



**TOWN OF CARRBORO • NC
FACING RACE, EMBRACING EQUITY**

Racial Equity Assessment Lens (REAL)

NAME OF INITIATIVE PROGRAM/PROJECT: Revolving Loan Equity Lens

Department: Economic Development

ORIGIN AND DESCRIPTION

Existing initiative – The Revolving Loan Program was originally started from a grant received by the Town to seed a revolving loan for small businesses to purchase or make improvements to their building in the 1990s. Since then, the original program funds have been 100 percent turned over and the program has morphed into a general revolving loan fund available for a variety of uses for small businesses – including start-up funding, gap financing, and building purchases and improvements.

What is the specific desired result statement –

The outcome goals are to generally increase the number of small businesses in Carrboro, the growth of existing small businesses in Carrboro, a general improvement in the appearance of business buildings, and to help small businesses purchase their buildings.

BENEFITTING INDIVIDUALS OR GROUPS

1. Downtown will see an increase in property values and increase in demand for more businesses.
2. Willow Creek/Carrboro Plaza Shopping Center will see an increase in demand for more businesses

BURDENED INDIVIDUALS OR GROUPS

1. Likely cause an increase in rent rates making it more difficult for low capitalized businesses.

Type	Potential Unintended Consequence	Mitigation Strategies to Prevent Consequences and Advance Racial Equity
SOCIAL Consider native and long term residents, rural residents, transit, trust in government, education, etc.	Certain populations in the community are excluded from access the fund.	The policy should be modified to lower the barriers to take out a loan.
ECONOMIC Consider wages, competition, tourism, unemployment, small businesses, etc.	Less businesses would be started as a limit on access to the fund.	The policy should be modified to make the fund more accessible for first-time entrepreneurs.
HEALTH Consider impacts on pollution, health access, existing health disparities, etc.	With fewer businesses and certain populations excluded from the fund, there would be less opportunity to afford or provide healthcare. There are lots of health-based/focused businesses that may or may not be opening based on available space and funding.	Successful business creation should be at the center of the policy which would include removing certain barriers for low resourced populations.
ENVIRONMENT Consider impacts on pollution, natural resources, transit, etc.	None expected. Businesses by their nature require resources and energy. If new facilities are being constructed, there will be an environmental impact. Supplies and raw materials that the business requires all have an environmental impact. Increased energy use will result in increases in pollution and greenhouse gas emissions making it harder to meet the Town's climate goals. There are ways to mitigate this - for example the business uses renewable energy or the nature of the business is focused on more sustainable solutions and/or products.	NA

	Also, a new business could increase vehicular traffic to an area and its associated impacts. The degree of the impacts depends entirely on the nature of the business.	
OTHER Consider how a resident might interact with this measure "start to finish." Think through the best and worst case scenarios	Businesses and entrepreneurs who may not have business or personal finances in-order will struggle to illustrate their financial need and may not get funding needed.	Provide application assistance through Town staff or third-parties to ensure all documentation is complete and submitted.

RECOMMENDATIONS

1. Attach policy
2. Provide a few simple sentences on how the program works. I see the criteria and application on the website but no further description.
3. After review of the Policy through the equity lens, it has become clear that there is a strong need to revamp to policy to make it much more accessible to more populations in our community – including low-income and minority populations.
4. Lower or remove real property or other collateral requirements, Could there be differing interest rates? Could those with fewer resources be allowed to pay a lower interest rate which may make it easier to pay back the loan. Maybe this is done in conjunction with longer payback periods. Could there be potential deferments allowed, similar to student loans in times of economic crises (community or personal)? Maybe they only have to pay the interest during these times. Could repaying the loan be deferred until the business is up and running? EP especially for smaller loan amounts.
5. Provide opportunities for those with poor credit ratings to still access some level of funding.
6. Allow opportunities for BIPOC or low-income entrepreneurs to access additional funding, since access to funding may be more difficult in the private market.
7. Obtain feedback and input on the policy from other local, knowledgeable organizations – especially those that work with BIPOC entrepreneurs.
8. Emphasize in the description that this policy provides administrative/financial opportunities to businesses. Impact of physical business structures should be evaluated within another lens.
9. Track data of the program
10. Engage stakeholders to seek recommendations
11. Evaluate annually and share with business community
12. Reach out to communities about the benefits of business ownership and advertise this opportunity including flyers with contact information and QR codes for more information.
13. Decision makers of this loan program should be a diverse group.
14. REC supports this program and the recommendations from staff.