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Mayor Jenny Durkan and 16 Other Mayors Across Country Call on Federal Government to Make Critical Improvements to Small Business COVID-19 Relief Programs

Mayors Call on Small Business Administration to Quickly Make Necessary Improvements to Paycheck Protection Program to Better Serve Vulnerable Business Owners

Seattle (April 29, 2020) – Mayor Jenny A. Durkan and 16 mayors from across the country [sent a letter](#) to the Small Business Administration (SBA) and United States Department of the Treasury asking the federal government to make critical improvements to its relief programs for small businesses impacted by the COVID-19 pandemic. The federal Paycheck Protection Program (PPP) reopened on Monday, April 27, with \$320 billion in new funding, and the SBA Economic Injury Disaster Loan (EIDL) is not currently accepting new applications but is currently working through its backlog. [The mayors' full letter can be found here](#).

The City of Seattle's Office of Economic Development (OED) [provides technical assistance](#) to help businesses apply for SBA loans and understand the CARES Act. This includes helping businesses navigate the application process and documentation. In working with small business owners, OED has heard about a number of issues with federal small business relief, including:

1. Significant confusion among borrowers and lenders about the implementation of PPP, which has created barriers to participation for historically underserved businesses;
2. Lack of funding specifically designated toward historically underserved businesses, and a first come, first served structure that favors larger businesses with more access to capital;
3. Slow granting process and inability to get funds out the door quickly; and
4. Lack of flexibility in forgivable loan requirements that effectively marginalizes small businesses that have already had to lay off their staff.

“As we have worked collaboratively to protect public health and flatten the curve, the economic impact of COVID-19 on our small businesses and workers has been unprecedented. In Seattle alone, small businesses support over 200,000 jobs,” said Mayor Durkan. “As Congress works to ensure vital federal programs have funding that matches the crisis facing our nation’s small businesses, it is also critical that these programs are effectively implemented as intended by Congress, and as clearly and swiftly as our small businesses and workers need. We have serious concerns that there have been major challenges for small businesses and workers to access this federal aid at a time when they most need it.”

“Countless small business owners across the nation need immediate support to keep their businesses afloat, help maintain payroll, and preserve jobs impacted by the COVID-19 pandemic,” said Mayor Jim Kenney, City of Philadelphia. “Philadelphia’s small neighborhood businesses have been severely impacted by this crisis, and it is imperative that federal relief programs are enacted in a fair, equitable and accessible way so that our most vulnerable and most impacted business owners are not left behind.”

“My hope is that the SBA will ensure that all communities are able to get the support that they need. Everett has fared better than most where our local community banks have been very successful in providing hundreds of millions of dollars in loans and vitally needed support to our small businesses positively impacting tens of thousands employees,”

said Mayor Cassie Franklin, City of Everett. "Unfortunately not all communities have benefited from this kind of local investment."

"The businesses most in need of assistance during COVID-19 are combating some of the greatest obstacles in accessing funding. These requested changes will help small businesses, the ones that truly form the backbone of local economies, better access needed capital during this time of crisis," said Mayor Kate Gallego, City of Phoenix.

"The Paycheck Protection Program's system failures, including [website portal crashes](#) and many small businesses unable to submit their applications, is creating winners and losers, determining which businesses will survive this crisis. Seattle's small businesses need relief now, not a broken system that creates frustration, financial hardship and future uncertainty," said Councilmember [Andrew J. Lewis](#) (District 7, Pioneer Square to Magnolia), member of Seattle's Small Business Recovery Task Force.

"Small businesses, especially those owned by women and people of color, [have been essentially shut out](#) of the Paycheck Protection Program. While big business companies received special [handholding from banks](#) and their applications were rushed to the front of the line, small businesses, including those in my district, were left out of a program sold to the public as helping America's small businesses. The federal government must do more and do better," said Councilmember [Tammy J. Morales](#) (District 2, South Seattle and the C/ID), member of Seattle's Small Business Recovery Task Force.

The [mayors' letter](#) asks the SBA and Department of the Treasury to make immediate fixes to ensure federal aid for small businesses can be distributed quickly and equitably. OED has received numerous reports of small businesses that have attempted to apply for federal grants but have been shut out and have worked with historically underserved small business owners who are less likely to access federal grants under the current first come, first served structure.

"Following the closure of our business March 13, we applied immediately for an SBA EIDL loan, and then applied again after hearing on April 1 that we had to reapply online. We also tried to apply for a PPP loan when the process opened April 3, but our bank, Wells Fargo, initially was not accepting PPP applications and then did not process our application before funding ran out. To date, we have received no money, have heard nothing back from SBA about our EIDL application, have little hope of receiving the PPP, and will probably have to close our business if we don't receive financial help. I am not sure which has been worse: having to close down our business due to the virus, or the lack of leadership, guidance, fairness, rules, and communication regarding financial aid and funds for small businesses like mine," said Samantha Crowley, owner of Fleurt.

One central issue with the federal Paycheck Protection Program (PPP) is that it outsources the structure and discretion of the aid to the banks and lenders providing these loans. The nation's largest banks have the greatest access to capital and are incentivized to loan to existing clients, which marginalizes smaller businesses, businesses owned by immigrants and refugees, and businesses owned by people of color. The City has been working with nonprofit Community Development Financial Institutions (CDFI) that have existing community relationships on ways to elevate smaller lenders and ensure historically underserved businesses can access PPP loans.

Mayor Durkan and the City of Seattle have worked to implement a series of actions that support artists, nonprofits, small businesses, and workers, including:

- [Deferring utility payments](#) for customers impacted by COVID-19;
- Implementing a [temporary moratorium](#) on residential, small business, and nonprofit evictions to provide relief for working people financially impacted by COVID-19;
- [Creating temporary restaurant loading zones](#) to facilitate curbside pickup at restaurants;
- Announcing a [small business relief package](#) that included deferred business taxes and a [\\$2.5M stabilization fund](#);
- Creating a new [Arts Recovery Package](#) to provide immediate financial relief to artists and cultural organizations that have been impacted by COVID-19;
- Providing [6,250 Seattle families](#) and [1,800 workers](#) with \$800 in grocery vouchers;
- Providing [rent relief](#) to tenants of City-owned facilities;
- Opening [emergency child care](#) classrooms to help hundreds of kids of essential workers;

- Partnering with United Way of King County and King County to invest \$5 million in rental assistance to help families stay in their homes; and
- Launching the [#SupportPugetSoundSmallBiz map](#) to help residents find small businesses open for takeout and delivery in their neighborhood.

The City has also created [a comprehensive resource page](#) for residents and small businesses impacted by COVID-19. This page will be updated as more information becomes available.

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