

# Virginia Small Business Resiliency Fund



# 2021 Annual Report



## DIRECTOR'S STATEMENT

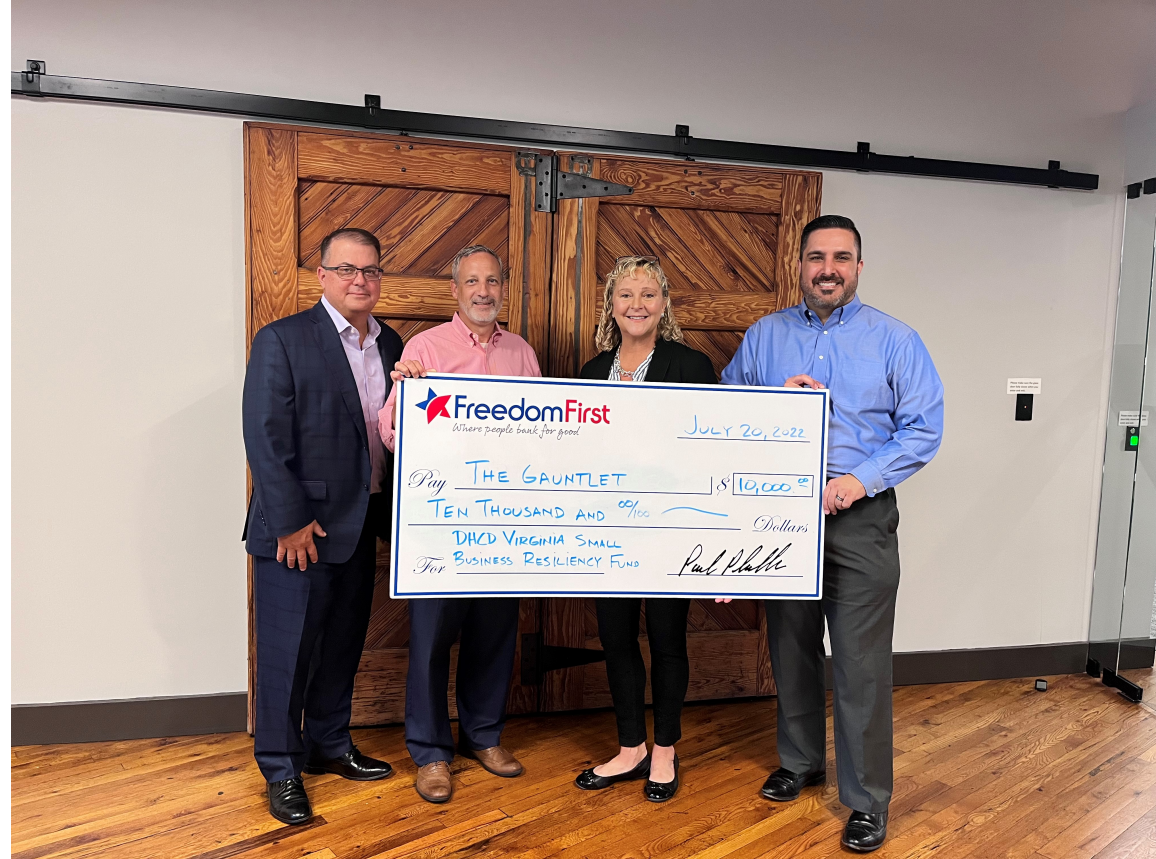
Small businesses are the backbone of Virginia's economy and the bedrock of our communities, but many of them were disproportionately affected by the COVID-19 pandemic. The Virginia Small Business Resiliency Fund provides us with the crucial funding needed to build the capacity of our community development financial institutions, increase economic activity in distressed communities, support our underserved small business communities and protect our most vulnerable populations across the Commonwealth.

Bryan Horn

Director, Virginia Department of Housing and Community Development

# VSBRF Goals

The [Virginia Small Business Resiliency Fund](#) (VSBRF) offers a funding stream to existing Community Development Financial Institutions (CDFIs) and emerging CDFIs. This funding is both highly targeted and highly flexible so that assistance reaches those that need it most and can enable the broadest impacts. The economic slowdown associated with the COVID-19 pandemic disproportionately impacted small- and micro-businesses, with those owned and operated by women, people of color and immigrants experiencing the highest rates of closure. VSBRF additionally seeks to build capacity in the institutions administering awarded grants, creating programs and products that meet the specific needs of underserved businesses impacted by COVID-19.



Expansion of services into unserved or underserved geographies/sectors, with a focus on those disproportionately impacted by the COVID-19 pandemic.



Expansion of technical assistance, services, and lending products.



Timely deployment of dollars or resources.



Capacity-building within the Virginia CDFI ecosystem.

# VSBRF Funding Types

## Emerging CDFIs: Planning and Capacity Building

These funds support the outreach, research and development necessary to determine appropriate target markets, target populations, financial products and services to meet the program priorities. Emerging CDFIs applying for Planning and Capacity Building grants can receive a total of \$150,000.

## Existing CDFIs: Financial Products and Services

These funds directly benefit small businesses and entrepreneurs. Products and services should be based on identified market demand, identified resource gaps and support local and regional asset-based economic development strategies. These grants will be capped at \$1,500,000.



# What is a CDFI?

CDFIs are private financial institutions that deliver responsible, affordable financing to help those underserved by mainstream finance to join the economic mainstream. CDFIs can be revolving loan funds, banks, bank holding companies, credit unions or venture capital firms. Virginia is home to approximately two dozen CDFIs as certified by the U.S. Department of Treasury.



# CDFIs Help Build Strong Communities

CDFIs tailor service to the unique people and places they serve across America. CDFI financing supports:



Small Business



Affordable homes



Healthcare Facilities, supermarkets, senior centers, charter schools, and other community facilities



Energy efficient community development



Long-term, quality jobs

## SOURCES OF CAPITAL

CDFIs partner with public and private sources of capital to create impact, including



Financial Institutions



Foundations



Federal and State Government



Corporations



Individuals

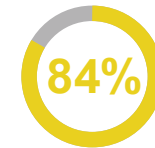
## CDFIs RECYCLE CAPITAL

As borrower repay their loans, CDFIs recycle the money back into the community through new borrowers



## CDFIs LENDS WHERE IT COUNTS

CDFIs Serve Black, Latinx, Native, and rural communities, and other areas of persistent poverty



Low-income



People of Color



Women



Rural

## Virginia Community Development Financial Institutions Coalition

The Virginia CDFI Coalition seeks to address issues concerning the unmet financial needs of Virginia communities by advocating for increased awareness of CDFI activities and operations, as well as supporting the goals of its member organizations with peer support and education. These goals will be implemented by the coalition members, both individually on a local level and collectively in statewide venues, with an emphasis on social and racial equity.

# Resiliency Fund Success: Peoples Advantage Federal Credit Union



The Virginia Small Business Resiliency Fund has allowed Peoples Advantage Federal Credit Union (PAFCU) to continue its mission of serving the underserved, underbanked and credit-compromised. PAFCU established a small business program that is now profitable and allowing our business members to become business owners. One of those new owners is Leroy Green, founder of GLC Transportation.

“Green is a current and long-time member with PAFCU, who was signed on with a trucking company that required him to pay over \$2,000 per month for the truck that he was driving. Green made a \$5,000 down payment for his tractor with cash and was later told that the amount would not be credited towards his tractor’s pay-off. Originally, Green did not control his schedule, own his truck or have any recourse to recover the \$5,000 down payment he made. After stopping by PAFCU’s Empowerment Center, I assisted Green with submittal of a loan application. Mr. Green did not qualify outright due to derogatory information on his personal credit report; the loan was approved, however, due to the low level of risk, cash flow and the relationship he established with the credit union. We were able to grant him a \$50,000 loan, allowing him to purchase his truck, time and schedule back, after becoming the owner of his own business. The loan reduced his overhead from \$2,000 to \$805, a net savings of \$1,195 monthly. Green has also referred a fellow truck driver to PAFCU and is looking to purchase a second truck for his wife, who also has a Commercial Driver’s License (CDL), so that they can work in his new transportation business together.”

**- Antonio Brown, Small Business Member Advocate,  
People’s Advantage Federal Credit Union**

Leroy Green, Founder of GLC Transportation

# PROJECTS UNDERWAY

## **Appalachian Community Capital Corporation | \$100,000**

Funding will support the creation and implementation of a strategy to increase lending to underserved businesses, allowing six CDFIs to offer training for businesses and providing the financial products and services to meet market needs. Partnering CDFIs will help 40 minority- and immigrant-owned businesses create or retain 55 jobs.

## **Bridging Virginia | \$1,500,000**

Funding will complete a capital access study of the greater Richmond region, determining the target market and strategy to achieve CDFI certification, hire an executive director and leverage \$50,000 to create a \$100,000 revolving loan fund for counseling to 50 small businesses.

## **Community Business Partnership (CBP) | \$700,000**

Funding will expand the target market into greater Northern Virginia and diversify its financial products through a revolving loan fund. CBP will increase capacity to support target markets through business counseling in various languages spoken in the service area, leveraging grant dollars to secure future lending capital and technical financial assistance to help over 150 borrowers.

## **Community Investment Collaborative (CIC) | \$550,000**

Funding will catalyze the next phase of growth with additional capital for lending in four new counties, deploying \$350,000 in loan capital, \$50,000 in microgrants and \$200,000 in operations support. CIC will leverage \$1.41 million in existing loan funds to help 104 businesses get access to capital, launch 25 new businesses and expand 154 existing businesses.

Graze Away Cattle Company received a low interest loan from the Foodshed Capital, providing curriculum and support services.



**ECDC Enterprise Development Group (EDG) | \$1,500,000**

Funding will increase the volume of financial products among underserved populations in Northern Virginia, primarily immigrant communities and entrepreneurs of color. EDG will provide pre- and post-loan technical assistance, deploying a total of \$4.9 million (up to \$50,000 each) in microloans, helping 54 businesses acquire funding.

**Foodshed Capital | \$555,000**

Funding will expand micro- and small-business lending to farms and food businesses, supporting activities that have traditionally lacked capital including land procurement, food system infrastructure and food retail development. This project will leverage \$750,000 in loans to help 74 food businesses across the commonwealth.

**Freedom First Federal Credit Union | \$1,500,000**

Funding will create a loan-loss reserve, deploy \$1.5 million in small-and micro-loans, and establish an individual development account program for business purposes, focusing on loans for women-, minority- and immigrant-owned businesses in distressed communities. This funding is part of a \$13 million lending initiative for over 70 businesses.

**Latino Economic Development Center (LEDC) | \$955,820**

Funding will support a market study determining small-business financing and target market needs in Fairfax County. Once market validation is complete, LEDC will hire lending and technical assistance staff, expand loan loss reserves and create a \$575,000 revolving loan fund to assist 45-60 low-to moderate-income Latino and/or other underserved small businesses in Fairfax County.



The Freedom First Federal Credit Union presented a check for capacity building to the Roanoke Region's Small Business Development Center.





The Premier Pediatric Therapy Source received business counseling from the Community Business Partnership.

### **Peoples Advantage Federal Credit Union (PAFCU) | \$100,000**

Funding will expand PAFCU's offerings to include lending, affordable deposit products and technical assistance to businesses in the greater richmond region. Funding will also support the addition of a small business advocate and a loan loss reserve, deploying \$1,080,000 into the community and funding 54 businesses.

### **Virginia Community Capital (VCC) | \$1,500,000**

Funding will expand VCC's Economic Equity Fund (EEF), providing low-cost financing for small-women- and minority-owned businesses across Virginia. An additional \$1.5 million will be deployed through EEF to support over 15 businesses, expand loan loss reserves and build internal capacity by hiring a technical assistance provider.

### **Local Initiatives Support Corporation | \$1,500,000**

Funding will create the Small Business Capital Access Fund, providing 0% interest, no-fee recoverable grants between \$10k-50k to small businesses, with priority consideration given to minority-, woman-, veteran- and immigrant-owned small businesses. LISC will expand their respective target markets into the Tri-Cities and the greater hampton roads through the contract of business coaches to provide critical assistance to 60 small businesses.

### **Southeast Rural Community Assistance Project, Inc. (SERCAP) | \$589,180**

Funding will increase available loan capital, providing accessible and affordable financing products to underserved businesses in rural areas of the Commonwealth. SERCAP will provide \$150,000 in technical assistance to microenterprises, deploy \$665,000 in microloans to more than 40 businesses and utilize \$100,000 for staff administration of programming.

