



Memorandum

TO: HONORABLE MAYOR
AND COUNCIL

FROM: Nanci Klein

**SUBJECT: COVID-19 BUSINESS OUTREACH
AND FINANCIAL ASSISTANCE
UPDATE**

DATE: July 30, 2021

Approved

Date

07/30/21

INFORMATION

BACKGROUND

This memo is being provided to update the City Council on two topics: 1) the types of staff support provided to the business community over the course of the pandemic by the Office of Economic Development; and 2) the impact of federal, state and local financial assistance provided to San José businesses. Analyzing the past year and a half can inform a more resilient response to the next crisis, while pointing the way toward more effective ongoing recovery activities.

Businesses of all sizes have been significantly affected since the start of the COVID-19 crisis, with small businesses the most impacted. Since the initial Public Health Order in March 2020, the Office of Economic Development has taken the lead in providing services to the City's 60,000-plus businesses, from micro-businesses to large corporate employers, in partnership with trusted nonprofit assistance providers, Public Information Officer resources, City Council offices and the Mayor's Office. This memo will provide additional context for understanding the trajectory of business impact, response and recovery, including how certain business sectors and vulnerable communities were disproportionately affected and will continue to require targeted assistance moving forward.

The nature of business assistance has changed over the last 15 months and has progressed in phases. These phases can be roughly described by the following primary needs, some of which overlap:

Fig. 1: Phases of Business Needs and Response

Phase	Timeframe	Description
Initial shelter-in-place coordination	March 2020-June 2020	Helping businesses, workers and organizations understand the rules and how businesses could operate. In the early weeks, there was no County call center available, so City staff fulfilled much of that role with assistance from the County.
Safety net resources	March 2020-ongoing	Connecting businesses to work2future rapid response to assist with re-employment, layoff aversion, and safety-net access. Mass-layoff WARN notices exploded early in the crisis but tapered off several months later
Initial philanthropic federal/state/local financial relief	March 2020-fall 2020	Connecting companies (including independent contractors/gig workers) with access to newly created resources such as Pandemic Unemployment Assistance, Economic Impact Disaster Loan (EIDL) and EIDL Advance, Paycheck Protection Program 1.0. Local resources such as Silicon Valley Strong fund and CDBG grants at the City level quickly followed.
Emergency regulatory relief (April 2020-Current)	April 2020-current	Promoting/supporting temporary loosening of various regulations at the federal, state and local level. This includes the City's Al Fresco outdoor operations provisions; state and local commercial eviction moratoria; extended construction hours; California's to-go cocktail allowances, etc.
Secondary federal, state and local financial relief	Fall 2020-May 2021	Assisting companies applying for additional federal relief and state relief programs such as PPP 2.0, Employee Retention Tax Credits, Restaurant Revitalization Program, Shuttered Venue Operators Grant Program, and the California Small Business Relief Grants. While many of these programs are paused, some of this work is ongoing.
Transition to full reopening and recovery	April 2021-Current	Continued promotion of remaining and upcoming financial relief programs; ongoing promotion of SJ Al Fresco and other regulatory relief; connection to business advisory services through BusinessOwnersSpace collaborative; support and promotion of vaccination opportunities for businesses and their workers; economic tracking to monitor recovery progress.

ANALYSIS

From the beginning of the crisis in early 2020, it quickly became apparent that San José's business community had a wide range of needs: small businesses often lacked access to professional service providers that could unravel the ins and outs of shifting health orders and help them apply for tax credits, grants or loans. Non-English-speaking and immigrant business owners faced added hurdles because of language and technology-access issues, as well as having less access to banking institutions that played a huge role in federal relief. As such, the primary focus of the work undertaken by the Office of Economic Development has been the support of small business that primarily make up the Neighborhood and Individual Workplan Pathways of the Economic Recovery Workplan as presented to the Community and Economic Development Committee in October 2020. This work has involved providing information and resources to small business owners so that they can successfully transition through the tumultuous environment created by the shifting public health orders, business restrictions and reopening.

General Business Information Support

From the start of the pandemic, federal, state, local, nonprofit and even corporate business resources were established for small businesses. But City staff quickly realized there was no centralized place for businesses to access changing information – and in many cases there was no “live” person to talk to. This created inequities between business owners that were able to access information and those that were not. Because grant/loan funding is finite, time was (and is) of the essence to give businesses a chance at successfully receiving any financial assistance.

In response, the Office of Economic Development pivoted its business outreach and communications programs to focus on small business support with the establishment of a new, multi-lingual call-in hotline, dedicated email address, website, targeted outreach, business e-blasts, flyer distribution and mailing, and weekly webinars. Key activities included:

- **Emails:** Citywide business emails were sent to more than 40,000 San José businesses. These emails saw an approximate 34% open rate and 5% click rate. More than 3 million emails have been sent since the end of March 2020. Nearly all were presented in English, Spanish, Vietnamese and Traditional and Simplified Chinese. Topics include changing health order regulations; news about financial relief programs and where to get help; upcoming educational events; and general business support topics.
- **Webinars:** Over 2,500 attendees have attended webinars on business assistance topics since January 1, 2021 and more than 3,500 have attended since the pandemic began (about 150 per weekly session). Most webinars include subject experts from partner organizations with simultaneous interpretation in Spanish, Vietnamese, and Mandarin. Topics have included general business operations improvement as well as health and safety, marketing, financial survival, and loan/grant access.
- **Hotline and inbox:** Staff fielded more than 1,000 inbound inquiries through the (408) 535-8181 number and hundreds through the *covid19sjbusiness@sanjsoeca.gov* inbox. Customers are provided responses in English, Spanish, Vietnamese or Chinese, as needed.
- **Partner Coordination:** The OED Business Development team is approximately 10 people, with five focused on business outreach, whereas San José’s business community consists of more than 60,000 small businesses. For this reason, the OED Team convenes and supports the businessownersspace.com partnership which consists of more than 30 small business assistance organizations and service providers. The BOS partners have subject matter expertise in a variety of fields, especially financial support. The BOS partners provided critical referral and technical support for businesses, while assisting with content for workshops.

Proactive Digital, Phone, and In-Person Outreach and 1:1 Support

During the initial months of the pandemic, the Office of Economic Development and staff from other departments also conducted *pro-active* email, phone-based and limited in-person outreach to businesses across the City to conduct interviews, provide resources and better understand business owners’ needs. This was critical to understand what was happening to businesses on the ground and resulted in a two-way information flow and policy initiatives. Staff realizes that

many small businesses – especially those from heavily COVID-19-impact zip codes – prefer face-to-face communication. As a result, in recent months staff has been ramping up in-person outreach. Additional examples of this work includes:

- Designing a Business Resources Brochure, suitable for printing, to provide a one-page referral resource for common questions, information on providers and programs, available in English, Spanish, Vietnamese, Traditional and Simplified Chinese. Staff shared these brochures with community partners and, in spring 2021, mailed them to more than 12,000 small businesses. Easily downloadable versions in all five languages are posted on the website and are periodically updated.
- Educating business owners on the county commercial eviction moratorium, which benefits an estimated 27,000 commercial tenants in San José. Staff has been providing information, hosting webinars and offering 1:1 advice to business owners.
- Rapid introduction of SJ Al Fresco initiative to support expanded outdoor business operations. This included the ability for businesses to use several public spaces (parks, streets, plazas, on-street parking spaces, sidewalks) and private property. The Parks, Recreation and Neighborhood Services “Placemaking Team” outreached to 600 small businesses, many of them in-person, to inform them about the initiative. In partnership with OED, the Placemaking team later phoned and emailed these same businesses to check in on their operations and inform them of additional business resources.
- Launching #BizChatSJ, a twice-a-month program for business owners to join a casual, ad-hoc online business roundtable to discuss issues, concerns and “news you can use” in a small-group setting. This series is being supplanted by in-person business walks.
- Walking small-business-heavy shopping centers to drop flyers and talk to businesses, starting with La Placita at the Tropicana shopping center and Alum Rock Village. Going forward, staff will focus when possible on additional face-to-face communication.
- San José’s Resilience Corps program includes a pathway to support small businesses. OED's work2future program has recently placed 31 individuals into work experience opportunities with San José small businesses. All 31 Resilience Corps participants are from San José low-resource census tracts, as are 17 of the 31 participating small businesses. All participants are receiving training in the areas of digital marketing, including some directly from Facebook.

Access to Capital

Direct financial support remains the most sought-after resource to support small business. A flurry of programs from state, federal, local and corporate sources blossomed early in the pandemic. These programs had different minimum requirements, documents needed, deadlines, and amounts available. Promoting and demystifying this patchwork of relief programs – especially for vulnerable communities – became a key focus area for staff and business assistance partners during the pandemic.

Funding and Management of City Grants

Beginning in October 2020, the City provided 296 small businesses with \$3.76 million in up to \$15,000 San José Small Business Rent Relief grants funded by federal Coronavirus Relief Funds (CRF). While smaller in aggregate total compared to state/federal programs discussed below, these grant rounds fulfilled an important niche by targeting businesses that may have missed out on other sources of capital. This was part of a larger effort between March and December 2020 during which the City of San José also offered Silicon Valley Strong Small Business Grants of \$10,000 funded through corporate donations and San José Community Development Block Grant-funded (CDBG) Microenterprise Grants of \$15,000 using the City's redirected federal FY 2019-20 CDBG funds.

In total, these three grant programs disbursed \$6.09 million in grants to support 499 San José small businesses owned by low- or moderate-income individuals, primarily from communities of color. Staff identified businesses within the zip codes of the most COVID-affected neighborhoods and undertook email and phone outreach to these business owners to encourage them to apply. It is important to note that when the City controlled the distribution of funds, the City achieved a high degree of success in targeting small businesses owned by people of color in the most COVID-19 impacted zip codes. Because the City was the grantor, staff could collect additional demographic data on grant recipients to determine how successfully vulnerable communities were reached. These outcomes include:

- 92% of grants were awarded to business owners of color
- 100% distributed to low- or moderate-income applicants
- 52% awarded to businesses located in targeted zip codes most heavily impacted by COVID-19
- 100% distributed to businesses with 10 or fewer employees

Additionally, OED managed the dissemination of \$1,000 grants to 35 businesses in the Downtown Area – Downtown Core, Japantown, East Santa Clara Street, and The Alameda – to cover COVID-19 related-operational expenses. These grants – part of the City's Coronavirus Relief Fund monies – were allocated through the Greater Downtown Recovery Taskforce.

Federal and State Sources

Federal legislation created a massive infusion of money available for business and helped to keep thousands of San José businesses afloat. But many faced major hurdles to understanding, applying and competing for it. Much of staff's work during the crisis has been in this area. To give vulnerable San José small businesses a fighting chance, staff partnered with experts (and became subject matter experts themselves) to push out critical "how-to" information. Key dates, program announcements, tips, and referrals were important for business owners to successfully apply for money before funds ran out. Some of the OED Business Development team's activities included blog posts, webinars, flyers and eblasts to communicate critical information. Examples of this work include:

- Promoted federal and state loans/grants (including 1:1 technical support) targeting underserved business owners. SBA data show roughly 25,000 federal PPP loans worth \$2.4 billion were provided to San José businesses in 2020 and 2021, and 90% of them were small businesses (as defined as 35 or fewer employees).
- Responded to business owner inquiries through six rounds of the California Small Business Relief Grant program (including 1:1 technical support over the phone). A total of 4,139 San José small businesses have been successful with an estimated value close to \$46.3 million since mid-January 2021. Staff held several weekly webinars attended by hundreds of businesses and stood up a phone helpline that assisted dozens of callers a week during the peak application period.
- Through webinar workshops and flyers, demystified new programs including the Employee Retention Tax Credit and paid time off to obtain a COVID-19 vaccine.
- Promoted new federal programs including the EIDL loan program and Restaurant Revitalization Fund including 1:1 support and referrals to local technical assistance providers. A total of 10,755 San José based businesses secured over \$88 million of EIDL loans and a further 3,076 businesses secured \$13.1million of EIDL Advance grants. Data released in early July shows the Restaurant Revitalization Fund approved \$164 million in grants to roughly 500 San José restaurants.
- Organized outreach to target those eligible to apply for the federal Shuttered Venue Operators (entertainment venues) Grant. (Data is not yet available on the local payout)
- Provided translated materials, including program announcements, key dates, and application details. In the early months of the crisis some of this information simply didn't exist in languages other than English until city staff created it.

While it is difficult to determine the exact impact this work had, staff has been heartened by anecdotal feedback confirming the education push has resulted in successful applications by San José small businesses. Still, several factors coalesced to restrict the ability of many small businesses nationally to access these funding sources fully. These factors included technical problems with the rollout of programs, not enough translated materials at the state/federal level, overwhelmed technical support, and quirks within the various pieces of legislation that restricted who could apply. The grant application Web platforms (especially for California Small Business Relief Grant) required sophisticated tech skills and have been challenging for many business owners to use. Many required documentation that business owners may not have. Technical assistance partners have been invaluable but challenged during times of peak demand.

Many grant programs have now paused. Loan programs such as EIDL and the California Rebuilding Fund are still viable and available. However, despite relatively low interest rates, some small business owners may not view taking on debt as a prudent business strategy. Staff continues to monitor federal, state, and local programs to ensure San José business owners will be aware of new opportunities in a timely manner.

Analyzing the Paycheck Protection Program: The Biggest Tool in the Toolbox

One of the nation's biggest tools to address the business crisis was the Paycheck Protection Program (PPP). As of July 1, 2021, nearly 25,000 individual loans with an aggregate value of

\$2.4 billion were secured by businesses with a physical address in the city of San José. This represents the vast majority of all federal and state loans and grants received to date by San José businesses in response to the pandemic. Because of PPP's importance, we will examine in some detail the impact of PPP on San José, areas where the program fell short, and lessons learned.

PPP was designed to encourage businesses to keep employees on the payroll by providing a forgivable loan. The calculation of the PPP loan was driven by the size and cost of the payroll. So long as 60% of the loan was used for payroll purposes, all of the loan could be forgiven. This enabled up to 40% of the loan to be used for operating expenses such as rent. Roughly \$340 billion for PPP loans was first approved as part of the CARES Act of March 2020. In April 2020, after funds quickly ran out, an additional \$320 billion in funding was allocated to the program and in December 2020, Congress provided another \$284 billion in funding which also allowed businesses to claim a second draw of funding.

While new PPP loans are no longer being approved, analyzing the performance of City businesses is critical for identifying weak spots in our community. Over the last several months, staff has been engaged in analyzing San José businesses' participation in PPP (as well as other financial programs). This includes looking at aggregate dollars received, as well as dollars by zip code, and the percentage of businesses receiving loans in each geography. Initial analysis shows that PPP likely protected at least 175,000 jobs located in San José, based on SBA filings. This represents roughly 40% of jobs located in the city prior to the pandemic. Cross-referencing SBA's PPP data with City business tax data provides a success ratio, or percent uptake, which produced some key insights. This analysis is being refined as more government data is released and analyzed. A detailed breakdown by zip code is provided as an appendix.

Fig. 2: Citywide PPP Performance

Business Size (number of employees)	# of PPP Loans	Total Value of PPP Loans	Average size of PPP loan	# of Biz Tax Licenses by Size	Number of Businesses Receiving PPP¹	% Uptake (recipients/# of businesses registered in city ²)
Sole Proprietorship	10,161	\$128.5M	\$12,645	38,679	7,562	20%
2-9	9,664	\$419.3M	\$43,388	19,575	6,608	34%
10-35	3,921	\$688.6M	\$175,615	2,947	2,582	88%
36+	1,228	\$1.1B	\$919,308	1,241	911	73%
Totals	24,974	\$2.4B	\$94,710	62,442	17,663	28%

¹Numbers in this column should be considered estimates. These numbers may shift somewhat as staff continues to clean data from SBA sources and ensure all recipient businesses are counted accurately.

² These numbers should be considered broad estimates. Not every business that received a PPP loan is registered with San Jose's business tax registry, and some businesses listed their employee count differently than what San Jose records show. The citywide uptake in the combined 2-to-35 employee segment was roughly 41%.

Larger businesses were clearly more consistently successful in accessing PPP. These businesses also received most of the funding, which is not surprising since loan totals are based on payroll size. The loan “uptake” rate, or percentage of businesses receiving a PPP loan, dropped for smaller companies, with a third of “micro” businesses (2-9 workers) and 20% of sole proprietorships receiving funding.

Reasons for these disparities may include the following:

- Many businesses without pre-existing bank relationships were left out of the program because overwhelmed banks prioritized their existing customers. This disproportionately affected smaller, minority- and immigrant-owned businesses which are often underbanked. Some of this need was filled by “fintech” startups that jumped in to make the process easier, with some success. Staff analysis shows these companies provided more than a third of loans in San José.
- Access to, and awareness of information also played a role in hampering participation by smaller businesses, which tend to be owned by non-native English speakers. In 2020, SBA materials on PPP (and other financial products) were often released in English only, with other languages lagging. This improved in 2021, but the issue limiting access in the critical early months. Nonprofits tried to fill the gap with online webinars in multiple languages and 1:1 appointments, and City staff also produced translated materials and announcements about the program.
- Access to banking, accounting services, recordkeeping, and technology was key. This was also true of nearly every other financial relief program. This benefitted larger businesses, which tend to have greater access to professional services.

A key area for analysis is the demographic makeup of PPP-recipient business owners. The overwhelming majority of business owners did not complete the race/ethnicity questionnaire contained in the SBA PPP application as this information was discretionary. However, nonprofit news organization Reveal contextualized 2020 PPP loans nationwide by *residents’* demographics in the Census tracts where PPP-recipient businesses are located. (Census tracts are substantially smaller than Zip codes.) In San José, this analysis found businesses in majority-Latino neighborhoods generally saw among the lowest percent of PPP loans. Many majority-Asian neighborhoods also saw low uptake of PPP loans, but the trend was not as consistent. This is in keeping with Reveal’s data analysis across California. In short, these communities saw fewer federal dollars flowing into their businesses to keep them afloat.

Appendix A includes PPP loan data released through July 1 2021 analyzed at the zip-code level. It shows there is wide variation among zip codes in PPP loan totals, average loan size, size of recipient business, and uptake. This is particularly true among smaller businesses. For instance, in part of East San José, fewer sole proprietorships received PPP than in many other areas, lowering the total loan count for this area. In addition, a smaller percentage of smaller businesses (2-35 employees) received PPP. Further, a lack of larger employers in East San José lowered the aggregate dollar value of federal investment. More than half of PPP funding – nearly \$1 billion – in San José went to just four sectors: professional services, construction, manufacturing and health care. Those zip codes with a greater number of businesses from these sectors captured

larger sums. And across the board in nearly every zip code, a smaller percentage of *microbusinesses* (2-9 employees) received PPP than in larger size ranges.

One key takeaway from the experience with PPP (and other state/local grant programs) is the importance of multipronged technical support strategy. Workshops and written materials to reach a broad audience should be coupled with more intimate technical support. Proactively reaching business owners “where they are” (social media, flyer drops, phone check-ins, business walks) can also help get the word out about programs, and requires community partners to serve as force multipliers to reach more people. During the pandemic, OED and its partners in local business support worked to reach and assist businesses, but the circumstances exposed a lack of capacity in a crisis setting. Staff continues to analyze the PPP results to better understand challenges and opportunities for future improvement. Further analysis of nuances within sub-geographies of the city provides opportunities to target certain sectors and neighborhoods with specific information and services.

San José’s experience with PPP is mixed, reflecting the national environment. While the program kept many businesses alive during critical months, access issues meant that the program did not benefit all businesses equally. San José was not alone in this regard, and the shortcomings of the major relief programs point toward future work necessary to rectify these problems. The California Small Business Relief Grant program was designed to respond to these issues, with a focus on microbusinesses, vulnerable populations and a simpler, straightforward grant framework rather than a “forgivable loan.”

Building Business Resiliency

On February 25, 2021, the City was awarded an Economic Development Administration (EDA) grant under the Coronavirus Aid, Relief, and Economic Security Act. This \$1.17 million grant provides funding to enhance the capability of existing and emerging neighborhood business associations and technical assistance providers. Funding is also being provided to co-applicants Manufacture: San José and the San José Downtown Association to assist in this work and conduct outreach in support of COVID-19 recovery. The program will focus most resources on Downtown, Central, and East San José, areas that have experienced higher COVID-19 infection rates than the rest of the city. These areas are also characterized by higher unemployment rates and are historically underserved in terms of business assistance and access to capital.

The EDA grant will serve as a cornerstone to a broader initiative that is intended to build neighborhood business association capacity and aid in the communication, engagement and service of small businesses in areas impacted by the pandemic. Staff’s experience shows that neighborhoods with strong business infrastructure (such as a business associations, assistance providers, marketing arms, etc.) are better able to respond to challenges, advocate for resources, and connect with opportunities. This work aims to build up infrastructure in vulnerable communities, to provide lasting resilience from the ground up. Additional resources included in the FY 2021-2022 budget as adopted by the City Council will allow staff to further expand this initiative to include a broader geographic area.

Focusing on East San José

Per Council's direction, at least 40% of the funding related to the Main Street Initiative will be directed to support small businesses and business district development in East San José. Even before the pandemic, the City of San José had been focusing significant resources and business support activities in East San José, as part of the first-ever city-directed pilot to address small business displacement. This initiative included:

- Identifying and creating collaborations with community-based business support organizations such as Start Small, Think Big Inc.
- Map- and data-based analysis of areas vulnerable to potential development disruption.
- Collaborating with the Alum Rock Santa Clara Street Business Association to establish a new property owner-led business improvement district,
- Actively supporting the new Latino Business Foundation and establishing the new neighborhood business resource center at Quetzal Gardens, in partnership with Somos Mayfair and Excite Credit Union, in the heart of the Alum Rock area. The center is scheduled to open in late 2021.

In late 2020, the OED team collaborated with the Latino Business Foundation to design and implement the City's first equity-driven small business survey. More than 200 businesses completed the survey providing invaluable information on the impact of COVID and the issues facing small businesses as they plan for recovery. The key takeaways identified by business owners were:

- A reliance on local solutions: 67% of respondents did not receive any federal assistance.
- A common theme of women business owners who are also single parents and their household's primary source of income.
- A need to engage with and gain the trust of the Vietnamese business community.
- Dedicated technical assistance for business owners in Spanish and Vietnamese.
- Information and webinars must routinely be available in languages other than English.

These responses from business owners have contributed to shaping the city's ongoing and future approach to economic recovery by prioritizing support for small in business key communities of East San José. More must be done to ensure critical information and resources are effectively reaching these communities. Looking ahead, a major element will be the establishment of a Property Based Improvement District in the Alum Rock area. An effort to engage the existing steering committee is underway, with a status report to Council slated for Fall 2021.

OED is also preparing to hire two multilingual business outreach-focused employees, who will be key in future outreach efforts in East San José.

Focus Areas for the Road Ahead

Below are some of the trends the Office of Economic Development is monitoring as the economy continues to re-open.

Many small businesses will owe back rent upon the end of the commercial eviction moratorium and may have difficulty meeting those obligations. The City has held a series of multilingual webinars to provide businesses and property owners with tools to comply with the law. Staff is in the process of selecting a provider for enhanced services to augment those currently available and where ever possible foster face to face outreach.

Commercial corridors are hard hit by business closures. San José's big-box retail was remarkably stable during the crisis, but small-shop retail and restaurants have been more impacted, with closures pockmarking key commercial corridors/strip centers citywide, but especially in vulnerable areas. Backfilling them will take time and connecting property owners, brokers, and tenants to opportunities will be a key work area for current and future OED staff.

In-person outreach is incredibly valuable. While digital outreach remains a critical tool, in-person efforts are able to better impact hard-to-reach populations. It also better surfaces on-the-ground issues and challenges facing small business owners. Staff continues to look for ways to engage with businesses face to face.

Hiring has become difficult for a variety of factors, making it challenging to staff up and meet demand. While there are limited opportunities for the City to solve this issue on the macro level, work2future continues to connect employers to available workers, and workers to available training and employment opportunities.

Some consumer habits may have changed permanently, which could have future impact on businesses. The work-from-home economy creates uncertainty for businesses that rely on office workers, business travel, or in-person events. It's unclear how much the WFH economy will consolidate, but some businesses have found success pivoting to other models. Continued support of, and improvement from technical assistance including marketing and business planning will be critical for their survival.

Business networks are critical but rare. Those communities with strong business associations (formal or informal) saw greater success during the pandemic because of their ability to assist each other with mutual support, marketing and information dissemination. However, most commercial corridors do not have active associations or even informal groups. Promoting such business networks within communities will enhance resilience to future disruption and forms a major focus of the approach moving forward.

The current landscape includes little direct federal funding for businesses. Earlier federal packages included major investments in both broad and targeted grants (PPP, restaurant fund, entertainment venues). While there is some additional funding coming (such as the childcare provider stabilization fund embedded in the American Rescue Plan), the "big guns" have been

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exhausted. This makes promoting and encouraging what *does* emerge even more critical. Time will be of the essence in connecting small businesses to remaining resources as they become available to ensure San José companies have the best chance for survival.

CONCLUSION

The impacts of the COVID-19 pandemic will be with us for a long time, and effectively responding to the crisis will take numerous tools, investments, and an ability to pivot depending on quickly changing circumstances. A subsequent report to the Council's Community and Economic Development Committee in September will further outline the Office of Economic Development's business assistance and outreach strategy moving forward.

/s/

NANCI KLEIN

Director of Economic Development

For questions, contact Nathan Donato-Weinstein, Senior Executive Analyst, at (408) 535-8178.

Attachment: Appendix A: Paycheck Protection Program Loans by Zip Code, Distributed by Size of Business

Appendix A: Paycheck Protection Program Loans by Zip Code, Distributed by Size of Business

The charts below break down Paycheck Protection Program (PPP) loans for each zip code by business size, including the percent of successful applicants as a total of each size band. Large differences in dollar totals and average loan size by geography reflect the key variables in calculating PPP loans. In the charts, "% Takeup" refers to the percentage of businesses, within each size range, that secured a PPP loan. The "Citywide" column offers a comparison to the city's overall performance by category. Zip codes are categorized by rough geographic cluster, and presented in alphabetical order. Place identifiers may be

Downtown and Central							
95113 Downtown Core							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$3,278,337	207	\$15,837	548	148	27%	20%
2-35	\$61,109,385	487	\$125,481	699	338	48%	41%
36+	\$66,069,126	70	\$943,845	73	48	66%	73%
Grand Total	\$130,456,849	764	\$170,755	1320	534	40%	28%

95112 Central SJ (includes Monterey Corridor, Japantown, south NSJ)							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$8,375,922	693	\$12,086	2945	516	18%	20%
2-35	\$157,864,530	1552	\$101,717	2440	1033	42%	41%
36+	\$199,057,206	184	\$1,081,833	161	136	84%	73%
Grand Total	\$365,297,657	2429	\$150,390	5546	1685	30%	28%

95110 Central SJ (includes Airport area, Civic Center, Calle Willow)							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$3,045,192	227	\$13,415	1340	170	13%	20%
2-35	\$62,140,835	535	\$116,151	1575	369	23%	41%
36+	\$107,516,544	82	\$1,311,177	142	58	41%	73%
Grand Total	\$172,702,571	844	\$204,624	3057	597	20%	28%

95126 Rose Garden, The Alameda, Midtown							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$7,156,427	562	\$12,734	1848	403	22%	20%
2-35	\$69,888,996	782	\$89,372	1211	532	44%	41%
36+	\$81,500,146	85	\$958,825	59	63	107%	73%
Grand Total	\$158,545,569	1429	\$110,949	3118	998	32%	28%

East San Jose**95127 East Alum Rock**

Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,740,777	435	\$10,898	1884	337	18%	20%
2-35	\$16,010,633	328	\$48,813	689	228	33%	41%
36+	\$12,926,399	17	\$760,376	29	16	55%	73%
Grand Total	\$33,677,809	780	\$43,177	2602	581	22%	28%

95122 Story Road/Eastridge

Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,655,640	428	\$10,878	1797	331	18%	20%
2-35	\$31,993,633	636	\$50,304	988	419	42%	41%
36+	\$27,152,160	33	\$822,793	30	24	80%	73%
Grand Total	\$63,801,433	1097	\$58,160	2815	774	27%	28%

95116 E. Santa Clara/Alum Rock/Little Portugal

Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,016,090	326	\$12,319	1733	246	14%	20%
2-35	\$28,101,460	470	\$59,790	920	312	34%	41%
36+	\$15,403,722	24	\$641,822	17	16	94%	73%
Grand Total	\$47,521,271	820	\$57,953	2670	574	21%	28%

Evergreen**95121 Includes Capitol Expressway corridor**

Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,745,897	390	\$12,169	1350	296	22%	20%
2-35	\$20,058,392	385	\$52,100	639	265	41%	41%
36+	\$15,637,730	22	\$710,806	17	15	88%	73%
Grand Total	\$40,442,019	797	\$50,743	2006	576	29%	28%

95135 Includes Evergreen Circle area

Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$2,172,256	153	\$14,198	725	108	15%	20%
2-35	\$8,639,545	187	\$46,201	258	128	50%	41%
36+	\$4,768,775	11	\$433,525	3	6	200%	73%
Grand Total	\$15,580,576	351	\$44,389	986	242	25%	28%

95148 Includes White and Quimby corridors							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,783,954	405	\$11,812	1493	291	19%	20%
2-35	\$19,499,203	343	\$56,849	522	234	45%	41%
36+	\$8,861,594	13	\$681,661	7	9	129%	73%
Grand Total	\$33,144,751	761	\$43,554	2022	534	26%	28%

North San Jose/Berryessa/Alviso

95002 Alviso							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$452,934	38	\$11,919	40	29	73%	20%
2-35	\$4,718,004	32	\$147,438	55	22	40%	41%
36+	\$6,997,221	7	\$999,603	14	5	36%	73%
Grand Total	\$12,168,159	77	\$158,028	109	56	51%	28%

95134 North San Jose -High-tech core							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$2,247,862	171	\$13,145	463	130	28%	20%
2-35	\$31,608,364	212	\$149,096	440	139	32%	41%
36+	\$48,249,278	35	\$1,378,551	183	29	16%	73%
Grand Total	\$82,105,504	418	\$196,425	1086	298	27%	28%

95131 North San Jose/Berryessa - includes International Business Park, industrial core							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,770,270	376	\$12,687	1186	288	24%	20%
2-35	\$118,639,792	1005	\$118,050	1655	681	41%	41%
36+	\$152,573,788	142	\$1,074,463	255	111	44%	73%
Grand Total	\$275,983,850	1523	\$181,211	3096	1080	35%	28%

95132 Berryessa - Capitol + Berryessa corridors							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,217,968	352	\$11,983	1162	264	23%	20%
2-35	\$12,703,960	272	\$46,706	446	177	40%	41%
36+	\$8,230,388	11	\$748,217	9	6	67%	73%
Grand Total	\$25,152,316	635	\$39,610	1617	447	28%	28%

95133 Berryessa - Mabury industrial area + Flea Market							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$2,438,567	228	\$10,695	936	173	18%	20%
2-35	\$24,260,593	297	\$81,685	542	202	37%	41%
36+	\$33,732,216	38	\$887,690	50	26	52%	73%
Grand Total	\$60,431,377	563	\$107,338	1528	401	26%	28%

South San Jose/Almaden Valley

95111 South San Jose - Monterey Road Corridor south							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$5,307,482	500	\$10,615	1930	376	19%	20%
2-35	\$27,862,000	446	\$62,471	884	307	35%	41%
36+	\$17,460,550	31	\$563,244	20	27	135%	73%
Grand Total	\$50,630,032	977	\$51,822	2834	710	25%	28%

95119 South San Jose - "Old" Edenvale							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$936,544	77	\$12,163	461	63	14%	20%
2-35	\$25,223,533	234	\$107,793	385	163	42%	41%
36+	\$31,431,220	34	\$924,448	42	28	67%	73%
Grand Total	\$57,591,297	345	\$166,931	888	254	29%	28%

95123 South San Jose - Blossom Hill and Santa Teresa corridors (includes Oakridge)							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$7,643,349	653	\$11,705	2471	480	19%	20%
2-35	\$35,585,605	642	\$55,429	1136	418	37%	41%
36+	\$7,813,783	22	\$355,172	37	14	38%	73%
Grand Total	\$51,042,737	1317	\$38,757	3644	912	25%	28%

95139 South San Jose - Santa Teresa South							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$697,211	48	\$14,525	283	39	14%	20%
2-35	\$3,299,562	57	\$57,887	125	28	22%	41%
36+			N/A	1		0%	73%
Grand Total	\$3,996,773	105	\$38,065	409	67	16%	28%

95138 South SJ/New Edenvale							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$3,129,624	211	\$14,832	642	148	23%	20%
2-35	\$27,641,016	262	\$105,500	380	186	49%	41%
36+	\$50,481,958	38	\$1,328,473	52	27	52%	73%
Grand Total	\$81,252,597	511	\$159,007	1074	361	34%	28%

95136 South San Jose - Capitol Expw. Corridor/Communications Hill							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$5,272,760	453	\$11,640	1523	333	22%	20%
2-35	\$18,651,611	290	\$64,316	499	206	41%	41%
36+	\$20,657,310	25	\$826,292	30	19	63%	73%
Grand Total	\$44,581,681	768	\$58,049	2052	558	27%	28%

95120 Almaden Valley - Almaden Expw corridor South							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,909,583	337	\$14,568	1528	239	16%	20%
2-35	\$21,858,394	353	\$61,922	474	239	50%	41%
36+	\$9,691,817	19	\$510,096	7	15	214%	73%
Grand Total	\$36,459,794	709	\$51,424	2009	493	25%	28%

West San Jose/Cambrian/W.G.

95130 West San Jose - El Paseo de Saratoga area							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$1,754,759	135	\$12,998	543	98	18%	20%
2-35	\$5,032,986	67	\$75,119	146	45	31%	41%
36+	\$1,476,505	4	\$369,126	7	4	57%	73%
Grand Total	\$8,264,250	206	\$40,118	696	147	21%	28%

95117 West San Jose - Stevens Creek, San Tomas, Winchester corridors (portions)							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,219,123	343	\$12,301	1056	247	23%	20%
2-35	\$18,325,191	240	\$76,355	385	165	43%	41%
36+	\$14,278,772	17	\$839,928	9	13	144%	73%
Grand Total	\$36,823,085	600	\$61,372	1450	425	29%	28%

95129 West San Jose - Westgate, Stevens Creek, S. De Anza corridors (portions)							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$5,696,115	403	\$14,134	1635	300	18%	20%
2-35	\$51,085,776	679	\$75,237	1017	438	43%	41%
36+	\$44,249,242	60	\$737,487	47	48	102%	73%
Grand Total	\$101,031,133	1142	\$88,469	2699	786	29%	28%

95128 West San Jose - Fruitdale/Burbank, includes Valley Fair/Santana Row							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$7,282,872	528	\$13,793	1840	382	21%	20%
2-35	\$66,427,875	822	\$80,813	1343	555	41%	41%
36+	\$36,942,984	48	\$769,646	62	31	50%	73%
Grand Total	\$110,653,732	1398	\$79,151	3245	968	30%	28%

95124 Cambrian							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$7,151,697	485	\$14,746	2227	364	16%	20%
2-35	\$39,791,459	649	\$61,312	995	447	45%	41%
36+	\$18,194,913	31	\$586,933	21	25	119%	73%
Grand Total	\$65,138,069	1165	\$55,913	3243	836	26%	28%

95118 Willow Glen/Cambrian							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$4,309,028	325	\$13,259	1506	240	16%	20%
2-35	\$21,709,618	352	\$61,675	636	234	37%	41%
36+	\$12,597,858	22	\$572,630	34	15	44%	73%
Grand Total	\$38,616,503	699	\$55,245	2176	489	22%	28%

95125 Willow Glen							
Business Size	Loan Amount	Loan Count	Average	Biz Tax Licenses	# Receiving Loans	% Takeup	Citywide
Sole Propr.	\$9,114,204	681	\$13,384	3058	529	17%	20%
2-35	\$74,526,413	932	\$79,964	1399	631	45%	41%
36+	\$70,254,566	94	\$747,389	44	69	157%	73%
Grand Total	\$153,895,184	1707	\$90,155	4501	1229	27%	28%

NOTE: Percentages might add up to more than 100% because a business that received a PPP loan might not be registered with the City, creating more loan recipients than registered City businesses. In addition, some businesses listed their employee count differently on their PPP loan than their City business tax registration. "# Receiving Loans" and "% Takeup" is an estimate based on best available data. **Data:** Data from SBA and City sources and compiled by Vic Farlie, Office of Economic Development and Cultural Affairs, and Erik Rackley, Public Works.

Appendix B: Top Paycheck Protection Program Sectors and Lenders in San Jose

A look at the top sectors to receive PPP loans in San Jose shows the top five sectors collecting more than half of the total value of PPP. This reflects the larger payrolls associated with these types of companies.

Sector	PPP Loans	Total Amount	Average Loan Size
Professional, Scientific, and Technical Services	3503	\$399,660,453	\$114,091
Construction	1924	\$332,920,214	\$173,035
Health Care and Social Assistance	2975	\$263,550,255	\$88,588
Manufacturing	1245	\$247,405,294	\$198,719
Accommodation and Food Services	2168	\$237,318,244	\$109,464
Other Services (except Public Administration)	2993	\$148,110,606	\$49,486
Administrative and Support and Waste Management a	1165	\$138,928,804	\$119,252
Retail Trade	1698	\$137,712,572	\$81,103
Wholesale Trade	669	\$91,708,594	\$137,083
Information	428	\$62,687,388	\$146,466
Transportation and Warehousing	2071	\$61,961,066	\$29,918
Educational Services	637	\$61,878,610	\$97,141
Real Estate and Rental and Leasing	1134	\$47,808,718	\$42,159
Other	846	\$44,621,281	\$52,744
Finance and Insurance	781	\$37,554,562	\$48,085
Arts, Entertainment, and Recreation	567	\$37,460,058	\$66,067
Agriculture, Forestry, Fishing and Hunting	73	\$5,073,986	\$69,507
Public Administration	49	\$3,569,926	\$72,856
Utilities	25	\$3,159,961	\$126,398
Management of Companies and Enterprises	16	\$1,760,749	\$110,047
Mining, Quarrying, and Oil and Gas Extraction	7	\$438,807	\$62,687

Lender	Loan Count	Top PPP Lenders in San Jose
Bank of America, National Association	3799	The PPP program relied on participating SBA lenders to underwrite loans. The banks shown in this chart in gray partnered with financial tech companies ("fintechs") to reach businesses that struggled to work with traditional banks (shown without highlight) and helped to fill the gap, especially for small businesses without existing banking relationships.
Wells Fargo Bank, National Association	2199	
JPMorgan Chase Bank, National Association	1764	
Customers Bank	1580	
Cross River Bank	1580	
Harvest Small Business Finance, LLC	1077	
U.S. Bank, National Association	1055	
Bank of the West	729	
Prestamos CDFI, LLC	623	
WebBank	607	
Capital Plus Financial, LLC	528	
Benworth Capital	511	
Square Capital, LLC	491	
Citibank, N.A.	415	
Heritage Bank of Commerce	367	
Celtic Bank Corporation	365	
Fountainhead SBF LLC	358	
Comerica Bank	357	