



City of San Antonio

Agenda Memorandum

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Agenda Date: March 22, 2022

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the San Antonio Small Business Ecosystem Assessment and the status of ongoing related initiatives.

SUMMARY:

The briefing will provide an overview of the findings of the San Antonio Small Business Ecosystem Assessment. The study, funded by JPMorgan Chase, was completed in 2020 by Next Street and Common Future and included identification of gaps in small business support and capital resources, the impact of COVID-19, and recommendations for impactful and inclusive strategies for supporting small business owned by people of color, to address racial and ethnic inequities in opportunity and wealth creation and promote the growth of San Antonio's economy. Since completion of the study, the Economic Development Department along with LISC San Antonio have led the efforts to address the study recommendations.

BACKGROUND INFORMATION:

As San Antonio continues to navigate the COVID-19 pandemic, a report finds that there has been a historic, unmet annual demand of approximately \$8.3 billion in capital for small businesses in Bexar County and that, while individual economic development organizations are providing strong business support services, the San Antonio small business support system as a whole lacks adequate resources and coordination among service providers.

The research, funded by JPMorgan Chase and conducted by [Next Street](#) and [Common Future](#), examined the current state of Bexar County's small business communities and business support systems, with a specific lens on local businesses owned by people of color and COVID-19 response and recovery. The full study can be accessed here: [San Antonio Small Business Ecosystem Assessment](#).

San Antonio and Bexar County are home to approximately 34,000 small businesses and approximately 145,000 sole proprietorships. These small businesses and sole proprietors account for 34% of the local workforce. However, while Hispanic and Black residents make up 60% and 9% of the Bexar County population, they only own 24% and 2% of all businesses, respectively. Business ownership disparities are paired with revenue and employment imbalances, with Hispanic- and Black-owned businesses historically earning less revenue and hiring fewer employees than their White-owned counterparts.

The COVID-19 pandemic has only magnified these disparities. During this crisis, Black-owned businesses in San Antonio were overrepresented in deeply impacted, neighborhood-based industries such as food services, laundry services, and retail. Hispanic-owned businesses were also significantly impacted, heavily represented in industries that have struggled due to lower consumer and nonessential business spending, including construction, merchant wholesale, and truck transportation.

Potential solutions identified to fill gaps in the local small business support ecosystem include:

- **Ecosystem coordination.** Forming coalitions that bring together small businesses, capital and service providers, funders, and other stakeholders to coordinate and advocate for ecosystem priorities. Ecosystem coordination efforts should build off emerging momentum created by existing collaboratives and convening bodies and integrate with the region's existing network of local chambers of commerce and economic development agencies.
- **Access to flexible capital.** Enhancing the availability and access of flexible debt and equity capital to strengthen businesses, community financial institutions, and responsible investors. In San Antonio and Bexar County, this work should integrate within the region's network of community financial institutions with longstanding history in the market, including capital access programs and emergency relief funds administered before and during the COVID-19 pandemic.
- **Sustainability and resiliency.** Forming and sustaining collaboratives of capital and service providers to build more resilient businesses and communities of color. Continued COVID-19 recovery efforts should draw from emergency efforts created in the immediate response to the pandemic, including the grant and loans programs offered by

the City and County governments. Efforts to support business owners of color to prevent commercial displacement and financial instability should integrate with existing initiatives led by local capital and service providers with deep histories in the neighborhoods they serve.

- **Access and Networks.** Expanding access to resources by creating networks of business owners of color and developing corridor-level business services. Initiatives to bolster access and quality of these networks should integrate and refine existing initiatives and corresponding entrepreneurial networks.

ISSUE:

Since completion of the study, the Economic Development Department along with LISC San Antonio have led the efforts to address the study recommendations. Working with [Community Allies](#), a broad stakeholder group was convened to identify concrete next steps. As such the San Antonio Small Business Ecosystem Coalition (Coalition) was created and met 4 times during the fall of 2021. The group defined the Coalition's vision, mission, and functions; created guiding principles for coalition governance; refined a set of immediate and long-term priorities; and engaged in time-sensitive advocacy on ARPA.

Identified next steps for the Coalition include:

- Creating a business development organization hub where organizations can learn what others do, share best practices, refer businesses to the right services, and track who is and isn't being served;
- Developing the full ecosystem coalition to coordinate and strengthen the technical assistance, capital, and policy ecosystem for disadvantaged small business owners and entrepreneurs in order to create equitable access to opportunity and outcomes; and
- Launching a funders network to resource the ecosystem coalition work long-term and direct critical funds to support of disadvantaged San Antonio business owners.

In addition, as an outgrowth of the project, LISC San Antonio has received the following support from the JP Morgan Chase Foundation to carry out the following activities:

- Grants to BIPOC-led or serving non-profits for place-based community development planning, especially plans utilizing an asset-based approach
- Predevelopment technical assistance for innovative programs and projects supporting stabilization, expansion or creation of BIPOC-owned small businesses, such as employee-ownership co-ops or community land trusts
- Coordinated marketing and outreach materials
- Joint advocacy on policy and systems change issues
- Non-profit leadership support

FISCAL IMPACT:

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ALTERNATIVES:

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RECOMMENDATION:

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