MAIN STREET COMMUNITY RECOVERY AND REVITALIZATION

How Congress Can Help Main Streets and Small Businesses Survive Covid-19

FREQUENTLY ASKED QUESTIONS
How have Main Street programs supported communities and small businesses throughout the COVID-19 crisis?
Since the onset of the pandemic, Main Street entities have provided critical support to maintain vibrant downtown commercial corridors, with particular focus on the viability of small businesses as they navigate funding opportunities, adjust their physical space to conform with social distancing guidelines, and transition to e-commerce. As relief programs are established at the federal, state and local level, Main Street programs fill a key role in connecting businesses to the appropriate funding opportunity and offering guidance and support through grant or loan applications.

Why is Main Street technical assistance critical to support small businesses?
Main Street small businesses (0-20 employees) often lack the skills, capacity and capital to strategically invest in the growth of their businesses. Regularly, Main Street programs aid these entrepreneurs through on-the-ground technical assistance such as district-wide marketing, community events, interior/exterior retail design, and business plan development. Main Street programs work to ensure the entire Main Street district is structured to foster entrepreneurship and local business support by aligning capital resources, reducing regulatory hurdles, and maintaining commercial space inventory.

How many coordinating programs are there?
Currently, there are 44 coordinating programs recognized by Main Street America and entities providing Main Street services in the territories and 11 other states that could become affiliated with the program. Among coordinating programs, 39 are statewide, there is one county-wide program and four urban city Main Street coordinating programs in Baltimore, Boston, Washington D.C. and Orlando, providing services to over 50 neighborhood commercial corridors. Main Street coordinating programs support local Main Street programs via technical assistance, funding, and training. Each Main Street program determines its own structure for local program development and community onboarding, based on Main Street America recommendations.

How are coordinating programs structured and funded?
Coordinating programs are primarily housed within economic development or historic preservation offices of state governments, but several state Main Street coordinating programs are operated by nonprofit organizations that rely on a variety of public and private funding sources.

How many local communities participate in the Main Street network?
Over 2,000 communities participate as members with Main Street coordinating programs and many more seek ad hoc services or education. There are currently 1200 Main Street America designated communities. Designation indicates that a community conducts an annual review process to meet criteria for local revitalization success and report statistics to Main Street America.

How are local Main Street programs typically structured and funded?
The majority of local Main Street programs (66%) are 501(c)(3) organizations, with a quarter (25%) housed in local government offices, and a small portion (10%) with 501(c)(6) status. Local Main Street programs typically rely on a combination of municipal funding, support from businesses, events, and sponsorship through fundraising, depending on the structure and maturity of the program. All of these sources of funding are facing severe shortfalls, leaving Main Street programs struggling for their survival and unable to support broad community revitalization efforts.

How many local Main Street districts are located within Opportunity Zones?
Approximately 48% of the Main Street America network is located in a federally-designated Opportunity Zone. Opportunity Zones are areas that has been designated as economically-stressed and eligible for tax incentives for private investment, making these areas ideally situated to leverage federal relief under this proposal for Main Street programs for further investment from private entities.

How rural is the Main Street America network?
80% of the Main Street America network is located in rural census tracks. Additionally, 80% of programs are located in low to moderate-income census tracks.
Is this a competitive funding program?
EDA has several grants that it manages currently. We envision Congress directing EDA to "plus up" a competitive program to fund national community revitalization nonprofits that focus on preservation-based economic development. The primary focus of this grant is to direct relief to Main Street programs, serving primarily low-income communities in both rural and urban areas. With a 40-year track record of success, Main Street America would be ideally positioned to implement and track the results of EDA’s assistance.

If Main Street America were to receive this competitive grant funding, how much would be distributed to the coordinating program in my state?
We anticipate the average allocation to each current Main Street coordinating program to be $1.2 million. This funding also includes those nascent coordinating programs at the state level. Of the total funding requested, 75% would be allocated to support Main Street programs. The distribution plan as conceived by Main Street America through discussions with local leaders would offer a baseline $500,000 to current coordinating programs. There would be an additional sum based on the number of small businesses directly or indirectly affected by the coronavirus pandemic.

Up to 25% would be dedicated to technical assistance for small businesses in accredited Main Street districts to adapt to the impacts of the coronavirus, including transition to online retail, developing new marketing programs, and implementing social distancing guidelines.

Main Street America anticipates some administrative costs to facilitate distribution of funds and that EDA may require a portion of funds in order to administer as part of their current grant program. Based on feedback we have collected from the field, we believe that this formula is an effective and efficient way to distribute funding; we are open to dialogue and feedback as we continue to develop the proposal.

What are the eligible uses of these funds for coordinating programs?
Main Street coordinating programs would be encouraged to use these funds to provide direct support and services to local Main Street programs and technical assistance to local businesses related to COVID-19, for example, market analysis, strategic planning, tourism attraction, and entrepreneurial ecosystem development.

How can we be assured that this funding would be used effectively by Main Street programs?
Annually, Main Street America accredited programs meet a rigorous, ten-point assessment to ensure that the organization is developing and sustaining capacity for local revitalization. On an ongoing basis, Main Street programs have contractual agreements with Main Street coordinating programs, providing data, accountability, and transparency on program activities.

How can we be assured that this funding would be deployed quickly?
Main Street America can efficiently use its existing organizational infrastructure of coordinating programs and on-the-ground local programs to utilize funding and provide technical assistance quickly into communities. There is precedent at the federal level for funding state Main Street programs directly in order to deploy resources quickly.
Have Main Street programs or businesses received funding through the Paycheck Protection Program?

Some Main Street programs were able to access PPP, offering a needed lifeline. However, this funding did not support one third of the Main Street network that is a 501(c)(6) or housed within municipal government.

While PPP provided initial emergency support to small businesses, including located many in our Main Street communities, our nation’s smallest businesses are particularly susceptible to prolonged economic challenges posed by the COVID-19 pandemic and they will benefit significantly from the hands-on support that Main Street programs are able to provide.

Notably, our proposal does not seek to remedy or replace PPP. Instead, through support for Main Street programs and targeted technical assistance to small businesses, the program would serve the distinct need of helping small businesses remain viable and competitive throughout the pandemic.

Has funding through the CARES Act Coronavirus Relief Fund to states and localities helped Main Street programs?

While relief provided to states and localities through the Coronavirus Relief Fund was a crucial, the overall needs in responding to the health emergency are significantly greater. There is no guarantee of support to smaller communities, and little consistency state-to-state of how program funding is utilized. For example, cities and counties with a population of less than 500,000 residents did not receive direct support via the distribution formula. The National League of Cities and other organizations have vocalized the need for additional funding to municipalities, particularly smaller communities. Considering 80% of Main Street programs are in rural communities, our network needs specific congressional support.

Have Main Street communities received support through the $1.5 billion EDA allocation included in the CARES Act?

Though full data for the allocation of the EDA’s $1.5 billion CARES Act allocation is not available, EDA prioritized pre-existing partners (e.g. Economic Development Districts (EDDs)) to receive a large portion of the funding. While EDDs work in tandem with Main Street organizations to ensure a strong tie between regional and local strategy, EDDs do not typically provide technical assistance or financial support to Main Street programs. Local Main Street program budgets are typically sustained through municipal support, event sponsorship, and contributions from local businesses.

My state has created a grant program for small businesses. Doesn’t this cover the need in your proposal?

Many states and localities have created grant or loan programs to support businesses. Our proposal seeks primarily to support the work of on-the-ground Main Street programs with a smaller portion dedicated to technical assistance for small businesses to plan and implement operational shifts due to COVID-19. The need for broader community revitalization strategies and technical assistance for operational shifts is distinct from the need for direct funding to small businesses.

Would this proposal compete with current EDA funding designated for Economic Development Districts (EDDs)?

We support additional funding for EDDs, and this proposal does not suggest using existing or already allocated EDD funding. This proposal is designed as a separate grant program targeted at assisting local community revitalization programs. We do not view funding to EDDs and Main Streets as “either/or” but rather “both/and”. While EDDs serve broader geographies, usually covering a multi-county area, Main Street programs are hyper-local, supporting economic development and revitalization in the downtown area of a community. EDDs have a broad range of industry-based development responsibilities, including large-scale infrastructure projects, broadband development and other regional planning initiatives. Main Street programs serve a different role with direct, on-the-ground relationships with small businesses, who are the stakeholders in Main Street organizations.