MAIN STREET COMMUNITY RECOVERY AND REVITALIZATION
FREQUENTLY ASKED QUESTIONS
Help Main Streets and Vulnerable Small Businesses Survive COVID-19

MAIN STREET PROGRAM STRUCTURE

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, 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.

Throughout the COVID-19 crisis, Main Street programs have provided critical support to businesses by knowledgeably assisting them with the navigation of funding sources, aiding businesses in adjusting their physical space to conform with social distancing guidelines, and supporting transition to e-commerce. The technical advice of seemingly small changes to business operations can play a huge factor in their continued viability. Additionally, as relief programs are rolled out at the federal, state or 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.

How many coordinating programs are there?
Currently, there are 39 statewide 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. Additionally, 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 2000 communities participate as members with Main Street coordinating programs and many more that seek ad hoc services or education. There are currently 1200 Main Street America designated communities. Designation indicates that communities conduct 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 currently in jeopardy, leaving Main Street programs in a precarious position and their ability continue providing critical assistance in jeopardy.

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, an area 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 our programs are located in low to moderate-income census tracks. America’s smallest, most vulnerable communities have been underfunded through CARES Act programs such as PPP and Coronavirus Relief Funds for states and localities, especially as because cities and counties of less than 500,000 and above in population did not receive direct support.

ANTICIPATED DISTRIBUTION AND USE OF THESE FUNDS

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 nation-wide 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?
Of the 75% of funds allocated to 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 with an additional sum calculated based on a formula tied to three equally weighted allocators 1) population 2) loss of tax revenue and 3) number of COVID-19 cases (similar to the formula outlined in the SMART Act). 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 and territories.

- The final 25% would be granted directly to small businesses in accredited Main Street districts through a competitive process factoring both a) the need for business operational changes and b) the ability to access alternate pools of funding. These sub-grants would be administered by Main Street America.
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 a smart and efficient way to distribute funds; we are open to dialogue and feedback as we continue to develop the program.

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 to local main street communities through technical assistance delivered to Main Street programs and local businesses related to COVID-19 (for example, realigning downtown development strategies and business plans).

Do you anticipate issues with delivering funds to municipal entities?
Over three-quarters of local Main Street programs are nonprofits. However, almost a fourth of all Main Street programs are housed in state and local governments but work side-by-side with nonprofit partners on a regular basis that could act as intermediaries for funding support if necessary.

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 their existing organizational infrastructure of coordinating programs and on-the-ground local program to move money and 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.

WHY DOES FUNDING OFFERED THROUGH THE CARES ACT NOT MEET THIS NEED?

Have Main Street programs or businesses taken advantage of the Paycheck Protection Program?
Some Main Street programs have taken advantage of PPP, offering a needed lifeline. However, this funding did not support one third (33%) of the Main Street network that is a 501c(c)6 or housed within municipal government.

While PPP provided essential emergency support to small businesses, including many in our Main Street districts, there is evidence to suggest that the smallest, most vulnerable businesses are least likely to have received funding based on their banking relationships and that the initial timeline anticipated for business interruption was too narrow.

Notably, our proposal does not seek to remedy or replace PPP. Instead, through technical assistance and targeted grants 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 Coronavirus Relief Fund to states and localities helped Main Street programs? The distribution of Coronavirus Relief Funding prioritizes large cities, with no guarantee of support to smaller communities, and little consistency state-to-state of how program funding is utilized. Cities and counties with population less than 500,000 did not receive direct support via the distribution formula for these funds, and the National League of Cities and other organizations have vocalized the need for additional funding to municipalities, particularly smaller communities. Given that 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 such as Economic Development Districts 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 programs budgets are typically sustained through municipal support, event sponsorship, and business support.

HOW DOES THIS PROPOSAL COMPARE TO OTHER CURRENT PROPOSALS FOR THE NEXT COVID RESPONSE PACKAGE?

How does this proposal compare to other proposals, such as the RELIEF for Main Street Act or the Rebuilding Main Street Act, that aim to directly support small businesses? Additional federal support to small businesses is needed, whether through workshare programs or funding local revolving loans, but a direct infusion to the Main Street America network would sustain the on-the-ground support needed to ensure the effectiveness of other programs. Main Street technical support buttresses small business funding because it helps local businesses owners navigate resources and adapt to consumer demand. Compared to larger community funding proposals, this request is a modest investment into a program with a demonstrated history of producing a strong rate of return.

How would this program act in tandem with other proposals such as the SMART Act? Funding to state and local governments is essential but is unlikely to trickle down quickly to support the work of Main Street programs. Main Street programs need direct federal support. This proposal aligns with the goals of the SMART Act by offering flexible funding to coordinating programs to be disbursed to local entities and guarantees a speedy infusion to small business support networks.

The HEROs Act, passed by the House of Representatives, would direct funding to every municipality. Would that funding help Main Street programs? HEROs Act local funding provisions would positively impact Main Street communities, but support for municipalities is only one piece of the puzzle in sustaining Main Street programs. Because Main Street programs at the local level are funded via a combination of municipal funding, sponsorship from events and fundraising, and support from local businesses, a direct infusion to the network is only way to guarantee continuance of the needed technical services that Main Street programs provide.
Would this proposal take away funding designated for Economic Development Districts (EDDs)?
While we support more funding for EDDs, this proposal is not intended to infringe upon current or future allocations to those entities. This proposal is designed as a separate, one-time grant program targeted at assisting Main Street 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 hyperlocal, 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.

FOR MORE INFORMATION
Please visit mainstreet.org to learn more about Main Street America. For more information or details about this proposal, contact Kelly Humrichouser at khumrichouser@savingplaces.org or call 312-610-5619.