

# Small Business and Emerge Product Updates

9/5/2024





## A non-profit microlender

Our mission is to open doors of financial opportunity to those with historically less access to capital and support resources: entrepreneurs of color, women, immigrant, and low-to-moderate income entrepreneurs.

We serve business owners, including **start-ups**, across Southern CA with small business **loans from \$300 to \$100k**, **free educational events**, and technical assistance, including a **bi-lingual start-up academy** offering.



Since 1994, Accessity has provided **6,125** loans totaling **~\$85M**, yielding an estimated **18k jobs created or maintained**. Accessity currently assists **1,180 active clients** and manages a **\$19.7M loan portfolio**. In 2024, demand for Accessity's services has **increased by 20%**.





# Accessity Secures \$5.9M Grant from CDFI Fund Equitable Recovery Program

*– Second largest award in California –*

Non-profit business lender Accessity was granted \$5.9M by the U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund's Equitable Recovery Program (ERP).

Accessity will primarily use the funds to provide direct access to capital for small businesses located in Southern CA **ERP-eligible geographies** and **minority-owned or -controlled businesses**.

Vice President Kamala Harris and Deputy Treasury Secretary Wally Adeyemo announced awards of \$1.73 billion to ~600 banks, credit unions, and CDFI loan fund non-profits nationwide.

# Emerge Program Overview

CDFI Fund ERP proposal specifically designed to reach **racially and ethnically diverse** small business owners in Southern CA census tracts **disproportionately impacted by the COVID-19 pandemic**.

## Loan Details

- Loan Amount: \$2,000 - \$50,000
- Interest Rate: 6.99% (*Prime - 1.50%*)
- Loan Term: 24-60 mos (***I/O for first 3 months***)
- Closing Costs: up to ~6% of loan amount (can be financed)
- Grant Opportunity: 6 consecutive on-time monthly payments yields **unrestricted GRANT @ 10% of original loan amount**.







# Emergence Program Update

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Since November 2023 Launch:

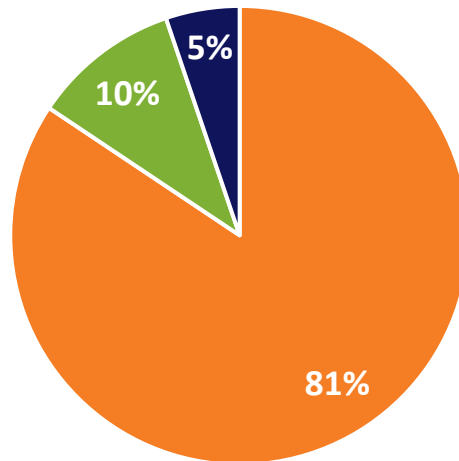
- **124 loans** disbursed @ **\$2.6M** (\$21k Avg Loan)
  - SD County = 40 loans @ \$804k
  - City of SD = 15 loans @ \$288k
- **\$58k grants** disbursed (project ~**\$300k** by FYE24)
- Initial 8 mos 30-day Past Due only **1.21%**
- **\$1.6MM** (~75 loans) **loan capital still available**



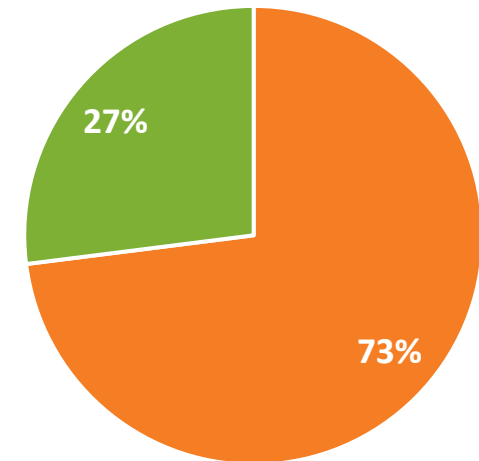
# Emerge Program Recipients

- 100% of EmERGE loans to diverse-owned small businesses
- **336 jobs** maintained or created with EmERGE loans

Race and Ethnicity



Income Status



■ Hispanic ■ African-American/Black ■ Asian ■ Low- to Moderate-Income (LMI) ■ Non-LMI

# San Diego County COVID Relief Fund Impact



# Accion's COVID-19 Relief Loan Product for the Unincorporated Area of San Diego County

Accion serving Southern California is responding to the COVID-19 pandemic's impact on small businesses by offering relief loans to businesses in unincorporated areas of San Diego County.



## Product Details:

- From \$5,500 to \$50k term loans for COVID-19 impact relief
- Low, fixed interest rate of **1%**
- No payments for the first 6 months
- Terms up to 60 months, including the 6-month deferral
- Administrative fees waived (State Guaranty Application fee financed with the loan)

## Eligibility Requirements

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- Must have not received funding from the SBA's Economic Injury Disaster Loan Program (EIDL) or Paycheck Protection Program (PPP). You can still apply if you have received **ONLY** the grant portion to the EIDL, aka the EIDG. If you are able to qualify for either of these federal stimulus programs, we highly encourage you to apply. Visit your local SBA website for more details.
- Business must be located in the unincorporated area of San Diego
- Must have a current source of income (i.e. business, job, unemployment, spousal income)
- Business must have been in operation prior to August 1, 2019
- Must be current with credit report
- No bankruptcy discharged within the past 12 months
- No active business loans with daily or weekly payments
- Must have 0-50 employees

*This product is funded through The San Diego County Small Business & Nonprofit Loan Program.*

**Learn more and apply:** <https://us.accion.org/covidrelief/>

**Have questions? visit:** <http://socal.accion.org/contact>

**[news@accionsandiego.org](mailto:news@accionsandiego.org)**

Accion is a mission-based organization dedicated to empowering primarily low-to-moderate income entrepreneurs by providing business support and access to loans in Imperial, Riverside, San Bernardino and San Diego counties. For more information, **visit [us.accion.org](https://us.accion.org)**.

**ACCION**





178 small business owners assisted

\$5,071,600 deployed

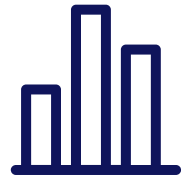
157 loans funded

# Loan Fund Performance

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0.31% delinquency rate as of 7/31/24



\$4m+ in principal repaid



1.0% loan loss rate



790 jobs  
created &  
retained

Average of nearly 5  
jobs per loan,  
almost double the  
average jobs  
created/retained in  
the rest of our  
portfolio

66% of loans  
went to diverse  
and/or women-  
owned  
businesses

Approximately one-  
quarter of loans  
went to Hispanic-  
owned businesses

56% of loans  
went to low-  
income  
borrowers

40% of borrowers  
earned less than  
50% of the San  
Diego area median  
income



## Client Spotlight:

Chula Vista Brewery

Timothy Parker

\$50,000 COVID relief loan for  
working capital  
8 retained jobs







## Client Spotlight:

Santo Tomas Collective\*

Michele Santo Tomas

\$30,000 COVID relief loan for working capital  
15 retained jobs



\*Located in the City of San Diego  
92110 zip code





## General Small Business UX Update

In a recent survey of overall Accessity borrowers:

- **90%** increased or maintained their # of employees
- **81%** increased or maintained their revenue/sales
- **53%** project hiring more employees in next 12 mos
- **34%** are aware of tangible credit score increase





## Current Challenges

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- **Increased COGS expense:** inflation-driven
- **Increased Operating costs:** inflation & rent increases
- **Decreased sales:** observed consumer spending drop
- **A/R Payment delays:** B2B A/R payment slowdown
- **Tech sophistication:** competing vs larger firms with scaled in-house & SME vendor e-commerce LTO's impacting consumer behavior

# Questions?



**Gordon Boerner, Board Chair**  
**(619)917-7760**  
[www.accessity.org/](http://www.accessity.org/)



RTF

# SMALL BUSINESS UPDATE

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Daniel Fitzgerald, Exec Dir

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# SBDC Activity

- 16,856 counseling hours for 4,603 clients
- 732 training events with 12,145 attendees
- 49.5% clients are women
- 54% clients are people of color
- 9% API, 13% Black, 32% Latinx
- *Services provided over 10 languages*



***Over \$1 Billion in economic impact***



# Impact 2023

- \$822 million capital access
- \$122 million sales increase
- \$60 million government contracts
- 1,318 jobs created
- 234 new business starts



***Over \$1 Billion in economic impact***

# 2024 Small Business Survey Results Needs Assessment

June 2024



# Survey details

Web survey of small businesses in San Diego and Imperial Counties completed by BW Research.

- Qualifying companies are those with **100 or fewer employees**, operating in **San Diego County or Imperial County**.
- Quotas were included to maintain a representative sample based on industry and size.
- Average survey length: **9 minutes**.
- Survey field dates: **February 13 through March 10, 2024**.
- ***Note that findings are based on surveys of small businesses and should not be taken as representative of all businesses in San Diego and/or Imperial Counties.***

**603**

Small businesses from San Diego and Imperial Counties completed the survey

# Business challenges

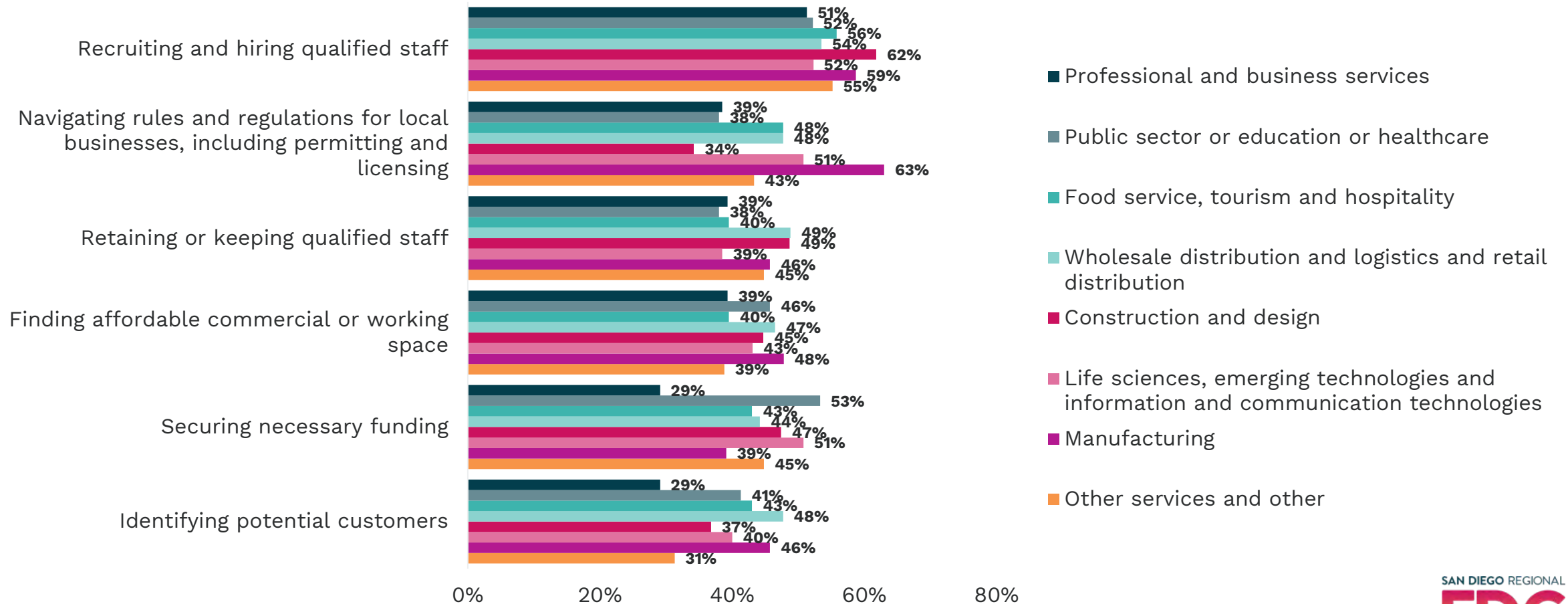
Hiring and recruiting of qualified staff is a challenge faced among most small businesses.



**55% of firms reported encountering challenges with hiring and recruiting.**

# Top six challenges by industry

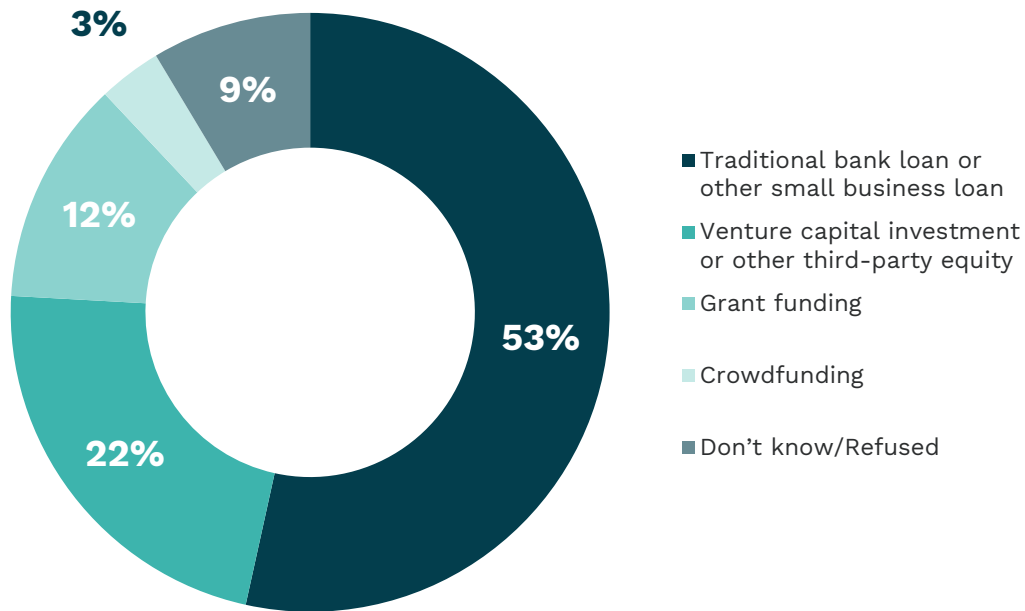
Nearly two out of three small businesses in the manufacturing industry express difficulty in navigating rules and regulations.



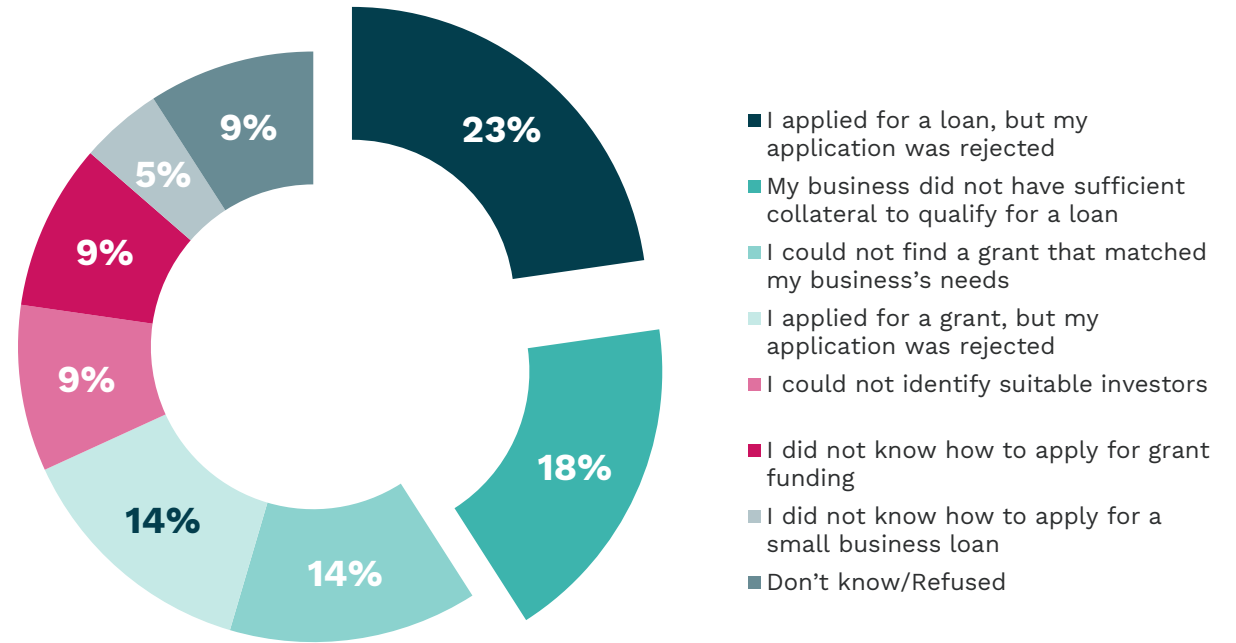


# Funding

Most small businesses rely on traditional bank loans for funding. The primary reasons for businesses being unable to obtain funding are related to loan approvals.



Type of financing or funding

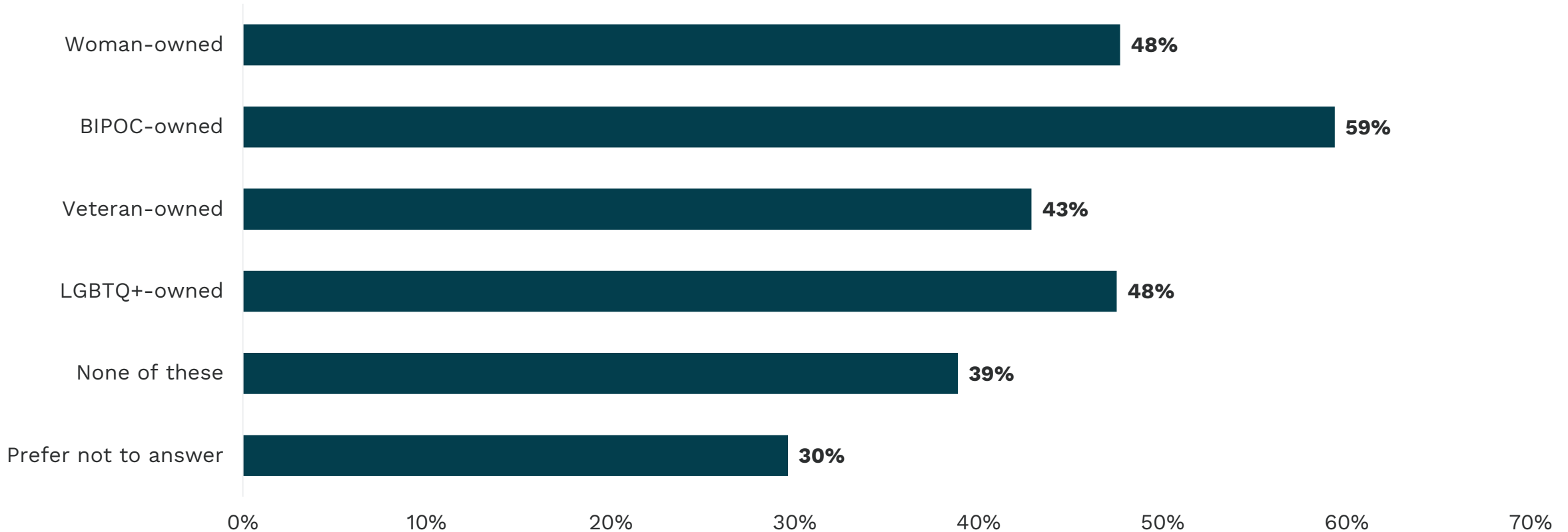


Reason for lack of funding

# Difficulty with securing funding by ownership

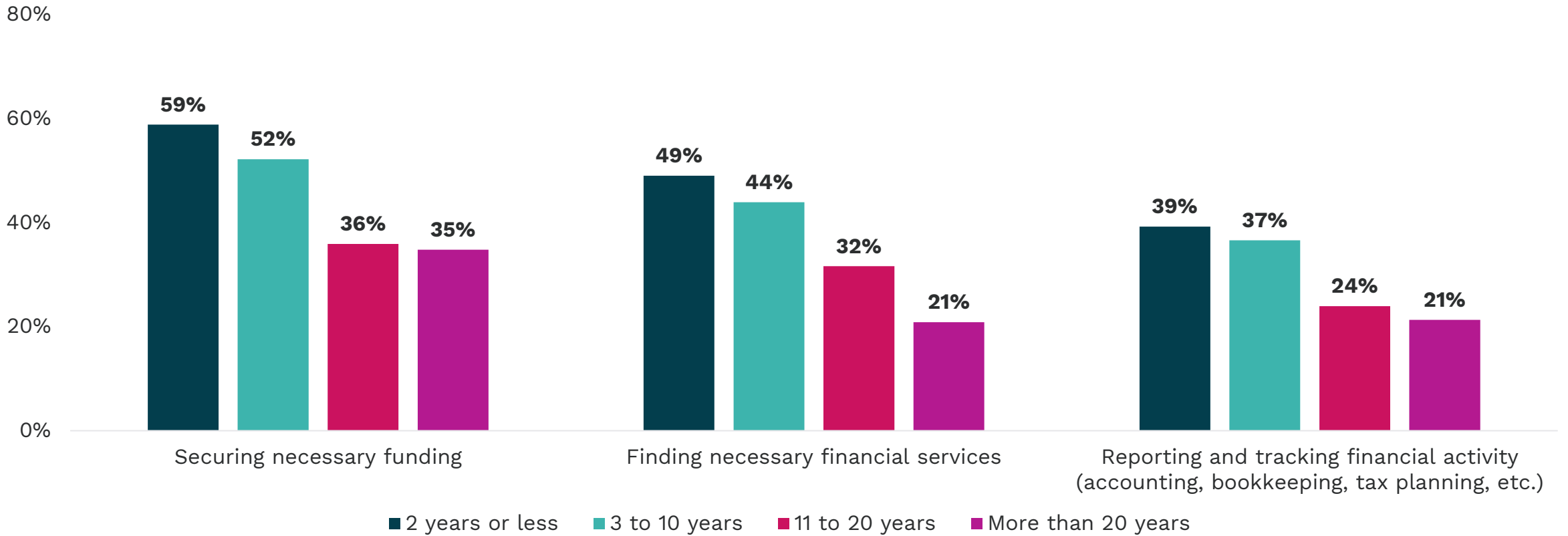
59% of BIPOC-owned small businesses experienced difficulty with securing necessary funding.

Percentage of small businesses who had difficulty with securing necessary funding



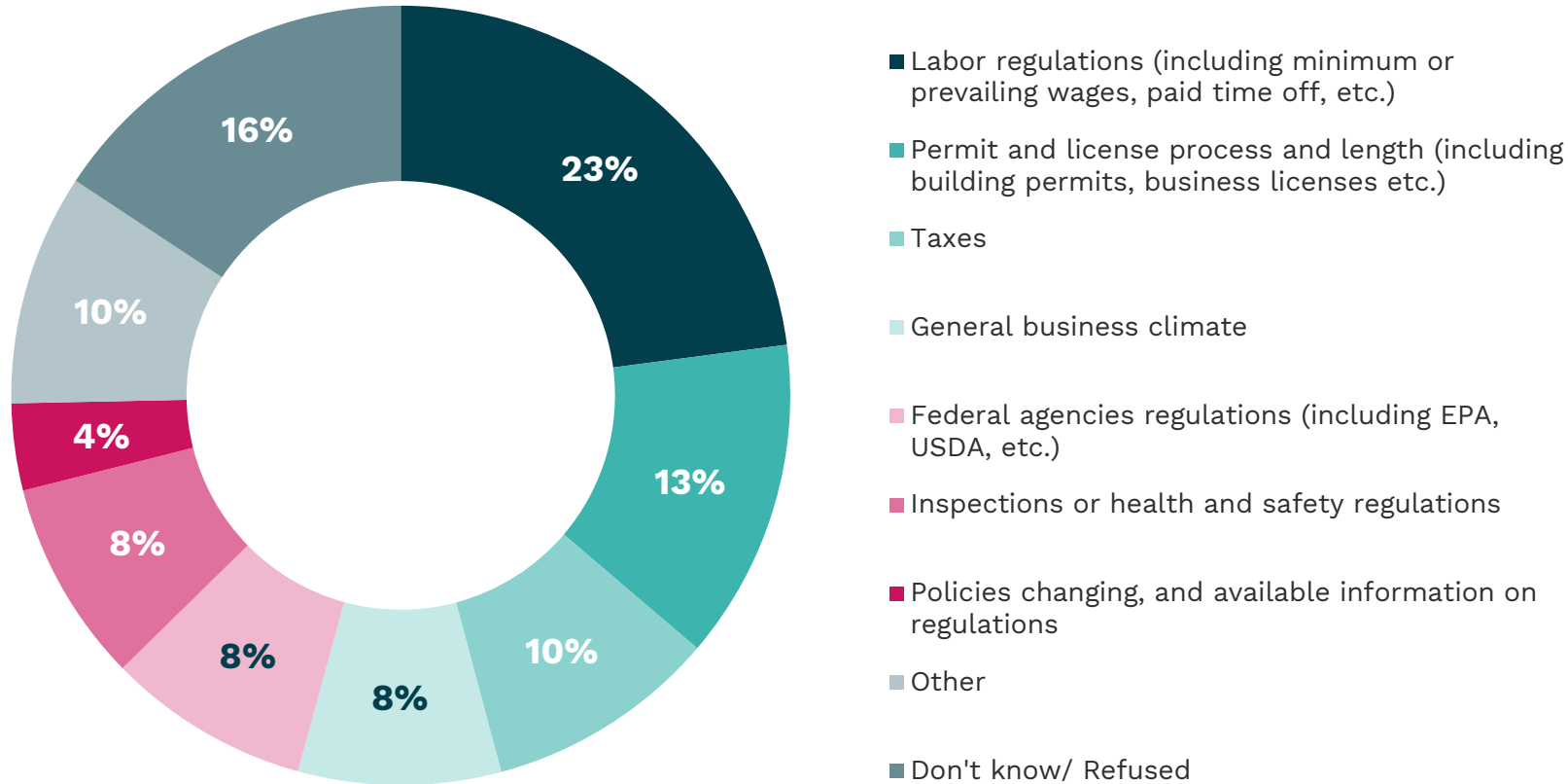
# Financial challenges by time in business

Younger small businesses are more likely to struggle with financials relative to firms with more experience.



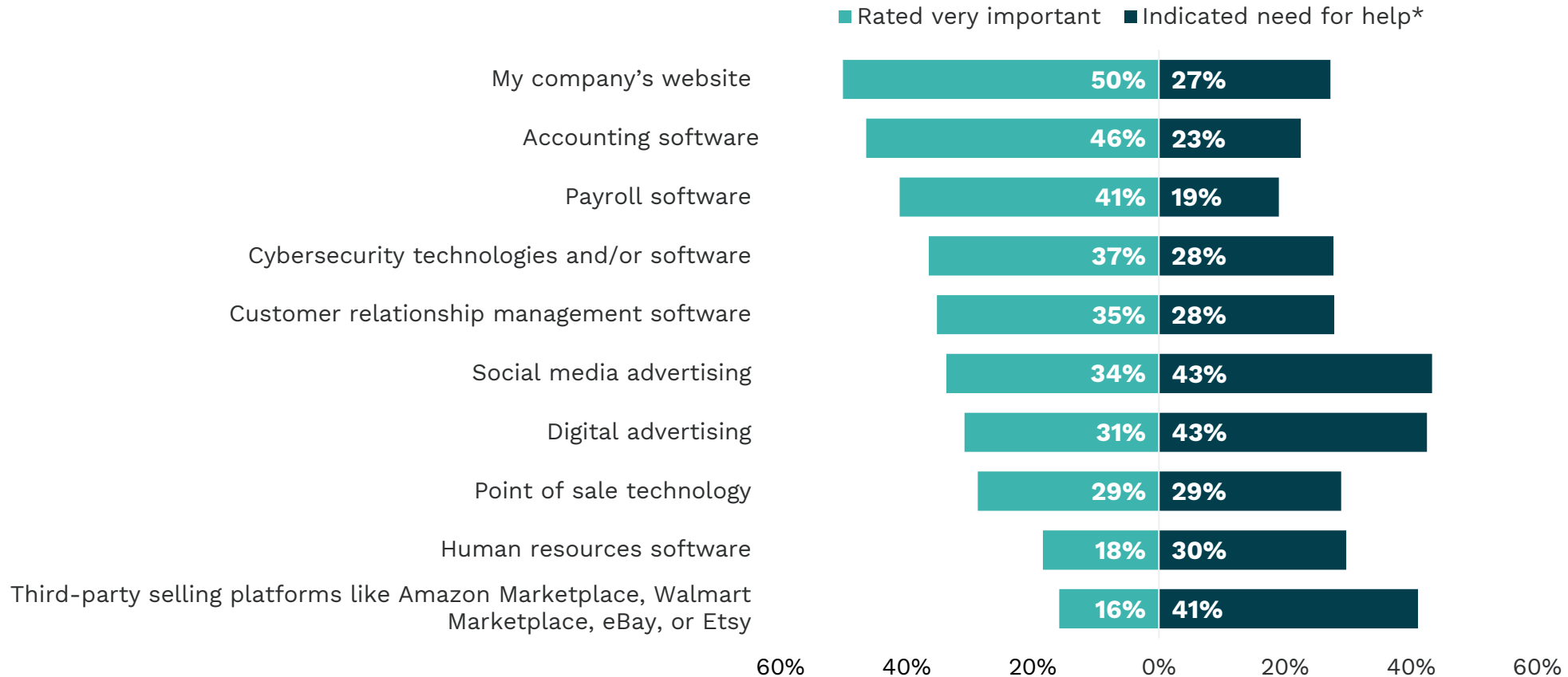
# Rules and regulations for small businesses

Nearly one-quarter of small businesses specifically cite having difficulty with labor regulations, such as minimum wage and paid time off.



# Technology literacy

While company websites were rated among the most important technologies, digital and social media advertising are the areas of greatest need for technical development.

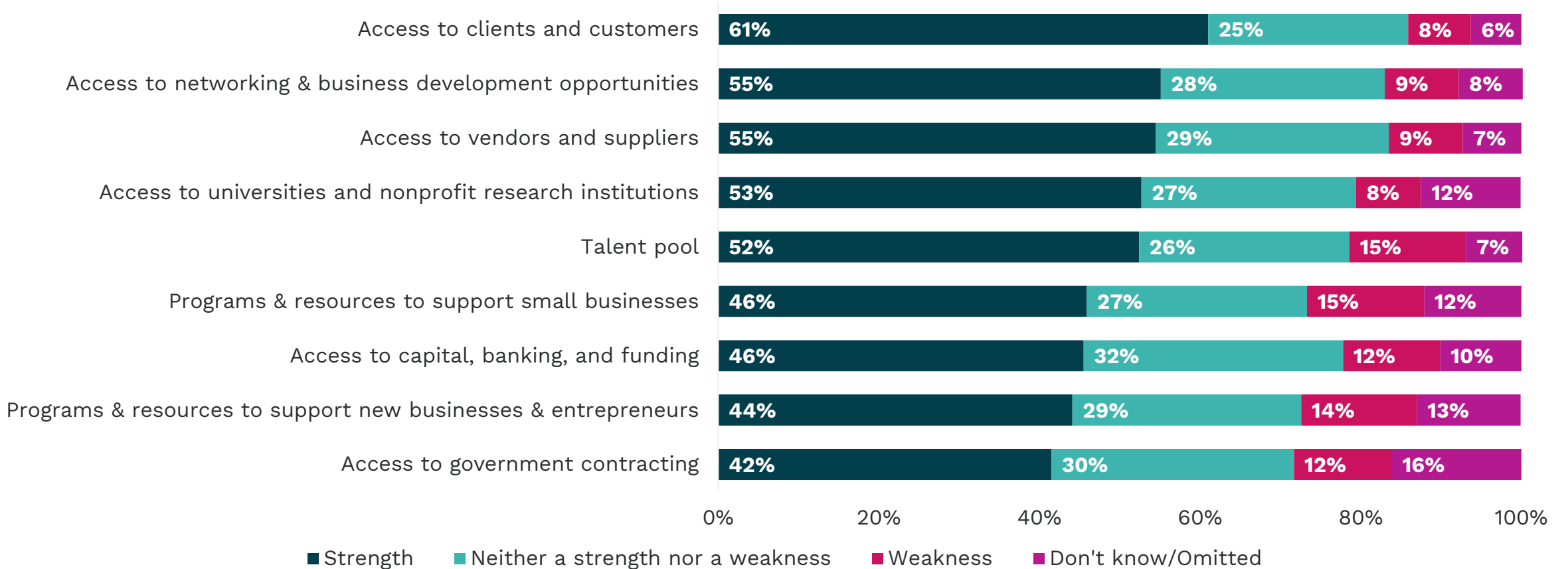


\*Out of small businesses rating 'very important'



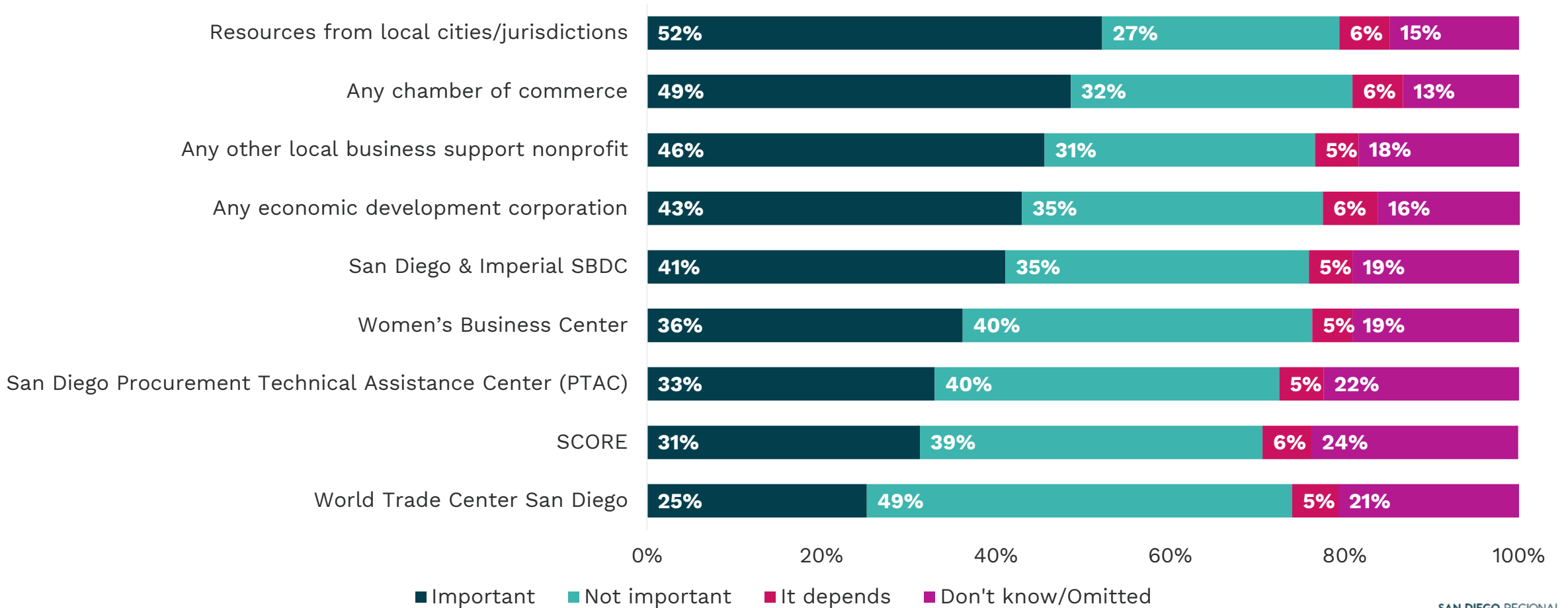
# Strengths and weaknesses of San Diego/Imperial County

Small businesses cite access to clients and customers as the region's greatest strength.



# Importance of interactions with organizations

Small businesses rely on local government for support more than non-profits.





SAN DIEGO & IMPERIAL SMALL BUSINESS DEVELOPMENT CENTER NETWORK



# SBDC Funding

\$5 million annually



## Other:

- Local Public Government
- Philanthropic
- Other Federal
- Other State
- Sub-awardees

*Over \$1 Billion in economic impact*



# Business Finances

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- Business Financial Literacy
- Lender Panels
- Accounting and Bookkeeping
- Taxes
- Credit

*\$70.3 million in loans for 82 businesses  
\$6.3 million in grants for 333 businesses  
\$4.6 million in owner equity by 49 businesses*



# Business Growth Strategies

- Business Plan development
- Strategic decision making
- Employment Regulations and Human Resources
- Marketing strategies and research
- Digital media

*\$110.9 million in sales increase  
1,318 jobs created*



# Contracting Assistance



- Early readiness and certifications
- How to connect with Governmental and Corporate buyers
- RFP response coaching



*\$59.9 million in contracts for 78 businesses*



# Core Programming

- Capital Access
- Revenue Growth
- Strategy
- Business Start

