



RESEARCH REPORT

Supporting Latino and Immigrant Entrepreneurs in a Time of Crisis

A Review of the NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program in the Context of COVID-19

Brett Theodos

Jorge González

Jein Park

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Supporting Latino and Immigrant Entrepreneurs in a Time of Crisis

The impact of the COVID-19 pandemic on small businesses and the families who depend on them has not been equal across demographic groups. Decades of inequities in access to capital and other resources have put Latino and other entrepreneurs of color at greater risk amid the pandemic. Community-based organizations (CBOs) that serve low-income entrepreneurs have been working on the front lines to support local small-business owners. The National Association for Latino Community Asset Builders (NALCAB) is working closely with more than 20 such organizations through an array of services and support programs aimed at increasing their capacity to invest in equitable development. This report examines the pandemic's effects on Latino* and immigrant small-business owners, the role that CBOs play in supporting these entrepreneurs, and how NALCAB contributes to improving the capacity of organizations to do this work through programs like the NALCAB-W.K. Kellogg Foundation (Kellogg) Building Equitable Communities through Place-Based Investment Program.

Small businesses provide benefits to owners, employees, and communities. Businesses have been found to be a key path to creating family wealth for owners (Klein 2017). Businesses with fewer than five employees make up 62 percent of all US businesses, and businesses with fewer than 20 employees make up 89 percent of all US businesses.¹ At the neighborhood level, small businesses provide intangible benefits through services and amenities, shape the cultural identity of neighborhoods, and help build social capital.

Small-business ownership and prosperity are not shared equally across places and demographic groups. Decades of segregation and barriers to accessing capital have excluded entrepreneurs of color and those living in low-income neighborhoods from the opportunities that allow wealthier and white entrepreneurs to thrive. Evidence shows that businesses owned by people of color are less likely than those owned by white people to have employees and generate significant revenues (Austin 2016). They are also less likely to pay competitive salaries (Litwin and Phan 2012) and to survive (Vlad 2009). As we

* We have chosen to use the term “Latino” throughout this report, even when it differs from terms used in source materials, because it may be more inclusive of the way members of this population self-identify. We acknowledge this language may not reflect how people describe themselves, and we remain committed to employing respectful and inclusive language.

will discuss below, Latino-owned small businesses and immigrant-owned small businesses face particular challenges.²

In this context, NALCAB and the members of its network are working to improve the environment of opportunity for Latino and immigrant families engaged in neighborhood-based small-business activity through various initiatives. One of them—the NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program, made possible by the W.K. Kellogg Foundation—provided \$40,000 grants for flexible uses to five CBOs engaged in culturally relevant, neighborhood-based approaches to equitable economic development. The groups were Conexión Américas in Nashville, Tennessee; Franklin Neighborhood Development Corporation in Sacramento, California; Hacienda Community Development Corporation in Portland, Oregon; La Cocina in San Francisco, California; and Mandela Partners in Oakland, California. In addition to the grant money, the program included training through one-on-one technical assistance (TA) on topics selected by the grantees and webinars on political processes for advocacy. Grantees also produced an action plan that articulated their long-term vision for equitable development.

We conducted 31 interviews with NALCAB staff members, external consultants, staff members of the five participating CBOs, and small-business owners who have received some type of assistance from these CBOs to understand the extent to which NALCAB’s initiative improved the capacities of the participating organizations. Because the COVID-19 pandemic hit in the middle of our evaluation, we expanded our study’s scope to include an assessment of how small-business owners were faring during the pandemic and what support CBOs provided to entrepreneurs. We collected data in two phases—summer 2019, when grantees were a few months into the program, and summer 2020, as the program was finalizing. In addition to these interviews, we reviewed and analyzed program materials such as grantee proposal narratives, interim and final reports, and action plans.

Latino-Owned and Immigrant-Owned Small Businesses in the US

Before looking at the pandemic’s impact on small businesses, the supporting role of CBOs, and NALCAB’s initiative, we detail the context for small-business ownership among Latinos and immigrants in the US.

The Latino population is the fastest-growing group in the US (compared with the Asian, Black, and white populations) and accounts for more than half of total US population growth since 2010. This

demographic group is expected to grow from 18 percent of the US population today to 28 percent in 2060 (Vespa, Medina, and Armstrong 2020). Meanwhile, the share of the US population who are immigrants reached a record high in 2018, almost 14 percent, and that number is expected to grow to 17 percent by 2060.

Latinos and immigrants are also expected to play an outsize role in economic growth. Latinos are more likely than non-Latinos to be working or seeking work, and nearly 1 in 4 new entrepreneurs in 2017 was Latino. Similarly, immigrants accounted for 29 percent of all new entrepreneurs in 2017 (Fairlie, Desai, and Herrmann 2019). And in the wake of the Great Recession, immigrants played an important role founding businesses and helping communities recover in states with high shares of immigrant populations such as California, New York, Florida, New Jersey, and Illinois (New American Economy 2016).

But business ownership is not distributed equally across demographic groups. Data from the US Census Bureau’s Annual Business Survey reveal that even though Latinos are 16 percent of the overall adult population in the US, Latino entrepreneurs own only about 6 percent of all employer firms (firms that employ more people than the business owner) in the country (table 1). Among all employer firms, Latino-owned firms employ about 5 percent of workers, pay 4 percent of payroll, and make 3 percent of sales. Additionally, these firms make about half the average revenue of white-owned companies. Like Latinos, Black people are underrepresented among business owners in the US. Immigrants, on the other hand, are not: nearly 17 percent of the US adult population was not born in the country, and that is the same share of employer firms owned by foreign-born people. Asian people are also not underrepresented.

TABLE 1
The State of US Employer Firms by Race/Ethnicity of Business Owners

	Non-Latino Asian	Non-Latino Black	Latino	Non-Latino white
Percentage of US adults	6.2	12.4	16.0	63.7
Percentage of all firms	10.1	2.1	5.9	81.4
Percentage of all sales	6.4	0.9	3.3	88.8
Percentage of all employees	7.4	1.8	4.6	85.7
Percentage of all payroll	6.1	1.3	3.5	88.6
Average annual sales	\$1,472,000	\$1,056,000	\$1,312,000	\$2,537,000
Average number of employees per firm	8	10	9	12
Average annual payroll per employee	\$287,000	\$301,000	\$282,000	\$522,000

Source: Authors’ analysis of 2018 Annual Business Survey data and 2019 annual population estimates from the US Census Bureau.

Notes: “Employer firms” are companies with part-time or full-time employees on their payrolls, excluding self-employed people who incorporated.

Not only are Latinos underrepresented among US businesses, but Latino businesses face specific challenges. They are more likely than their white-owned counterparts to be start-ups and to have higher credit risks, and therefore their ability to secure affordable capital is limited (Kramer Mills et al. 2018). Roughly 90 percent of small businesses in majority-Black or majority-Latino neighborhoods have less than 14 days of cash on hand that they could use to sustain operations if cash inflows were to stop, compared with 35 percent in majority-white neighborhoods (Farrell, Wheat, and Grandet 2019). This not only increases the vulnerability of businesses in these neighborhoods to economic shocks like the one caused by the COVID-19 pandemic, but it prevents them from accessing larger-scale business opportunities. Illustrating that having sufficient reserves can lead to new opportunities and that lacking them can preclude them, one small-business owner explained in an interview, “I could try to work for the government, but they pay every 45 days. For a small business, it’s a big chunk of capital that you would need to seek that opportunity.”

Even so, the number of businesses owned by Latinos grew during and after the Great Recession. The number of US businesses owned by Latinos increased 46 percent from 2007 to 2012 even as the total number of US firms increased only 2 percent and firms owned by white men lost 800,000 jobs (Liu and Parilla 2020a). This meant that 1 in 4 new businesses during that period were Latino-owned (Kramer Mills et al. 2018). One reason behind this level of growth may be that millennial Latinos who are not citizens favored owning a business over working for others because of paperwork requirements related to immigration status.³ Other hypotheses point toward a cultural desire to be one’s own boss.⁴

Immigrants can also face unique challenges to entrepreneurship. These include linguistic and cultural barriers, insufficient access to capital (because of a lack of credit history and/or limited financial literacy), a lack of professional connections, a lack of understanding of local laws and regulations, and immigration status⁵ (Bloomberg Associates 2020).

Immigrant-owned firms were crucial to the recovery that followed the Great Recession. For example, from 2007 to 2011, immigrants founded 4 out of every 10 new businesses in California and New York and 3 out of 10 in Florida, New Jersey, and Illinois (New American Economy 2016). The trends that will follow the COVID-19 recession remain to be seen.

The Impact of the COVID-19 Pandemic on Small Businesses

This section explores how the pandemic has affected Latino-owned and immigrant-owned businesses, particularly those in the accommodation and food services sector; how the small sample of entrepreneurs we interviewed illustrates these challenges; and what government relief initiatives have and have not achieved for underserved entrepreneurs.

The Pandemic-Induced Economic Crisis Is Severely Affecting Latino- and Immigrant-Owned Businesses

Evidence that the pandemic has disproportionately affected small businesses owned by people of color and immigrants is growing. Between February and April 2020, active business ownership declined 17 percent among white entrepreneurs. However, reductions in active businesses owned by Latinos and those owned by immigrants were even larger: 32 percent and 36 percent, respectively (Fairlie 2020). (Black-owned businesses declined 41 percent, and Asian-owned businesses 26 percent.) Also, according to the US Chamber of Commerce, almost a quarter of businesses owned by people of color expect their revenues to decrease in 2021, while only 17 percent of businesses owned by white people do.⁶

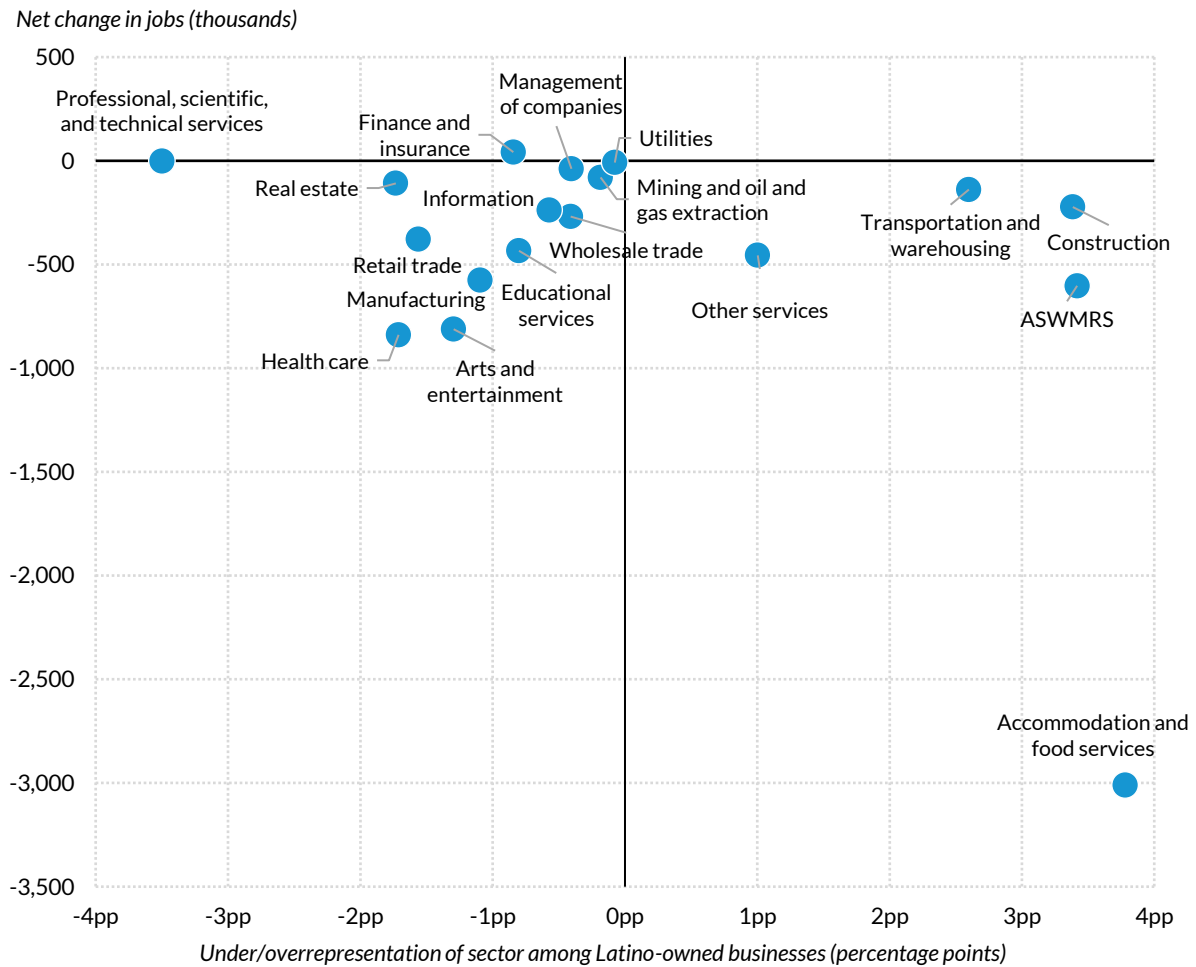
Last year, I was able to make all my living through my business, but with restaurants, farmers' markets, and even food trucks closed, I couldn't do it...Because of my [immigration] situation, I couldn't get unemployment benefits. I had to get a part-time job to sustain myself and my family.

—Small-business owner

That the pandemic has disproportionately affected Latino- and immigrant-owned businesses can be explained in part by the sectors in which they operate. Specifically, Latino- and immigrant-owned businesses are more prevalent in accommodation and food services, a sector that has experienced the greatest net job losses. Accommodation and food service businesses account for 9 percent of all employer firms in the US but 13 percent of employer firms owned by Latinos and 18 percent of employer firms owned by immigrants.⁷ Not only is this sector more susceptible to the negative effects of the pandemic's economic impacts because of its reliance on face-to-face services, but mandatory

closures also hit the country during the sector’s busiest seasons, according to one CBO representative. “Spring and summer are usually the high point for sales,” he said. “This was the worst time for the pandemic to hit because a lot of businesses were just beginning to get out of the winter” slump. The retail trade sector, which has lost half a million net jobs during the pandemic, is also overrepresented among employer firms owned by immigrants. Figures 1 and 2 show the relationship between different sectors’ representation among Latino- and immigrant-owned firms and job losses.

FIGURE 1
Relationship between Sectors’ Representation among Latino-Owned Employer Firms and Jobs Lost



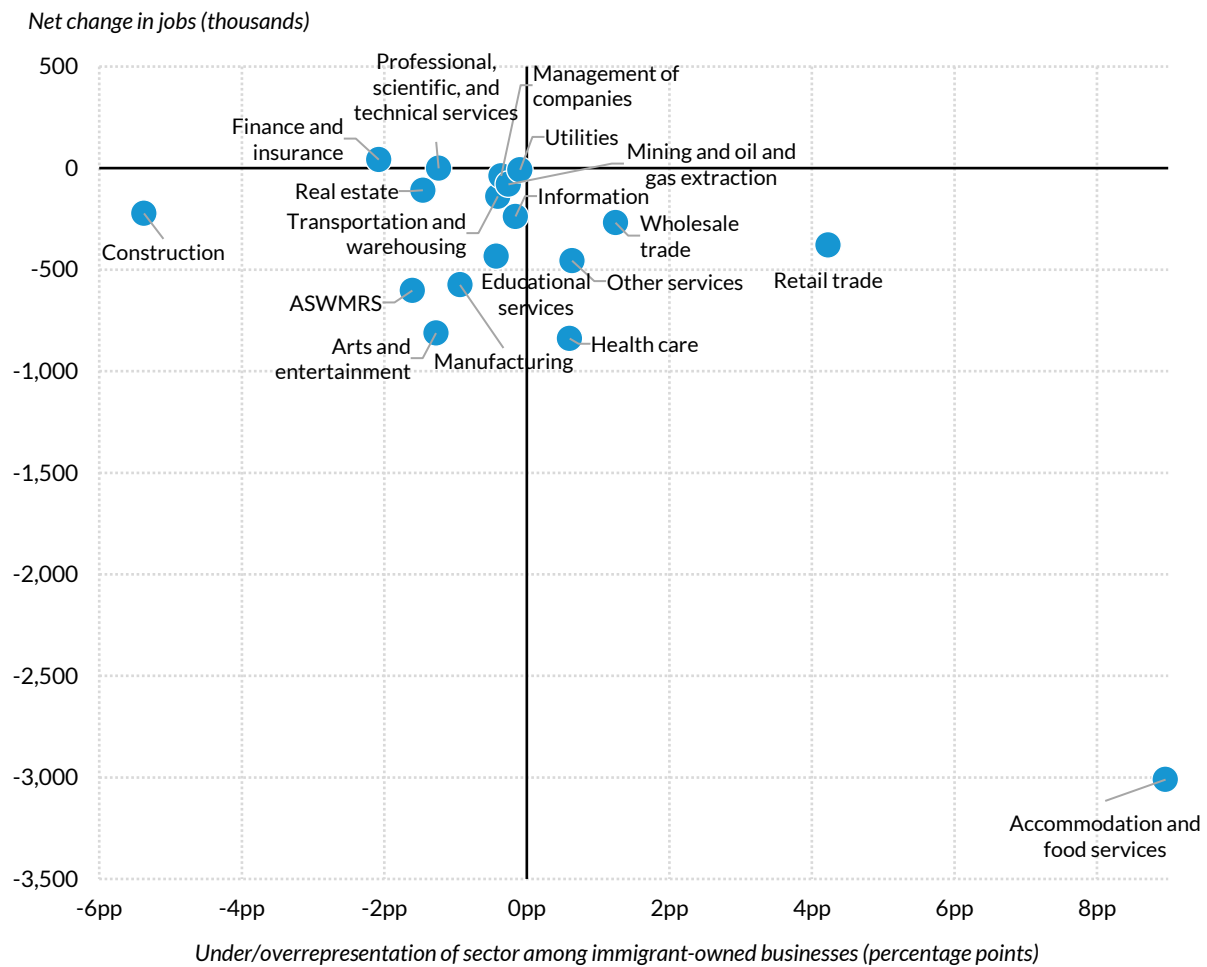
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Source: Authors’ analysis of 2018 Annual Business Survey data and “Graphics for Economic News Releases: Employment by Industry, Monthly Changes,” US Bureau of Labor Statistics, November 2020.

Notes: “Under/overrepresentation of sector among Latino-owned businesses” is the difference between the share of Latino-owned employer firms that a sector makes up and the share of all employer firms that it makes up. ASWMRS = administrative and support and waste management and remediation services. “Net change in jobs” is the 12-month, seasonally adjusted change in employment as of November 2020.

FIGURE 2

Relationship between Sectors' Representation among Immigrant-Owned Employer Firms and Jobs Lost



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Source: Authors' analysis of 2018 Annual Business Survey data and "Graphics for Economic News Releases: Employment by Industry, Monthly Changes," US Bureau of Labor Statistics, November 2020.

Notes: "Under/overrepresentation of sector among immigrant-owned businesses" is the difference between the share of immigrant-owned employer firms a sector makes up and the share of all employer firms that it makes up. ASWMRS = administrative and support and waste management and remediation services. "Net change in jobs" is the 12-month, seasonally adjusted change in employment as of November 2020.

Our interviews with entrepreneurs illustrate the challenges that small-business owners faced and continue to face because of the pandemic. In August and September 2020, we spoke with 11 small-business owners who had participated in the support programs of four of the five CBOs examined in this study. This group is made up of entrepreneurs tapping into the food services (8 out of 11), manufacturing, and professional services sectors. The pandemic affected all 11 entrepreneurs in some way and through different mechanisms. In most cases, entrepreneurs had to close their brick-and-

mortar locations (and later, after reopening, they had to operate at reduced patron capacity). Others saw their distribution channels obstructed. One entrepreneur relied on day care providers to sell her products, another sold most of her products at farmers' markets, and one could only offer her professional services in person. Reduced demand was an additional challenge experienced by all the entrepreneurs. "I've had one of my biggest clients not calling me back since February," one entrepreneur said. These findings are consistent with quantitative research findings that people with high incomes reduced their spending sharply in mid-March 2020, particularly in areas with high rates of COVID-19 infection and in sectors that require in-person interaction (Chetty et al. 2020).

To maintain a revenue stream, some businesses in the food services sector provided curbside pickup to customers or used delivery platforms. But some entrepreneurs said delivery was not feasible for them because the commissions that the platforms charge are too high. "I'm thinking about using a third-party delivery service, but they take a lot of the cut," one entrepreneur said. Because many food service businesses operate with lower margins, the 30 percent that the delivery platform takes from every order can be prohibitive.⁸ Furthermore, frequent changes to locally mandated capacity limitations at restaurants and cafes have hurt businesses in this sector.

My product is new to the American palate, so I relied a lot on giving out free samples. COVID has made that impossible.
—Small-business owner

Finally, businesses without brick-and-mortar locations or established commercialization channels (as are many start-ups) may rely on social gatherings to sell their products or offer their services (e.g., caterers or companies that sell their products at parties). They have all lost revenue because of the pandemic.

My business is a service that is contingent on people being able to get together—I don't sell any products. No day-to-day chance of revenues.
—Small-business owner

Among our small sample of interviewed entrepreneurs, revenue losses during the pandemic's worst moments ranged from 100 to 60 percent. The CBO staff members interviewed for this study reported that their networks of supported entrepreneurs experienced similar losses. Many small businesses in the Franklin neighborhood in Sacramento have reportedly closed permanently. In Portland, small businesses saw their sales fall 75 to 90 percent. In San Francisco, 70 percent of businesses involved with La Cocina lost 100 percent of their income. Among NALCAB's network of organizations, 70 percent of CBOs reported closures of small businesses among their organization's clientele (NALCAB 2020).

Data from the US Census Bureau's Small Business Pulse Survey reveal that in the last week of April 2020—the first week for which data exist—74 percent of small businesses reported a decrease in revenue compared with the previous week, and 27 percent reported a decrease in their number of employees. Similarly, 41 percent of small businesses reported being closed for that week. By the first week of December 2020, 39 percent of businesses reported a decrease in revenue compared with the previous week, 12 percent reported a decrease in employees, and 4 percent were temporarily closed.⁹

Although the pandemic has affected all businesses, the ability to recover has varied. One of the businesses whose owner we spoke with had closed indefinitely, while another had returned to 85 percent of its regular revenue levels. In our small sample of businesses, those that had brick-and-mortar locations, had employees beyond the owner, and had been operating for several years were likely to recover their regular revenue levels faster than smaller and younger businesses.

Assistance from Federal Support Programs for the Firms with the Greatest Needs Has Been Limited

The federal Paycheck Protection Program (PPP), which was created through the CARES (Coronavirus Aid, Relief, and Economic Security) Act in March 2020, has been the main stimulus initiative for small businesses during the pandemic. It offered low-interest loans to small businesses and nonprofits that would be forgiven if the borrower maintained or restored full-time jobs and salary levels. The program has been criticized as inadequate for the most vulnerable businesses,¹⁰ many of which are owned by people of color. By relying primarily on banks for distribution¹¹ and without requirements to evaluate need or financial distress among applicants, the program may have prioritized white-owned businesses and firms in high-income areas, in part because of the concentration of banks in higher-income areas.¹² The PPP's precondition that applicants have a relationship with a lender meant Black- and Latino-owned businesses were slower to access PPP funds (Liu and Parilla 2020b).

Even after its rules were adjusted, the PPP has been challenging for some small businesses, notably those in the food services sector. To have their loans forgiven, business owners must use the money in a set time frame, and at least 60 percent of funds must go toward payroll expenses. In the restaurant industry, however, the uncertainty surrounding shutdowns and limitations on patron capacity have made committing to maintaining or rehiring staff difficult for small-business owners.

Only 1 of the 11 owners we interviewed secured a PPP loan, in part because of the support of the CBO it works with. When asked about the PPP, entrepreneurs mentioned that they did not qualify because of their immigration status, because they were not incorporated, or because they did not have employees. In a different study, immigrant-serving organizations have reported that some immigrants are avoiding the PPP because of concerns about their immigration status. Some of these concerns may stem from the latest version of the public charge rule, which expands the criteria on which applicants may be denied admission to and residency in the US for having received public benefits or being deemed likely to receive public benefits in the future (Bernstein et al. 2020). Other entrepreneurs were unaware of PPP. If the entrepreneurs do not have a taxpayer identification number or a Social Security number, a requirement of the program, the CBOs might not have contacted them about PPP or referred them to it.

Three entrepreneurs said they preferred not to incur debt. One of the business owners thought her aversion to debt might have cultural roots: “Maybe there’s something cultural, I have to admit. My parents in Mexico would always say about credit cards, ‘If you don’t have it, don’t spend it.’ That has stuck with me, even today as a business owner.” Finally, a staff member at one CBO mentioned that the small businesses with which the organization often works pay employees with cash or do not have adequate bookkeeping; this makes preparing a successful PPP (or any other loan) application more difficult.

As a small business, I hesitate a lot to seek a loan, including the PPP. Nobody knew at the beginning how it would play out. In my case, since I was self-employed last year, it wasn’t clear to me how it would work out.

—Small-business owner

Other federal relief initiatives for small businesses included the Economic Injury Disaster Loans, tax incentives such as employee retention credit, debt relief from the US Small Business Administration, Small Business Administration Express Bridge Loans, tax credits to provide small-business employees

with paid leave, and expanded unemployment assistance that is available for business owners and self-employed workers who are usually not eligible for unemployment insurance benefits.¹³ The CARES Act also included Community Development Block Grant funds for city and state governments, and some governments used that money for microenterprise or small-business assistance programs.

State, local, and private efforts were also established. In our sample, one entrepreneur received a small grant through the local Hispanic chamber of commerce that she used to pay a month's rent for her office after bringing in almost no revenue the previous month. A restaurateur took advantage of a California program that allowed small businesses to create a payment plan for paying their sales and use taxes.¹⁴ A business owner in Oregon received a \$500 grant from the state. In all these cases, the CBOs that work with the entrepreneurs helped or guided them to these benefits. And three entrepreneurs received small grants directly from the CBOs. In the next section, we explore how CBOs are supporting small businesses in more detail.

A Look at Community-Based Organizations Supporting Latino and Immigrant Entrepreneurs

The diverse set of challenges that small businesses owned by Latinos and immigrants must overcome to survive and thrive (and which the pandemic has made even more evident) results in inequities in who benefits and builds wealth from business ownership. These challenges are also reflected in geographic inequities, with investment and access to capital often concentrated in central business districts and neighborhoods of greater affluence. These challenges and inequities have led to an increase in public programs, nonprofit organizations, and community leaders working to help small and underserved entrepreneurs (Theodos and González 2019). The landscape of public and nonprofit support organizations includes business (or entrepreneur) service organizations, small business development centers, chambers of commerce, community development corporations, and community development financial institutions, but the specific constellation of support institutions varies across localities. NALCAB leads a network of more than 120 organizations that work mainly with low-income Latino and immigrant communities across the US.

NALCAB's members seek to improve conditions and provide opportunity for Latino and immigrant entrepreneurs and other entrepreneurs of color through a myriad of tools and initiatives: connecting entrepreneurs with capital, offering affordable debt products, advocating for better policies, providing technical assistance, or investing in the businesses themselves. This range of activities is designed to respond to limitations in federal support to address the persistent inequities in entrepreneurship.

Although a dedicated agency exists within the US Department of Commerce—the Minority Business Development Agency—critics have said it is limited by weak authority and insufficient funding.¹⁵

How do CBOs support Latino and immigrant entrepreneurs? In the following sections, we provide five examples of organizations that support underserved small businesses, detail their activities, and discuss how they responded to the challenges presented by the COVID-19 pandemic.

Community-Based Organizations Driven by Equitable Development

In this section, we describe Conexión Américas, Franklin Neighborhood Development Corporation, Hacienda Community Development Corporation, La Cocina, and Mandela Partners—the awardees of the NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program, managed by NALCAB. They are part of a national cohort of more than 20 organizations in 14 states where NALCAB is engaged to build capacity and advance local equitable development practice and policies.

CONEXIÓN AMÉRICAS (CONEXIÓN)

Conexión Américas is a nonprofit organization anchored in Southeast Nashville’s Nolensville Pike commercial corridor, where Latino and Kurdish immigrants make up most of the population. Conexión was founded in 2002 to create more opportunities for newer immigrant residents. Their primary clients are Spanish-speaking and Kurdish low-wealth entrepreneurs who run restaurants, food markets, and retail businesses. Conexión has helped more than 8,000 individuals and families start businesses, pay taxes, learn and improve their English, and prepare children for school and college.

Conexión offers the program *Negocio Próspero* (“successful business”), a microenterprise development. The program is conducted at Casa Azafrán, where Conexión is housed along with other nonprofit partners. It includes an affordable meeting and event space, as well as Conexión’s shared commercial kitchen, *Mesa Komal*, which is available to eligible entrepreneurs in the catering or food-truck businesses, farmers’ market vendors, and retail and wholesale manufacturers.¹⁶ In addition, Conexión is working on “*Envision Nolensville Pike II: Recommendations for Achieving Inclusive Development*,” a plan in partnership with Transportation for America to identify priorities, advocate for the creation of a Nolensville Pike Business Alliance, and promote inclusive community development. In 2019, 69 entrepreneurs graduated from *Negocio Próspero*; of those, 8 expanded their businesses, and 4 created new businesses. In the same year, 22 entrepreneurs used *Mesa Komal*; half went on to create their own businesses (Conexión Américas 2020).

FRANKLIN NEIGHBORHOOD DEVELOPMENT CORPORATION

The Franklin Neighborhood Development Corporation (Franklin NDC) was established in 2016 as a community development arm of the Franklin Boulevard Business District in Sacramento, California. Franklin NDC is based in the city's Latino business corridor, a working-class neighborhood that has historically served as a "port of entry" for immigrant families. Franklin NDC's goal has been to spearhead equitable neighborhood development and today serves more than 600 businesses in the Franklin district, which is primarily made up of multigenerational businesses and immigrant entrepreneurs.

Franklin NDC offers the Micro-Enterprise Program, an eight-week course in Spanish that was designed for start-up and growing small businesses and covers topics such as business plans, finances, taxes, licensing, and marketing. Thirty entrepreneurs graduated from the program in 2019. Franklin NDC is also developing the Sacramento Mercado, modeled on the Portland Mercado in Oregon, to offer a commissary kitchen for small-business owners. Finally, it has developed a "playbook" that highlights "a variety of strategies and actions for improving the environment, economy, and livability of the Franklin neighborhood" and the "Complete Streets Master Plan for Franklin Boulevard" that covers mobility, safety, access, parking, and street and landscape priorities for the corridor.¹⁷

HACIENDA COMMUNITY DEVELOPMENT CORPORATION

Hacienda Community Development Corporation (Hacienda) was formed in 1986 in Northeast Portland's Cully neighborhood with the goal of providing housing and support services in a low-income, predominantly Latino community. Its primary clients are Latino immigrants and aspiring entrepreneurs. Hacienda provides stable homes for more than 1,500 people each year by managing nine low-income properties around the Portland area. It also offers loans, after-school programming for young people, and interventions to support homeowners at risk of foreclosure.

For more than a decade, Hacienda's programs have included entrepreneurship support. The Mercado Empresarios program, which launched in 2009, helps entrepreneurs start and grow microenterprises through personalized technical assistance. The Bilingual Business Boot Camp is a three-week course that teaches aspiring entrepreneurs, especially women and entrepreneurs of color, about the basics of starting a business in Portland. The well-known centerpiece of Hacienda's small-business technical assistance is the Portland Mercado. Owned and operated by Hacienda, the Portland Mercado is a small-business incubator and sliding-scale commercial kitchen and has become a hub for Latino food, culture, and entrepreneurship. Established in 2015, it offers an incubation space for Hacienda's Empresarios. The Mercado Empresarios community is designed to be more than its physical space. It is an entrepreneurial ecosystem of more than 120 small businesses, ranging from brick-and-

mortar tenants of the Mercado, independent food entrepreneurs, and long-term business-advising clients. In 2019, 60 entrepreneurs received one-on-one advising through Empresarios, 50 entrepreneurs graduated from the Bilingual Business Boot Camp, and 92 entrepreneurs used Portland Mercado's commissary kitchen. Overall, Hacienda estimates that it had a \$4.5 million economic impact in 2019 through sales, kitchen use, and local events (Hacienda Community Development Corporation 2020).

LA COCINA

Launched in 2005 in San Francisco, La Cocina is a nonprofit organization that has focused exclusively on small-business incubation. La Cocina's mission is to help entrepreneurs who have historically had limited access to capital gain financial security. To accomplish its mission, La Cocina cultivates talented food entrepreneurs with low incomes as they formalize and expand their businesses by providing them with affordable commercial kitchen space, industry-specific technical assistance, and access to market opportunities. La Cocina's clients are primarily women of color and immigrant women with low incomes. Many are skilled cooks who have traditionally had relatively few opportunities in the formal job market, including in the formal food service sector.

La Cocina runs an incubator program at its shared commercial kitchen in the Mission District. In 2019, it provided support to more than 40 businesses through that program and to 33 restaurants owned by La Cocina graduates. These graduates have created more than 250 jobs and generated more than \$16 million in annual revenue. In 2019, La Cocina also launched three women chefs into new brick-and-mortar locations.

In the past few years, La Cocina has developed the Municipal Marketplace in the Tenderloin neighborhood; it will be the country's first women-led food hall. Seven entrepreneurs have been selected to occupy the food hall and have received assistance to incubate their businesses.¹⁸ The marketplace is an affordable brick-and-mortar space in San Francisco's expensive real estate market. La Cocina hopes the marketplace will help increase equity in business ownership by distributing the cost of maintenance across tenants and therefore reducing the burden of rent and utilities. La Cocina also envisions the marketplace as a public space that brings the Tenderloin community together and offers healthy, culturally diverse, and affordable meals to its residents.

MANDELA PARTNERS

Mandela Partners was incorporated in 2004 in Oakland, California, as a nonprofit community development corporation to create wealth and build assets through community-owned food enterprises in low-income areas. Its work is guided by the Equitable Food Oriented Development

strategy, which uses food and agriculture to create economic opportunities and healthy neighborhoods. This is accomplished by sourcing food from sustainable family farms, creating accessible and affordable healthy food access points, supporting local food business creation and expansion, and increasing capital for entrepreneurs of color.

Mandela's business development initiatives include the Mandela Entrepreneurs Program, which includes a workshop series and one-on-one advising for underserved entrepreneurs looking for ways to start or expand their businesses; the Business Incubation Program, which supports the launch, growth, and long-term sustainability of locally owned food-based businesses; Community Capital, which offers low- and no-cost loans; and the Re-Generate Opportunity Program, which provides food-based job training.¹⁹ Mandela reported that all participants in the Entrepreneurs Program identified as business owners after graduation and that seven community businesses were created or expanded in 2019 thanks to the program. Through Community Capital, Mandela Partners has disbursed \$417,000 in loans, with a 100 percent repayment rate (Mandela Partners, n.d.).

Lines of Support for Small Businesses Owned by Latino and Immigrant Entrepreneurs

In this section, we explore the main lines of support that these five organizations offer to underserved entrepreneurs, as well as the impact reported by the small-business owners who have participated in these initiatives.

BUSINESS DEVELOPMENT COURSES

Four of the five organizations we studied offer formal business development courses: Conexión (Negocio Próspero), Franklin NDC (Micro-Enterprise Program), Hacienda (Bilingual Business Boot Camp), and Mandela (Entrepreneurs Program workshop series). Their courses are three- to nine-week programs that cover topics such as product development, business planning, licensing, insurance, accounting and taxes, marketing, and sales channels. In most cases, courses are offered in English and Spanish. La Cocina offers most of this training to entrepreneurs participating in its incubation program after an application and interview process.

Nine of the eleven entrepreneurs we spoke with had no experience or background in business before engaging with their respective CBO. As our conversations revealed, these courses were considered pivotal starting points for entrepreneurs to translate ideas into a business, whether they were drawn to entrepreneurship because of need or opportunity. One entrepreneur said: "I had many ideas, but something was missing. [The CBO] is the ingredient that was missing. Their program helped

me organize my ideas, define a business name, and profile and target clientele.” Business development curricula is valuable not only to start-ups. Another business owner said: “I have had my business for many years, and it was not until I started working with [the CBO] and taking their courses that I learned how disorganized I was. I began the process to formalize and regularize my business thanks to them.”

Entrepreneurs who complete the coursework and move forward with their business idea continue to receive support and technical assistance from grantees, as discussed below.

BUSINESS INCUBATION AND TECHNICAL ASSISTANCE

Business incubation is a program of dedicated support for start-up companies through services such as management training and the provision of free or affordable work spaces to rent. Hacienda’s Empresarios program, Mandela’s Entrepreneurs Program, Conexión’s culinary incubator at Mesa Komal, and La Cocina’s incubator program are the formal incubator programs among the reviewed organizations. Franklin NDC’s Sacramento Mercado will be an incubator for new food businesses. The five CBOs’ incubation and TA services include one-on-one assistance with incorporating businesses, accessing capital—either through loans or grants—obtaining permits, packaging, marketing, and connecting with retailers.

Our interviews revealed that business incubation and technical assistance were considered the most valuable components of the support provided to entrepreneurs and the key tools for overcoming the most common barriers to entry that start-ups face, including accessing distribution channels, understanding regulations, meeting capital requirements, and developing a technical knowledge base. According to the entrepreneurs and staff members from the CBOs, some of these barriers are heightened for immigrants because of language constraints, a lack of familiarity with the US legal or regulatory system, and immigration status. However, the needs of small-business owners in low-wealth areas go beyond knowledge and acumen. They also need expensive services such as legal and accounting services that incubation programs often provide. One entrepreneur explained, for example, that “small businesses need more support with legal matters—paying \$500 to a lawyer just to draft a contract puts me on the edge.” Another business owner said, “Just having to use Quickbooks [a widely used accounting software package] is very expensive, considering what my business makes in profits.”

One immigrant entrepreneur’s story illustrates the relevance of business incubation and TA. The entrepreneur graduated from a course offered by one of the CBOs and started a food-truck business with continued support from the organization. The entrepreneur soon identified that the business’s drinks were popular and decided to focus on packaging the drinks and selling them at stores. With the CBO, the business owner identified some regulatory constraints related to packaged beverages. The

organization in turn identified a specialized course on commercial packaging being offered at the local community college and paid the tuition for the entrepreneur. The business owner applied the information from the training, and the business's beverages are now sold in stores across the city.

FOOD HALLS

Food halls are spaces where independent vendors sell prepared food and food retail products from stalls. Hacienda's Portland Mercado, Franklin NDC's future Sacramento Mercado, and La Cocina's future Municipal Marketplace are examples of food halls. They bring together entrepreneurs that lack the capital to open their own retail locations and create a community space that contributes to the local economy.

Hacienda's Portland Mercado has become an important reference for other organizations (beyond the five we explore in this report). Modeled after the Portland example, Sacramento Mercado will serve as an incubator space targeted to Latino entrepreneurs at 30 to 80 percent of the area median income (Franklin Neighborhood Development Corporation, n.d.). La Cocina's Municipal Marketplace seeks to support not only entrepreneurs but also the surrounding community, through employment and healthy and affordable meals and by serving as an inclusive community space with culturally relevant programming.²⁰

Small businesses reported that food halls are a great way for start-ups to enter the industry because being able to pay rent and to secure a lease are major barriers. As one entrepreneur mentioned, "The food industry is a tough field to get into—it requires a lot of investment up front." Participation in a larger marketplace also helps small businesses access broader consumer channels.

COMMISSARY KITCHENS

Commissary kitchens—shared commercial kitchens that in some cases are part of food halls—provide essential help to food start-ups that lack the capital to develop a brick-and-mortar kitchen of their own. Conexión's Mesa Komal, Hacienda's Portland Mercado, Franklin NDC's Sacramento Mercado, and La Cocina's Municipal Marketplace run or will run commissary kitchens that provide food entrepreneurs with an affordable and professionally equipped space to operate. Cottage food regulations, which prohibit food from being produced at home for commercial purposes above a certain volume, make these spaces pivotal for underserved entrepreneurs.²¹ In addition to highlighting the tangible benefits that commissary kitchens offer, food entrepreneurs pointed to the peer network that is gained by working in a community kitchen: "Even just being in [the CBO] kitchen has been a blessing because of the peer network." An immigrant entrepreneur who wanted to be part of a larger community after

arriving in the US said he found that in the CBO's commissary kitchen. "Participating in a food community through [the CBO], we have access to resources and support that a low-capital immigrant entrepreneur would otherwise not have," the entrepreneur said.

OTHER SUPPORT INITIATIVES

Retailer connections. Hacienda's Bridges pilot program, developed in collaboration with Built Oregon, seeks to bring awareness and opportunity to underrepresented consumer product companies through retail partnerships. The idea is to provide retail experience, feedback, and exposure. The sessions are an opportunity for entrepreneurs to improve their products and expand their commercial channels. The interviewees who participated in this program received feedback on informational and nutrition fact tags, as well as the packaging of liquids and beverages. Currently, the products of 13 businesses are on retail shelves thanks to the program. Similarly, La Cocina owns a store on San Francisco's Pier 70 (a business district) where products from the businesses that are part of La Cocina's incubation program are showcased and sold.

Food truck rentals. Franklin NDC has a small fleet of food trucks that entrepreneurs who have participated in its Micro-Enterprise Program can rent. We spoke with three entrepreneurs who have used or expressed interest in a food truck, and they all referred to this as a temporary step toward a more established business project.

Individual development accounts. Hacienda offers these accounts to entrepreneurs who participate in its programs. Clients save for a defined goal and receive support and business development training from partners. When clients reach their savings goal, their savings are matched through the Oregon IDA Initiative.

Patronage. All grantees support businesses enrolled in their programs through direct patronage and referrals. Conexión's Casa Azafrán serves as an event space, and the businesses that the organization incubates often cater events held there. For businesses that are in the incubation program and have a brick-and-mortar location, Conexión staff members regularly bring guests or conduct meetings there. Similarly, an entrepreneur working with Franklin NDC said it was hired to plan and execute the graduation event for the CBO's Micro-Enterprise Program.

Affordable loans. Mandela provides low- and no-cost financial tools, along with technical assistance, to locally owned businesses. The \$417,000 in loans the organization has disbursed have gone to food retailers, value-added producers that take raw agricultural products into a lightly processed product that brings in a higher consumer price, local growers and distributors, and underresourced farmers.

Mandela also endorses microloans for community entrepreneurs across a network of online lenders.²² While not a direct lender, La Cocina has partnerships with financial institutions to increase the creditworthiness of businesses that receive its TA.

Pandemic-Specific Efforts

Where they are active, CBOs in NALCAB's network can quickly identify families and entrepreneurs with low incomes during a crisis. As such, they have been front and center during the pandemic, supporting and guiding small entrepreneurs as they try to stay afloat. The pandemic-specific efforts that the five organizations we studied have undertaken illustrate how the ecosystem of CBOs that are supporting underserved entrepreneurs of color has responded to the crisis on behalf of business owners.

- **La Cocina** initially worked to help entrepreneurs whose businesses were largely dependent on the Municipal Marketplace secure rent abatement through lease negotiations after the pandemic delayed the food hall's opening. Since March 2020, La Cocina has also waived the fees it charges to businesses that rent its commercial kitchen space. In addition, La Cocina is advocating for debt forgiveness and deferral for all business loans. And it launched an emergency relief fund from which more than \$750,000 has been distributed directly.²³ La Cocina also remains focused on creating access to market opportunities. In March 2020, it started the Community Food Box program as an alternative source of income for businesses. The boxes feature retail food products made by La Cocina-born businesses that consumers can purchase (and then pick up or have delivered). The program has generated more than \$400,000 in income across the 59 participating businesses. In addition, La Cocina has invested in securing opportunities for businesses through food security partnerships, under which entrepreneurs provide meals for organizations that then distribute them to people who are food insecure. These types of partnerships have delivered more than \$1 million in sales to La Cocina participants.
- **Conexión Américas** has offered microgrants for flexible uses to small businesses in its network and has helped them secure PPP loans.
- **Mandela Partners** has reportedly doubled down on its entrepreneurship support programs. It implemented an emergency meal distribution program to support food businesses (similar to La Cocina's Community Food Box program). Mandela also distributed more than 1,000 produce boxes and meals weekly, which led to more than \$20,000 in additional monthly revenue for underresourced farmers. It also continues to offer the Entrepreneurs Program virtually with an emphasis on online marketing and e-commerce.

- **Franklin NDC** has helped entrepreneurs access PPP and other loans, coached entrepreneurs as they negotiate with landlords for rent deferrals, and distributed personal protective equipment to businesses in its network.
- **Hacienda CDC** has worked with entrepreneurs as they revised their business plans to incorporate online ordering and takeout. In addition, Hacienda helped businesses apply for grants and loans, secured \$75,000 in funding to disburse to business owners, hosted a workshop called Cares Act Para Pequeños Negocios (“Cares Act for Small Businesses” in Spanish), and leveraged a grant to offer an 80 percent discount on rent at Portland Mercado from April through July 2020.

Small-business owners reported that some of the most consequential assistance they received was TA on shifting their business models. Specifically, CBOs provided TA to businesses on how to adjust to lockdown measures, particularly through the use of food delivery apps.

Hacienda, La Cocina, Franklin NDC, and Conexión also added pages to their websites that provided information about resources such as food pantries, recovery grants, small-business loans, and unemployment insurance. The pages also provided updates on pandemic-specific policies like eviction moratoriums and links to business advocacy organizations that can provide additional support.

NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program

We have outlined how CBOs that support underserved entrepreneurs are essential to improving economic opportunities for vulnerable communities through business ownership. However, the CBOs themselves need support. The range of topics and issues they address when working with entrepreneurs is wide, and they can often be stretched thin. Many of these organizations have limited resources and rely heavily on grants to conduct their work (McClelland, Brabson, and Banzon 2016).

NALCAB’s mission is to strengthen the economy by advancing economic mobility in Latino communities. In this context, NALCAB helps build the capacity of nonprofit organizations and government agencies to continue and improve their investment in low-wealth communities, open access to capital to unlock the economic potential of underserved markets, and influence the domestic economic agenda in pursuit of more equitable conditions for all people.²⁴ NALCAB pursues this mission through multiple lines of work: public policy, impact investing, and capacity building. Within the latter, it has developed a program to advance equitable neighborhood development; the program focuses on

building and maintaining neighborhoods through a development process that is community-driven and responsive to the needs and aspirations of all community members, especially the most vulnerable. NALCAB shapes the field through capacity building and technical assistance, training, direct investment and research, data analysis, and mapping. The NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program is an example of the initiatives within their equitable neighborhood development practice. Although the program is not targeted to benefit only Latino or immigrant entrepreneurs, the organizations that received grants through the program focus their work on areas with high concentrations of Latino and immigrant households.

The five CBOs participating in the program are a subset of organizations in a portfolio of grantees funded with philanthropic dollars. In addition to the support NALCAB has received from the W.K. Kellogg Foundation, it has pooled resources from the JPMorgan Chase Foundation, the US Department of Housing and Urban Development, and the Prudential Foundation into a total of \$4 million to operate its equitable neighborhood development program. NALCAB has provided more than \$600,000 in equitable neighborhood development grants to more than 25 CBOs, five of which are studied in this report.²⁵ As part of its equitable neighborhood development program, NALCAB also developed a two-and-a-half-day course that staff members have given at NALCAB's last four annual national trainings. In addition, NALCAB developed an initial methodology for analyzing neighborhood change that provides a framework for anticipating gentrification. NALCAB incorporated framing essays, practical analytical tools, and best practice descriptions into its *Guide for Equitable Neighborhood Development* (NALCAB 2018).

Program Overview

In fall 2018, NALCAB received a \$1 million grant from the W.K. Kellogg Foundation to scale up its efforts to support place-based economic development in Latino and immigrant communities through investment in neighborhood-based organizations. NALCAB released a request for proposals in December of that year to select program participants that would receive a \$40,000 grant and technical assistance for one year. NALCAB selected five organizations, and the grant period started in January 2019.

The program is centered around the development of an action plan that articulates a CBO's long-term vision for equitable development by identifying goals, needs, opportunities, actionable strategies to achieve those goals, and evaluation metrics to be tracked. The action plan development is informed by an analysis and mapping of data on neighborhood changes, with a focus on identifying potential gentrification trends. Table 2 summarizes key strategies that were highlighted through each grantee's action plan.

TABLE 2

Key Strategies in Action Plans of Five Grantees in the Building Equitable Communities through Place-Based Investment Program

Organization	Summary of Projects and Strategies
Conexión Américas <i>Nashville, TN</i>	<ul style="list-style-type: none"> ■ Ensure that immigrant and refugee business owners are informed, civically engaged, and supported by local and state governments in the development process ■ Organize, train, and empower small-business owners to engage in local planning and policymaking processes ■ Advocate for new public policies and programs to subsidize commercial rents ■ Create new sales opportunities for small businesses ■ Preserve affordable commercial space ■ Improve transportation and pedestrian safety infrastructure
Franklin Neighborhood Development Corporation <i>Sacramento, CA</i>	<ul style="list-style-type: none"> ■ Create a playbook that outlines strategies for improving housing, transportation, the environment, and economic opportunities in the Franklin district ■ Provide succession and transition planning to business owners who are considering retirement or closing ■ Target and recruit new businesses to fill spaces being vacated by closing businesses ■ Explore the possibility of buying key commercial locations to maintain community control and affordability ■ Attract new customers to the area through cultural events, arts, and music
Hacienda Community Development Corporation <i>Portland, OR</i>	<ul style="list-style-type: none"> ■ Develop an 18-month Portland Mercado Cocina Certificate program for prospective entrepreneurs ■ Build out the Mercado Empresarios program, a holistic approach to business development that includes affordable production/retail spaces paired with long-term technical assistance to help businesses thrive in a competitive local business landscape ■ Leverage the Portland Mercado to connect entrepreneurs to new sales opportunities and remove language and product-quality barriers to business growth ■ Expand technical assistance and training services outside Portland to serve Latino communities
La Cocina <i>San Francisco</i>	<ul style="list-style-type: none"> ■ Build a small-business marketplace as a community-led economic engine ■ Provide below-market rent to seven food-service businesses owned by low-income women with industry-specific technical assistance to help them thrive ■ Leverage the marketplace to create a safe, accessible space for Tenderloin residents; create local employment opportunities; provide residents with access to healthy and affordable food
Mandela Partners <i>Oakland, CA</i>	<ul style="list-style-type: none"> ■ Build organizational understanding of small-business technical and financial needs ■ Create a pipeline of businesses eligible to receive on-site training and technical assistance that can subsequently access vending opportunities facilitated by Mandela Partners ■ Create and facilitate access to low-cost financial resources ■ Advocate for the county government to design and implement a permitting system to legalize the sale of home-cooked food

Source: Action plans of grantees in the NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program.

The \$40,000 grants from NALCAB to the five CBOs were for flexible uses that helped them develop these plans. The funds were expected to help grantees cover costs for programming that was missing and to allow organizations to make incremental enhancements—for example, by improving curricula.

The program also incorporated training, through one-on-one TA and webinars. NALCAB offered TA to grantees in the following areas: development of grant proposals, market management best practices, community programming planning, business and commercial district development, entrepreneurship curriculum development, and policy and advocacy. Additionally, the program was expected to serve as the foundation for a community of practice for peer-to-peer support.

Technical assistance around political processes to develop a policy agenda was a major focus of the grant. NALCAB's overall goal with policy TA was to make sure each grantee organization could identify municipal policies they wanted to advocate for on behalf of their communities. Each grantee organization had an initial needs assessment call with a NALCAB staff member to explore the unique policy landscapes of their jurisdictions. Each grantee received a “policy landscape profile” about the people in charge of policy locally and how to navigate legislative logistics, such as legislative calendars and budget rules.

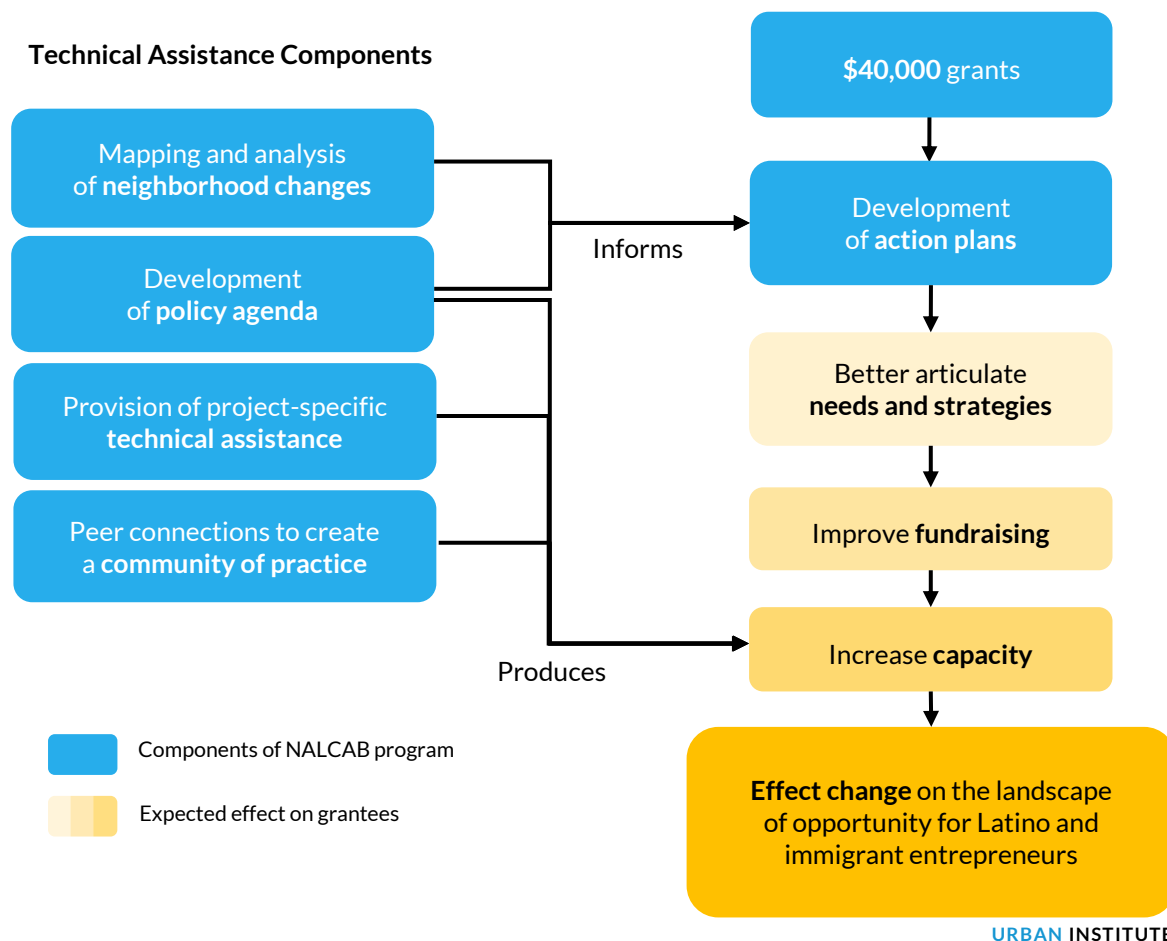
After this initial step, a consultant partner guided organizations through the policy component of their action plans. Together, the consultant and the NALCAB policy lead provided one-on-one technical assistance on areas that range from accessing government-sponsored pandemic relief funds to creating new business resilience strategies. All grantee organizations participated in monthly calls and three webinars hosted by NALCAB. One webinar focused on understanding local policies, another focused on pandemic-related supports (Community Development Block Grants and PPP loans), and the third focused on preparing for NALCAB's annual advocacy day in Washington, DC. The event is organized to push for resources for low-wealth communities; however, in 2020, it had to be postponed and held virtually because of COVID-19.

Each grantee had a project lead from NALCAB who served as the primary point of contact. The project leads monitored the needs and goals of their respective grantees, helped the CBOs reach their goals, listened for TA needs, and conveyed information and updates back to NALCAB. One associate director for policy worked across all five organizations, and one analyst supported grantees with data-mapping tools and analysis. The program was also supported by five consultant partners.

Figure 3 illustrates how the program components work together and the expected results for grantees.

FIGURE 3

Structure of Building Equitable Communities through Place-Based Investment Program



Source: Key informant interviews.

Note: NALCAB = National Association for Latino Community Asset Builders.

Results and Lessons Learned

What did the grant program accomplish, and how can TA providers best support CBOs? Here, we draw lessons from our review of the NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program.

ACTION PLANS HELP ORGANIZATIONS SET STRATEGIES FOR THE LONG TERM BUT CAN HAVE NEAR-TERM BENEFITS

Across the board, action plans were considered the most consequential and useful component of the program. Each document included an analysis of the CBO’s neighborhood; the CBO’s vision for the

community; the goals, strategies, and actions needed to achieve this vision; and success metrics and a timeline.

All grantees mentioned that they expected to use the document for both internal communications and external outreach and that they planned to commit to the articulated goals. Among the comments that grantees made about the action plans were: “this was a great way to put abstract ideas into a coherent, actionable document”; “it has been a great way to stay grounded in a long-term vision while dealing with an immediate crisis”; “it was a deeply reflective process”; and “it pushed us to put our ideas on paper and especially think about the community aspects of our neighborhood.” All five organizations shared that they expected the action plans to bring benefits in the future but that the development process was itself beneficial.

Grantees highlighted the value of the neighborhood change data analysis and mapping component. One grantee explained that it did not have the capacity or the funding to produce the maps that NALCAB provided: “They pulled out data on issued permits, which allowed us to see for the first time the density increase in our corridor. It’s incredibly helpful.” Another grantee said: “When I saw the maps, I was like, ‘Wait—that exists?’ It’s what we’ve been seeing on the ground all this time, but now it’s on a map we can present. We took our time as staff to look at these and really process what they were telling us.”

One grantee questioned whether the action plans would be relevant in a post-pandemic world. “What pieces of the action plan will be evergreen, and what pieces will be outdated because of the pandemic?” they asked. Some aspects of the context in which these CBOs were operating will not be the same. An example of this is the expected downturn in the commercial real estate market, particularly for office space.²⁶ This change will likely affect the long-term needs of entrepreneurs in the food industry whose businesses depend on office workers for patronization. Some steps and timelines in the action plans will likely need to be modified after the CBOs pivot their activities to support families and entrepreneurs during the pandemic.

COMMUNITY-BASED ORGANIZATIONS NEED FLEXIBLE GRANT MONEY

As mentioned earlier, CBO budgets are often thin, leaving little funding for planning efforts. This is the main gap that the NALCAB-Kellogg grant sought to cover. All five grantees used their \$40,000 to cover staff time, including time spent fulfilling the program’s requirements (e.g., calls with NALCAB and TA providers, webinars, action plan development). The grant money also helped some CBOs cover expenses related to strategies to enhance their programming, such as marketing materials, travel, sensitivity trainings, and graphic design. A staff member of one CBO said, “The grant money has given us

flexibility considering our funding structure in which each labor hour needs to be followed by a certain amount of output or charged to some client.”

Although the grant was not intended to cover the full costs of strategies or programming, two of the five grantees shared that they had to complement the grant money with other funds to conduct the work they initially thought they could cover with the \$40,000. “The grant was actually not that large relative to other grant programs,” a staff member from one of the grantees said. “We were hoping to be able to fund [a small project] too, but we figured it wouldn’t be sufficient.” For these two CBOs, most of the grant funding was used to cover staff time for activities related to the Kellogg-NALCAB program, without enough funds left over for other uses.

PEER CONNECTIONS ARE HIGHLY VALUED BUT DO NOT DEVELOP SPONTANEOUSLY FOR ALL ORGANIZATIONS

All grantees said that understanding the equitable and small-business development work that peer organizations were doing was valuable and welcomed more opportunities to share experiences with peers. NALCAB’s network, beyond the five grantees, was seen as a great asset in this regard. Both La Cocina and Franklin NDC, which are developing food halls similar to Portland Mercado, strengthened ties with Hacienda and learned from its five-year experience running the Portland marketplace for small food entrepreneurs. La Cocina and Franklin NDC commented that they had connected with Hacienda outside of program activities. This is an example of the kind of linkages that NALCAB had hoped would be made.

One CBO expressed interest in connecting with similar organizations across the country that had broadened their focus to support immigrant and refugee entrepreneurs. However, the CBO felt that the cohort did not provide as many learning opportunities as it wanted. The organization reported that through the webinars, CBOs did learn about organizations and useful case studies outside the program cohort that better met their interests. Another CBO said that it was unclear how much responsibility the CBOs were supposed to take for making peer-to-peer connections and how much NALCAB was supposed to facilitate those connections. A staff member from the CBO said: “I would have liked more peer-to-peer opportunities. I don’t really think that was facilitated. I don’t know if that was something we should have done on our own. Through the in-person NALCAB training that we had, that’s where we had the most exposure, but I don’t recall ever being connected or any kind of specific engagement for this purpose.” The postponement of NALCAB’s advocacy day, one of two in-person gatherings of all grantees in Washington, DC, likely added to this limitation.

TECHNICAL ASSISTANCE IS CRUCIAL, BUT EXPECTATIONS AND DETAILS ABOUT ITS FOCUS SHOULD BE CLEAR

All grantees received TA on policy and political processes, and four of the five received assistance developing their action plans. Three grantees requested and received project-specific TA on areas for building capacity beyond their action plans. For example, Mandela received support for its application to the US Department of Health and Human Services' Community Economic Development grant (which it received). La Cocina received TA on market management best practices and input on its community programming plan. Franklin NDC received TA on streamlining and enhancing its entrepreneurship curriculum and developing a sustainability plan. CBO staff members reported that they welcomed TA support in these areas.

Even though TA was mentioned in the request for proposals, more than half of grantees reported being surprised by the emphasis on TA-related tasks and the amount of time they needed to dedicate to it. This misunderstanding may have prevented organizations from taking full advantage of this program component. "I had no idea, actually, that was a piece of the grant, which is good and bad," a staff member of one grantee said. "It's the kind of surprise you want to have but might be better just to know about it up front." A staff member of another grantee said, "The actual requirements ended up being a little different from initial impressions."

TRAININGS NEED TO BE CRAFTED TO MEET ORGANIZATIONS' EXPERIENCE LEVEL

All five CBOs reported some level of understanding of and experience with the local policies and political processes that affect their work. In this context, perspectives on NALCAB's policy-related TA varied. A couple of grantees considered expanding their understanding of this topic to be valuable and reported learning how to better communicate in their advocacy efforts. "It was really helpful to see the bigger picture and how our organizations can engage institutions and government agencies that we have traditionally not engaged before," explained a representative of one grantee. Some issues explored were translation of government program application materials, cottage food laws, and acceptance of Electronic Benefit Transfer payments at food halls. At the same time, grantees expressed that they were already familiar with some topics covered in the policy sessions. One grantee said the one-on-one sessions were more valuable than the webinars, which they considered to be "too bird's-eye view" and "not the precise TA we need in that department." Another representative of a grantee organization said, "A lot of the stuff covered in these sessions were things we already knew, but it was still useful to learn how to express certain needs."

PROGRAM OFFERINGS MUST BE ADAPTABLE

The COVID-19 pandemic is a disruption on a scale we have not seen in recent memory. It demonstrates the need for programs to be adaptable. NALCAB shifted its support by first gathering resources to help grantees stay informed about quick-moving policy developments. For example, NALCAB produced written guides on how to access government funds (like PPP), crowdsourced lists of how other counties and states were responding to the pandemic, and organized calls with consultants to brainstorm strategies on sustaining the organizations' funds.

In support of CBOs, NALCAB is managing the largest national investment in Latino-serving nonprofits focused on responding to the economic impact of the COVID-19 crisis. In May and June 2020, NALCAB made \$2 million in rapid response grants to more than 100 members of its nonprofit member network to help them stabilize and respond to the pandemic's economic effects. It also conducted an in-depth survey of more than 90 CBOs working on the front lines; provided low-interest loans to its network members that are authorized lenders under PPP, which supported approximately \$6.4 million in forgivable loans to people of color; and referred 18 member organizations to a qualified community development financial institution PPP lender, which facilitated \$1 million in lending. Finally, NALCAB has responded regularly to requests from members of Congress to provide feedback on legislation with the potential to respond to the needs and opportunities of the communities served by its network.

NALCAB staff members felt their main contribution in "research and policy brainwork" resulted in a stark change in policy priorities among grantees. One NALCAB staff member remarked that "before COVID, the organizations were thinking about themselves and the next phase of the grant application, but after COVID, they've been placing themselves in the context of the greater social fabric." The support system emphasized peer connection and relationship building with local governments so grantee organizations could be self-reliant in future crises.

Conclusion

Small-business ownership is an important means of generating income and wealth. Current ownership patterns reflect deeply entrenched social and economic divides in the US. Disparities among racial and ethnic groups are especially pronounced. Other groups, like women, are also underrepresented. It is in this context that city agencies and nonprofit CBOs are working to nurture and expand entrepreneurship opportunities. And networks like NALCAB are, in turn, working to support the community-based organizations.

NALCAB and CBOs are seeking to advance equitable development, which involves emphasizing outcomes both for people and place, improving quality of life for original residents, and considering local and regional contexts along with disparities among residents (von Hoffman 2019). In this sense, supporting local entrepreneurs is a key mechanism by which equitable development can be achieved, as it looks to transform economic opportunities for residents and unlock the benefits that small businesses provide to neighborhoods.

In the context of the pandemic and the economic crisis it has generated, the importance of this work is magnified. The Great Recession taught us that unless deliberate efforts are made, the economic recovery from the COVID-19 pandemic will likely be unequal, leaving behind the most vulnerable entrepreneurs and communities and even entire cities that have fewer economic opportunities and potentially widening the gaps explored in this report.

The assistance provided to Latino and immigrant entrepreneurs by the CBOs, and supported by NALCAB's grant and TA program, demonstrates a model for inclusive recovery. Our study finds the grantee support programs remove the most common barriers faced by immigrant entrepreneurs and entrepreneurs of color in a context where federal relief programs fail to reach the most vulnerable businesses.

Notes

- ¹ Authors' calculations using 2018 Annual Business Survey data from the US Census Bureau.
- ² Following the work of the NALCAB-Kellogg Building Equitable Communities through Place-Based Investment Program, we refer to “Latino entrepreneurs/Latino-owned businesses” and “immigrant entrepreneurs/immigrant-owned businesses.” These two categories to describe people or businesses overlap in many cases for this program, but this is not always the case as the community-based organizations serve non-Latino immigrants as well.
- ³ Kerry A. Dolan, “What’s Fueling Latino Entrepreneurship—and What’s Holding It Back,” Stanford Graduate School of Business, February 7, 2018, <https://www.gsb.stanford.edu/insights/whats-fueling-latino-entrepreneurship-whats-holding-it-back>.
- ⁴ Beth Jensen, “How Latino Entrepreneurs Can Boost the U.S. Economy,” Stanford Graduate School of Business, January 31, 2020, <https://www.gsb.stanford.edu/insights/how-latino-entrepreneurs-can-boost-us-economy>.
- ⁵ Foreign-born people, especially those who are undocumented immigrants, may encounter barriers to accessing certain services, benefits, or resources provided by the public sector.
- ⁶ US Chamber of Commerce, “Coronavirus Pandemic Hits Minority-Owned Small Businesses Disproportionately Hard, New Poll Shows,” news release, August 4, 2020, <https://www.uschamber.com/press-release/coronavirus-pandemic-hits-minority-owned-small-businesses-disproportionately-hard-new>. Other studies examine effects by firm size, but not by race/ethnicity or nativity. There are links, however, given that firms owned by people of color are smaller, on average, than firms owned by white people. For an example, Bartik and colleagues (2020) surveyed businesses that were part of a lending network and found that nearly half of those with zero to nine employees were closed because of the COVID-19 response measures, compared with a quarter of businesses with 100 to 500 employees.
- ⁷ Authors' calculations using 2017 Annual Business Survey data.
- ⁸ Bill Esparza, “Traditional Latino Vendors Struggle to Pivot to Delivery Platforms during Coronavirus Crisis,” Eater Los Angeles, March 26, 2020, <https://la.eater.com/2020/3/26/21195905/latino-vendors-struggle-takeout-delivery-coronavirus>.
- ⁹ “Small Business Pulse Survey,” US Census Bureau, accessed January 13, 2021, <https://portal.census.gov/pulse/data/>.
- ¹⁰ Tommy Beer, “Minority-Owned Small Businesses Struggle to Gain Equal Access to PPP Loan Money,” Forbes, May 18, 2020, <https://www.forbes.com/sites/tommybeer/2020/05/18/minority-owned-small-businesses-struggle-to-gain-equal-access-to-ppp-loan-money/?sh=56f038605de3>.
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About the Authors

Brett Theodos directs the Community Economic Development Hub at the Urban Institute, where he is a senior fellow in the Metropolitan Housing and Communities Policy Center.

Jorge González is a research analyst in the Metropolitan Housing and Communities Policy Center, where he studies economic and community development. He has researched initiatives and policies to support small businesses and commercial corridors and is assessing local community lending ecosystems.

Jein Park is a research assistant in the Metropolitan Housing and Communities Policy Center. Her research interests focus on economic empowerment through the combination of government policies and community-based initiatives.

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