Belmont." It was intended as way to educate people about COVID-19, but the initial videos released by the campaign ended up scaring residents about the health of the economy. After the downtown association realized these concerns, they switched the framing of the campaign to focus on promoting local businesses and ensuring their well-being. With this shift the campaign took off and was shared throughout the community via social media.

With this second wave of the campaign, the downtown association encouraged residents to support local businesses to ensure they would be able to survive during COVID-19. The downtown association and city websites promote ways to support local businesses and related events. The push to patronize more restaurants via curbside delivery, pickup, and delivery, improved business revenues for many. The downtown association then created a downtown business relief fund, raising funds to provide personal protective equipment to local businesses.

Around the same time, the City's loan program also started. In April 2020, a city council member asked staff to look into an emergency loan program after hearing about the idea from an external resource, the UNC School of Government. The city manager began to research whether or not a loan program would be feasible, consulting the School of Government about the process. The city attorney advised on statutes and ensured the program was in compliance with local ordinances and state laws. For many local governments, the most difficult part of designing a loan program is balancing access with ensuring repayment, as local governments are not legally allowed to give gifts to private entities[1]. Ultimately the loan term was set at 36 months, with an interest rate of 7%, and the application process was designed to include evaluation of credit scores and financial condition.

During this process the city council learned more about the program. After researching and gaining a more comprehensive understanding, they voted in favor of the program and quickly allocated $400,000 from the general fund. It took two weeks and a lot of staff time to get the program running. As of October 1, 2020, a quarter of the funds had been used, and the program was still open to new applicants. For businesses it takes about two weeks to receive funds, but that is rapid in comparison to state and federal turnaround times. The loan serves as a unique bridge funding source while waiting for receipt of other funds.

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[1] https://ced.sog.unc.edu/local-government-as-lender-emergency-loans-for-small-businesses/

The Outcomes

☐ Approximately ten small businesses received $10,000 each as of October 2020. Seven of the loans were already repaid.

☐ Personal protective equipment distributed to downtown businesses.

How and Why the Strategy is Working

There was strong buy-in from Belmont staff and elected officials. This strategy worked well because of the dedication of Belmont staff and leadership. The city council was interested in emergency loan programs and directed the city manager to work out the details. After seeking outside assistance, the Main Street Advisory Committee and the Downtown Belmont Development Association became local partners to implement the program.

The City of Belmont leveraged outside resources to guide program development and act quickly. The UNC School of Government provided techinical assistance on the loan program. The City had existing relationships with the School that they were able to build on to quickly get the information they needed to act in an uncertain time.

The response was quick and well-timed. City staff sought out research, technical assistance, and information from peer organizations early on. By acting quickly and gathering information from others who had already tried this approach, it ensured quick success for the program.

Lessons Learned from the Story

Be nimble and do not let the fear of criticism impact your work or response. Belmont acted quickly and initially got a negative response from the community on the framing of the "Keep the Lights On" program. Rather than letting this stop them, they addressed community concerns and shifted the program to be more successful. When responding to an emergency situation decisions must be made quickly and the first try won't always work - but by starting with something you can quickly get community feedback and continue to iterate to make the program work and best serve the community's needs.

Take advantage of outside resources for advice, especially during times of uncertainty. Research available resources in your state and community before an emergency hits so that when the time comes you know who to call on for help.

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