



LSC LOS ANGELES

2021 EQUITABLE ECONOMIC RECOVERY

A TOOLKIT FOR LOCAL GOVERNMENTS





BACKGROUND

Dear Partner,

The pandemic has taken an unimaginable toll on our country's small businesses – particularly those owned by women and diverse individuals.

Struggling local businesses has led to struggling local economies. Thus, economic restoration in local communities has become a top priority for cities and governments in their COVID-19 recovery plans.

In March of 2021, President Joe Biden passed the American Rescue Plan, the monumental \$1.9 trillion coronavirus relief package, which included \$350 billion in funding to state and local governments as part of their COVID-19 economic recovery. If used properly, this groundbreaking package has the potential to make a lasting and impactful change to correct inequities in our state and local economies, with \$16 billion going to funding relief for local governments.

When creating recovery plans and deciding how to allocate their new funds from the American Rescue Plan, it is imperative for cities and their partners to ensure that the recovery is equitable for all businesses.

The Los Angeles Local Initiatives Support Corporation (LISC LA) has created a toolkit to provide local cities and municipalities with tangible steps to ensure that their COVID-19 economic recovery is as equitable as possible. This toolkit is informed by LISC LA's years of experience working in community and economic development and creating strategies that promote equity and economic inclusion in neighborhoods across Los Angeles County and beyond.

This resource is based on a new type of PPP for cities looking to create an equitable economic recovery, the three P's: [Place, Procurement, and Portal](#).

Thank you and be well.

Tunua Thrash-Ntuk
Executive Director
LISC LA



PLACE

Before the pandemic hit, a physical location was a key vehicle for small businesses to attract and retain customers. As we enter the post-pandemic era, the key to achieving economic recovery is to empower businesses to open and maintain their physical location. **Thus, cities must assist businesses in implementing customer growth strategies in order to revitalize the key commercial corridors that were once frequented.**

Since the pandemic, a 10-year trend in rising storefront vacancy rates has accelerated severely, driven by storefront closures, the rise of e-commerce, and changes in consumption patterns. This leaves negative impacts and exacerbates issues already disproportionately affecting diverse communities. Property values tend to lower in areas with high vacancy rates and vacancies pose risks to a local neighborhood's health and safety. Lastly, vacancies restrict opportunity for small businesses as landlords are more likely to fill vacancies with chain stores rather than small businesses. This is a detriment to the local economy, of which small businesses are the backbone. According to SBA statistics, when consumers buy from local small businesses, 48% of revenues are recirculated locally compared to 14% of what's circulated by larger chain stores.

Commercial corridors are thus integral to driving a local economy as they house local entrepreneurs and bolster local employment and wealth creation.



PLACE

It is key for local governments to support small business' physical re-openings in a safe way.

EXAMPLES

- [LISC LA's Keep Our Shops on the Block program](#) supports the activation of commercial corridors by providing \$10,000 in grant funding to small businesses in LA County that have brick and mortar locations. 470 grants will be deployed to help these businesses pay off backdated rent or mortgage, utility bills, or invest in new infrastructure that can grow their business and adapt to health protocols.
- [The California Safer at Work program](#) is a resource hub and campaign dedicated to helping the region reopen as safely as possible. It directs small business owners to information on how to return to physical workspaces while adhering to necessary health protocols.





PLACE

EXAMPLES

- [The LA Chamber of Commerce Small Business Strong program](#) provides training to small businesses on ways to recover and grow their business revenues. More importantly, they integrate the state Safer at Work program into their workshops, ultimately helping business reopen their physical locations safely.
- [The Bixby Knolls Business Improvement Association](#) supports the reopening of local small businesses and commercial corridors by highlighting business profiles on their website and social media.

Businesses can better weather disasters when they own their assets, rather than when they are subject to lease terms.

However, access to property ownership is currently not equitable. About 15% of white business owners have business equity, compared to only 5% of Black business owners. Among those with business equity, the average Black business owner's business equity is only worth about a third of the average white business owner's. This makes it more difficult for a BIPOC business owner to own their property, and demonstrates the need for BIPOC-led businesses to have greater access to flexible, low-cost capital sources that allow them to purchase assets.

Therefore, to respond to this need, LISC LA is launching a flexible equity-like product for BIPOC-lead small businesses in 2021.



PROCUREMENT

The pandemic has posed tremendous challenges for supply chains, with lockdowns halting international supply chains. According to a report done by Ernst & Young, 57% of businesses experienced issues with their supply chain. **However, this could pose a new opportunity for local small businesses, as economies are incentivized more than ever to source locally while also diversifying their procurement practices.**

65% of businesses surveyed by Ernst & Young noted that they are prioritizing shifting from a linear supply chain to more integrated, diverse network over the next 3 years. Diversification practices benefit both the buyer and the supplier, as diverse-owned business enterprise sales are growing 34% annually, twice as fast as the national average.

Local municipalities should create programs that assist diverse business owners in securing new contracting opportunities. This can be done through developing robust regional certification and contracting systems, enforcing participation goals and incentives, and creating departmental small business advocates and technical assistance programs.

LA County, through its Doing Business with LA program, sets in place incentives for diverse businesses to expand their services throughout LA County.

- Local Small Business Enterprises (LSBEs), Social Enterprises (SEs), Disabled Veteran Business Enterprises (DVBEs) are eligible to receive a 15% bid price reduction when bidding on goods and services solicited by LA County.
- Community Business Enterprises (CBEs) listings are used by County departments, public agencies, private sector prime and subcontractors to meet subcontracting goals.



PROCUREMENT



EXAMPLES

- [LISC LA's ASCEND program](#) integrates a 3M model: market, management and money that maximizes the unique opportunities that businesses have to access local supply chains across the LA region. It can serve as a model for municipalities to have a well-rounded, integrated approach when it comes to addressing diverse procurement needs.
 - Flexible financing (money)
 - Professional trainings (management)
 - Access to contract opportunities with local governments (market)
- [The City of LA's Information Technology Agency](#) is administering a new online platform, [Compete4LA](#) that is accessible to small businesses – including diverse owned businesses. This features a centralized online database where small diverse-owned businesses can showcase their certifications and match with appropriate contracts in the pipeline
- [Avisare](#) is an online platform that makes it easy for diverse small businesses to compete for local government RFPs, creating a diverse vendor pool for public projects. It features a certification and contracting system that allows these diverse small businesses to secure opportunities to grow their business.



PORTAL

With stay at home orders forcing physical locations to close, small businesses are compelled to transfer their business to an online space—and to do so efficiently. **Now more than ever, small businesses need to strengthen their e-commerce practices, build secure websites, and effectively utilize social media in order to remain competitive.**

The consumer market has rapidly pivoted to online spending since the pandemic. According to a report by Adobe, the pandemic boosted online spending by \$183 billion over the past year, and it is poised to accelerate to \$1 trillion in 2022. Stay at home orders ushered in convenience-focused consumer behaviors; however, this trend is poised to continue even in a post-pandemic world.

According to the USC CETF 2021 survey released in March 2021, more than 1 in 4 low-income households are unconnected or under-connected, in contrast to near-universal adoption among higher-income households. 30% of households earning less than \$20,000 a year have no internet connection. Moreover, in LA County, 18% of all households in low-to-medium income households do not even have a computer.

Additionally, according to a study done by Oxford Economics, medium-to-large sized businesses are far more likely to adopt intelligent technologies in proportion to revenue size, helping them grow their businesses more efficiently than small businesses. Therefore, local small business owners who are in LMI communities are more likely to have difficulties engaging in e-commerce.



PORTAL

In order for small businesses to grow and keep up with their larger counterparts, they must adopt efficient new technologies at the same rate.

It is thus imperative for municipalities to consider programs and partnerships to help small businesses take their business online.

EXAMPLES

- [Delete the Divide](#) is an LA County initiative that empowers youth and small businesses in underserved communities to be more digitally literate through wraparound training programs. The initiative also strives to delete the digital divide by utilizing public spaces like libraries and other commercial locations as WiFi hotspots in these communities. Lastly, the program underscores the impact of credit-building initiatives, which can further equip members of these underserved communities access reliable internet from providers.
- [The City of LA's LA Optimized program](#) optimizes business listings, performs e-commerce audits, creates or improves business websites, and connects small businesses to creative and design services.
- [LAEDC and UniteLA's LA DEAL program](#) is a regional consortium that forwards the importance of public-private partnerships in solving the digital divide issue. Through convening task forces on key issues such as infrastructure deployment, affordability, digital literacy and policy, the consortium brings together different stakeholders across sectors to forward greater deployment of high-quality internet throughout LA County.

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REFERENCES

PLACE

1. Keep Our Shops on the Block - <https://www.lacovidfund.org/>
2. LA Chamber of Commerce Small Business Strong - <https://lachamber.com/event/2020/11/06/small-business/small-business-strong/>
3. California Safer at Work - <https://saferatwork.covid19.ca.gov/>
4. Bixby Knolls Improvement Association - <https://bixbyknollsinfo.com/>

PROCUREMENT

1. ASCEND LA - <https://www.ascendla.org/>
2. City of LA Information Technology Agency - <https://ita.lacity.org/>
3. Avisare - <https://www.avisare.com/>

PORTAL

1. Delete the Divide - <https://www.deletethedivide.org/>
2. LA Optimized - <https://smrts.co/la-optimized/>
3. LA DEAL - <https://www.ladeal.org/>