



CITY AND COUNTY OF SAN FRANCISCO  
LONDON N. BREED, MAYOR

OFFICE OF SMALL BUSINESS  
REGINA DICK-ENDRIZZI, DIRECTOR

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**TO:** San Francisco Small Business Commission  
**FROM:** Regina Dick-Endrizzi, Director, Office of Small Business  
**DATE:** April 13, 2020  
**RE:** Recommendations for the fourth and subsequent Federal Economic Stimulus Packages

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Commissioners:

Since February 25, local and state leaders have prudently issued health emergency declarations and orders to stay at home and shelter in place, effectively until further notice, in order to slow the spread of coronavirus infections. And likewise, leaders in the federal government have advised citizens to stay at home and to follow state and local directives. While these extremely important declarations and orders have significantly reduced the spread of COVID-19, it has meant that most if not all 93,899 small businesses in San Francisco, and the 359,337 workers who they employ have experienced irrecoverable losses. Some of these losses have been so immediate and severe that some small businesses have been forced into permanent closure.

Responsive to evident economic disruption, Mayor Breed, the Board of Supervisors, and other local and state officials acted swiftly to implement emergency programs, policies, and orders to support small businesses and those they employ. Additionally, the passage of the federal CARES Act provided small businesses and workers with hope that meaningful and immediate relief would be administered. However, a number of small businesses in the community and groups that represent them have reported that more small business support is needed, particularly from members of Congress.

As such, below is compilation of recommendations for the fourth and subsequent Federal Economic Stimulus packages for your contemplation. These recommendations would enhance aid that was authorized under the CARES Act and would ensure that the diverse needs of the small business sector are met.

**Extend, Expand and Refine the Paycheck Protection Program (PPP):**

- Extend the PPP through December 2020, with corresponding increases in eligible forgivable loan amounts;
- Extend the rehire period requirements in the PPP through the end of the calendar year, with corresponding increases in eligible forgivable loan amounts;
- Reduce the interest rate of the unforgivable portions of the PPP loan to 0%;
- Incentivize local financial institutions, such as Community Development Financial Institutions, to fund and administer PPP loans;

- Require a more equitable basis for the distribution of PPP funds, including preferences or set-asides for women, minority, and veteran-owned businesses. Currently, English-speaking businesses and those with existing relationships to major financial banks and consultants are favored;
- Provide small businesses with technical assistance needed to access PPP lending via financial technology (e.g., Stripe, PayPal, Square);
- Allow small businesses to apply for additional PPP loans if there is a demonstrated need.

**Extend, Expand and Refine Economic Injury Disaster Loans (EIDLs):**

- Increase the emergency grant advance amount to \$15,000;
- Allow EIDLs administered due to COVID-19 to be used for refinancing pre-existing debt;
- Reduce the interest rate for EIDLs due to COVID-19 to 1% for small businesses and for nonprofits;
- Extend the application period for EIDLs through the end of the calendar year for all states;
- Ensure that loan distribution is equitable across the country.

**Private Sector Assistance:**

- Encourage the tech sector to develop smartphone apps for small businesses to utilize in applying for major federal assistance programs, including the Paycheck Protection Program.

**Business Interruption Insurance:**

- Require insurance carriers to payout business interruption claims due to states and localities prohibiting access to their businesses because they are necessary to be closed to the public to prevent the spread of COVID-19;
- Stabilize the business insurance industry by creating a federal backstop for insurers facing an increase in business interruption claims and to support payouts.

**Mortgage and Commercial Renter Relief:**

- Require or incentivize commercial property owners to relieve small business owners of outstanding lease obligations if they have permanently closed due to COVID-19;
- Establish protections for small businesses that own property, from seizure or forced sale. Small businesses that own property, especially in prime commercial real estate markets may feel pressure to sell or even be threatened by seizure from mounting debts due to COVID-19;
- Extend the federal moratorium on mortgage defaults to commercial property owners and allow the restructuring of mortgages for commercial property owners whose incomes are affected by COVID-19.

**Investment in Economic Development Organizations (EDOs) and Nonprofits:**

- Provide financial assistance via grants to organizations that support small businesses with technical assistance for accessing federal and other government programs and services. EDOs provide direct support to small business owners who have language and cultural barriers that prevent them from expeditiously accessing aid. These small businesses play critical roles in providing jobs to disadvantaged communities, and EDOs can play a critical role in helping them navigate this process.
- Expand eligibility for PPP, EIDL, and other economic relief to 501(c)(6) organizations, known as Business Leagues (e.g., Chamber of Commerce groups and Destination Marketing Organizations). These organizations not only employ thousands, but they also significantly support for local economies;

- Increase the universal charitable deduction from \$300 to \$2000 for contributions above the standard deduction;
- Temporarily expand the cap for property exempt 501(c)3 public charity lessees of commercial property.

**Support for Essential Businesses Workers:**

- Fund personal protective equipment for home healthcare workers, workers in essential businesses and industries, and businesses who continue to produce, distribute and sell food to our households, homeless shelter providers in addition to first responders and health care professionals.

**Support for Sector and Workforce Transitions:**

- Invest in training and technical assistance to manage the transition from a storefront business to a delivery-based business;
- Invest in training and equipment to manage the transition to work at home, for example investment in fiber optic infrastructure to support home internet, particularly for more vulnerable business districts.

**Ensure a Strong Post-COVID-19 Economy and Workforce:**

- Extend Unemployment Insurance benefits authorized under the CARES Act through the end of the calendar year, including: the \$600 weekly enhancement;
- Expand aid to include those paying taxes via using the Individual Taxpayer Identification Number (ITIN);
- Create a small business payroll stimulus program. Small businesses deemed non-essential and those forced to furlough their employees due to their respective state/local stay at home orders will need to rehire their employees with limited, if any, capital;
- Support a national shop local campaign to bring small businesses back to life post crisis.

**Additional Areas of Support for Small Businesses:**

- Create a federally managed secured asset buyback program: Certain capital-intensive small businesses may be temporarily oversupplied with fixed assets that are secured by debt, and for which there's an active resale market. Examples of fixed assets: vehicles, specialized equipment, high-end inventory;
- Personal Guarantee Protections: Many small business owners are required to provide personal guarantees in order to obtain debt financing. These guarantees, though well intentioned, leave small businesses at risk of losing their homes, retirement savings, college savings, etc.
- Enforce and bolster anti-competitive business practice policies and protections to prevent over-consolidation in industries from a rush of small business acquisitions.