

Expanding Mountain Community Capital Fund to Support Recovery and Resilience

RFP for Coronavirus State and Local Fiscal Recovery Funds

Mountain BizWorks

Matthew Raker
153 S Lexington Ave
Asheville, NC 28801

O: 8282532834

Matthew Raker

153 S Lexington Ave
Asheville, NC 28801

matt@mountainbizworks.org
O: 8282532834 ext 15

Application Form

Question Group

Buncombe County requests proposals for projects to help the community recover from and respond to COVID-19 and its negative economic impacts.

Buncombe County has been awarded \$50,733,290 in Coronavirus State and Local Fiscal Recovery Funds (Recovery Funding), as part of the American Rescue Plan Act. This infusion of federal resources is intended to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

Buncombe County is committed to investing these funds in projects that:

- Align to county strategic plan and community priorities
- Support equitable outcomes for most impacted populations
- Leverage and align with other governmental funding sources
- Make best use of this one-time infusion of resources
- Have a lasting impact

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

[Click here for the full terms and conditions of the RFP](#)

Coronavirus State and Local Fiscal Recovery Funds*

Name of Project.

Expanding Mountain Community Capital Fund to Support Recovery and Resilience

Amount of Funds Requested*

\$1,500,000.00

Recovery Fund Eligible Category*

Please select one:

Small business and non-profit support

Brief Project Description*

Provide a short summary of your proposed project.

Mountain BizWorks, on behalf of the Mountain Community Capital Fund (MCCF), respectfully requests \$1,500,000 to expand this vital loan guarantee program to help meet the growing access-to-capital needs for low-income entrepreneurs and entrepreneurs of color. This request will directly generate economic opportunities and jobs communities across Buncombe County which were disproportionately affected by

Covid-19, will build on the successful MCCF pilot program, and will leverage an additional \$1,800,000 in program funding. MCCF represents an innovative partnership between

Buncombe County, the City of Asheville, and three community development financial institutions (CDFIs): Self-Help, Carolina Small Business Development Fund (CSBDF), and Mountain BizWorks. ARP funding provides an important opportunity to durably improve the funding landscape for equitable small business development and to help our community recover from the pandemic.

Project Plan*

Explain how the project will be structured and implemented, including timeframe.

The Mountain Community Capital Fund (MCCF) is seeking additional funding to bolster and codify this successfully launched collaborative project. The MCCF was created to support low-income founders, particularly entrepreneurs of color (EOC), who lack sufficient credit, or collateral to access the needed capital to start and expand local small businesses in turn creating critical local jobs in disproportionality affected communities across Buncombe County. The \$450,000 seed funding for the project provided 12 loans to low-income EOC with access to nearly \$400,000 in small business capital resulting in 79 jobs created or retained across Buncombe County, with 9 of those loans being closed in the last 8 months.

MCCF is governed by an Operating Committee which is also the approving body of guarantees for individual loan credits, presented by the eligible lenders, Mountain BizWorks, Self-Help (which also acts as the fund depository), and CSBDF. Once a loan is approved to utilize the MCCF guarantee, 85% of the loan amount is reserved and a 1% fee is garnered to help build the fund over time and insulate against potential losses. As the principal of guaranteed loans is repaid, the guaranteed funds revolve from being reserved to being re-eligible to guarantee on a different loan. This structure is designed to create long-term support which will create meaningful recovery and resilience for generations to come.

Under this proposal, the structure of the fund would remain the same, as it has proven to be successful in spurring access to capital for entrepreneurs lacking collateral, and creating jobs. With this being an expansion of an existing project, the funding would immediately be utilized. Together the participating funders have \$881,000 existing in the pipeline of possible deals to be presented to the Operating Committee. It is anticipated that within the first 12 months after additional funding, the participating lenders will close additional 24 loans totaling \$881,000 loan funds deployed, and \$674,850 funding guaranteed. In year 2 post-award, the participating lenders expect to close an additional 30 loans totaling \$1,110,000, and an additional \$943,500 guaranteed. In year 3 post-award, it is anticipated that the lenders will close 36 loans totaling \$1,440,000 deployed, and \$1,224,000 guaranteed. The participating lenders believe within 3 years of MCCF being further capitalized that \$3.4M will be deployed to low-income entrepreneurs of color, representing utilization of \$2.9M in guarantees.

Beyond this proposal, the MCCF is also looking to engage other fund partners, including the City of Asheville and regional foundations, to add additional capital to the fund. This investment from Buncombe County will not only provide immediate relief for entrepreneurs in need of recovery from Covid-19 but also ensures that this one-time infusion of resources has a long-term lasting impact on the community.

Statement of Need*

Describe the need that this project will address. Include data to demonstrate the need, and cite the source of the data.

Before Covid-19, Buncombe Co. had experienced impressive, but unequal, economic growth with significant disparities in business ownership across demographic lines. While Blacks make up 12% of the population, only 5% of businesses are Black-owned (Census SBO). The disparities in average annual revenues

are similarly stark with entrepreneurs of color (EOC)-owned businesses bringing in less than 25% of the annual revenue of their white-owned counterparts (State of Black Asheville Report).

Covid-19 threatens to wipe out the economic gains of the last expansion. This concern is linked to Black-owned businesses across the U.S. having even more challenges accessing credit since the crisis; with 36% of Black business owners stating they experienced this in a McKinsey survey, in comparison to only 29% of all respondents. To shift this narrative, MCCF ensured that communities of color had access to the capital to weather this pandemic and when possible grow. We have seen first-hand the positive impact for entrepreneurs like Calvin Fletcher of who was able to access capital due to MCCF, so he could obtain an additional dump truck, hire 2 employees, and grow his annual take-home pay by more than 2X. Calvin is just one story of empowerment through entrepreneurship, with dozens waiting to be realized.

There continues to be a pressing need for low-income EOCs to have access to affordable small business loan capital to realize their growth potential. This is highlighted by the enhanced deal flow being presented to the Operating Committee with 9 loans being approved by the fund in the last 8 months. Additionally, in Mountain BizWorks' recent Local Business Impact Survey, (data collected 6/21), low-income EOC identified small business capital as a top need to support their ability to substantially grow their revenues, create jobs, and build wealth for their families and communities. Additional support for the MCCF specifically meets the need that low-income EOCs are calling for.

[Link to COVID-19*](#)

Identify a health or economic harm resulting from or exacerbated by the public health emergency, describe the nature and extent of that harm, and explain how the use of this funding would address such harm.

In the heart of the pandemic, Buncombe County's unemployment rate skyrocketed from 2.9% in February to 18.5% in April 2020 (BLS). While nationally the unemployment rate has generally been going down, with June reporting 5.9%, employment has not been returning equally across all segments of the labor force, with Blacks at 9.2% and Hispanics at 7.4% unemployment (BLS). We are unable to see unemployment data disaggregated by race and ethnicity at the county level, but this national trend demonstrates that job growth is the slowest to return to communities of color. While the unemployment rate has been stabilizing in Buncombe Co., returning to 4.1% in 5/21, it can be assumed that this rate is not equally distributed across all populations.

Mountain BizWorks recently completed its 2021 Local Business Impact Survey which provides an additional context of the economic harms experienced by entrepreneurs in Buncombe Co. in the past 12 months. Out of the Buncombe County-based EOC respondents 62% had not returned to pre-pandemic revenue, and 51% stated their businesses' financial status was not sound. Furthermore when Buncombe County-based EOC were asked what opportunities would help their business or sector recover and thrive, one of the most common answers was access to affordable growth capital. Additional funding for the MCCF will support low-income EOC get access to the affordable growth capital needed to take advantage of the opportunities present so they can start, grow, and create critical jobs within their community.

Between national and local economic data, it is clear that businesses owned by people of color experience the most difficult challenges presented by Covid-19. Low-income EOCs are seeking further investment, and with additional funding to the MCCF, the capital needed for EOC to start and grow their businesses will be present now while there are immediate recovery needs, and into the future as these funds revolve through the loan guarantee program.

Population Served*

Define the population to be served by this project, including volume and demographic characteristics of those served.

This project will serve residents of Buncombe County, with a specific focus on low-income entrepreneurs who identify as people of color. With additional support from the County, it is anticipated that within three years of funding 90 low-income entrepreneurs of color will receive access to capital through a guarantee from the MCCF. In addition to these clients, it is important to recognize that many more entrepreneurs will receive pre-loan technical assistance, this will likely add an additional 270 entrepreneurs of color who receive support from the further County investment.

Results*

Describe the proposed impact of the project. List at least 3 performance measures that will be tracked and reported. If possible, include baselines and goals for each performance measure.

Coming out of this proposal there are two output measures alongside three outcome measures that MCCF currently tracks and reports. In regards to outputs, MCCF's lenders will continue to track and report on the number and dollar amount of loans originated utilizing an MCCF guarantee. Participating lenders anticipate originating 1) 24 loans totaling \$881,000.00 in Year 1, 2) 30 loans totaling \$1,110,000.00 in Year 2, 3) 36 loans totaling \$1,440,000.00 in Year 3.

In regards to outcome measures, MCCF's lenders will continue to track and report on the number of jobs created or retained, and the number of businesses created and expanded. Participating lenders anticipate the MCCF guarantee will be directly attributable to creating or retaining 1) 85 jobs in Year 1, 2) 107 jobs in Year 2, 3) 128 jobs in Year 3. In relation to business expansion, the participating lenders anticipate the MCCF guarantee will be directly attributable to expanding 1) 20 businesses in Year 1, 2) 26 businesses in Year 2, 3) 31 businesses in Year 3. In relation to business creation, the participating lenders anticipate the MCCF guarantee will be directly attributable to creating 1) 4 businesses in Year 1, 2) 5 businesses in Year 2, 3) 5 businesses in Year 3.

Evaluation*

Describe the data collection, analysis, and quality assurance measures you will use to assure ongoing, effective tracking of contract requirements and outcomes.

As a collaboration between three community development financial institutions (CDFIs) and two local municipalities, the MCCF pilot project required strong data collection and analysis systems to ensure excellent quality assurance measures. This group has a proven track record of providing clear and concise outcome reports to the public in quarterly meetings, which demonstrates the existing data collection, analysis, and quality assurance already in place to support effective contract requirement tracking.

As CDFIs, all three participating lenders are annually audited and certified to ensure the organizations' ability to maintain clean financials and loan files.

Equity Impact*

How will this effort help build toward a just, equitable, and sustainable COVID-19 recovery? How are the root causes and/or disproportionate impacts of inequities addressed?

It is known that low-wealth communities lack sufficient access to capital that is often needed to generate meaningful wealth. The MCCF was initially developed to support low-income entrepreneurs, with a focus on entrepreneurs of color, with insufficient collateral and or credit in Buncombe County to get access to the

capital needed to start, grow, and develop jobs. Even before Covid-19, this loan guarantee program was making meaningful strides at affecting one of the root causes of community inequity -- access to affordable capital.

It has been illuminated that Covid-19 further exacerbated and highlighted the existing inequities within community systems and left low-income communities of color disproportionately affected. This makes it even more critical to further invest in tools that have a proven track record of supporting just, equitable, and sustainable development for the communities most affected by this pandemic. By ensuring that low-income entrepreneurs of color have access to the affordable capital needed to start, and grow businesses, the County is uplifting communities to develop meaningful wealth.

Project Partners*

Identify any subcontractors you intend to use for the proposed scope of work. For each subcontractor listed, indicate:

- 1.) What products and/or services are to be supplied by that subcontractor and;
- 2.) What percentage of the overall scope of work that subcontractor will perform.

Also, list non-funded key partners critical to project.

The Mountain Community Capital Fund is a collaborative program between two municipalities, Buncombe County and the City of Asheville, and three CDFIs, Mountain BizWorks, Self-Help, and Carolina Small Business Development Fund. The Fund is led by an Operating Committee which is comprised of two County staff, two City staff, and four community stakeholders with two appointed by the city and county respectively.

The oversight of this Fund will continue to be managed by the above-stated Operating Committee, while the transaction level work of this fund will be executed by one of the eligible lenders as outlined above. Self-Help will continue to act as the depository of funds. No additional subcontractors, outside of agents hired by the approved eligible lenders, will provide key support to the execution of this proposal.

Capacity*

Describe the background, experience, and capabilities of your organization or department as it relates to capacity for delivering the proposed project and managing federal funds.

All Mountain Community Capital Fund members have deep and meaningful experience delivering proposed projects and managing federal funds. This initial phase of MCCF demonstrated the capabilities of these five entities to work together in executing a project vision, of creating a loan guarantee product, utilizing public funds. Additional background on the experience and capabilities of federally funded project management of the three participating lenders is below:

Self-Help Credit Union (Self-Help), is a 41-year old national community development financial institution headquartered in Durham, NC. Since 1980, Self-Help has provided more than \$9.3 billion in financing to over 175,700 families, individuals and businesses. Self-Help is federally insured by the National Credit Union Administration and in this way is deeply experienced with managing federal funds.

Mountain BizWorks is a 32-year old U.S. Treasury certified community development financial institution. Over its tenure, Mountain BizWorks has managed and deployed over \$50M in federal funds in the form of small business loans and small business education support services. The federal funds invested represent contracts with the Small Business Administration, U.S. Department of Agriculture, U.S. Treasury's CDFI Fund, U.S. Department of Commerce's Economic Development Authority, Appalachian Regional Commission, and the Federal Reserve.

Carolina Small Business Development Fund (CSBDF) is a 31-year old U.S. Treasury certified community development financial institution. Currently, CSBDF is participating in several federal loan and guarantee programs such as the USDA and SBA, including the SBA's Community Advantage program allowing CSBDF access to the SBA 7(a) loan-guarantee program.

Budget*

Provide a detailed project budget including all proposed project revenues and expenditures, including explanations and methodology. For all revenue sources, list the funder and denote whether funds are confirmed or pending. For project expenses, denote all capital vs. operating costs, and reflect which specific expenses are proposed to be funded with one-time Buncombe County Recovery Funds.

Download a copy of the budget form [HERE](#). Complete the form, and upload it using the button below.

MCCF Recovery-Funds-budget.xlsx

Special Considerations*

Provide any other information that might assist the County in its selection.

Letters of Support Package.pdf

The Mountain Community Capital Fund has a proven track record of success in supporting low-wealth entrepreneurs of color lacking sufficient credit or collateral access the capital needed to start and grow businesses in the community's disproportionality affected by Covid-19 and create vital jobs. This is deeply in line with the County's strategic plan and community priorities to focus on building a vibrant economy and resident well-being. This proposal is rooted in creating equitable outcomes for most impacted populations having ripple effects far beyond the entrepreneurs whose loans are guaranteed by the Fund. This proposal leverages and is in alignment with, other government funding sources, including the initial investment made by the City of Asheville and Buncombe County in addition to the other federal funding sources CDFI regularly use as loan capital. Overall this one-time infusion of resources will make immediate impacts in supporting Covid-19 affected low-income entrepreneurs of color, while also investing in multi-generational impacts. We greatly appreciate the consideration of this bold investment in the future of Buncombe County's low-wealth entrepreneurs of color.

File Attachment Summary

Applicant File Uploads

- MCCF Recovery-Funds-budget.xlsx
- Letters of Support Package.pdf

Coronavirus State and Local Fiscal Recovery Funds Proposed Project Budget

Organization Name:	Mountain BizWorks on behalf of the Mountain Community Capital Fund
Project Name:	Mountain Community Capital Fund Expansion
Amount Requested:	1,500,000

Proposed Project Revenue Funder	Amount	Confirmed or Pending?	Notes
Proposed Buncombe COVID Recovery Funds	\$ 1,500,000.00	Pending	
Buncombe County	\$ 225,000.00	Confirmed	
City of Asheville	\$ 225,000.00	Confirmed	
Participating Lenders	\$ 1,800,000.00	Confirmed	
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
Total	\$ 3,750,000.00		

Proposed Project Expenses	Proposed Recovery Funds	Other Funds	Total	Capital or Operating Expense?	Notes
Mountain Community Capital Loan Gaurantee Fund	\$ 1,500,000.00	\$ 450,000.00	\$ 1,950,000.00	Capital	All requested funds will be used to support the Loan Gaurantee Fund
Small Business Loan Capital		\$ 1,800,000.00	\$ 1,800,000.00	Capital	
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
Total			\$ 3,750,000.00		

Jeffrey Kaplan
Mountain Community Capital Fund
36 Montford Ave.
Asheville, NC 28801
jkaplan@ventureasheville.com

July 7, 2021

RE: RFP for Coronavirus State and Local Fiscal Recovery Funds

Dear Buncombe County COVID Recovery Funding Reviewers,

Thank you for your consideration of an additional \$1,500,000 in funding for the Mountain Community Capital Fund (MCCF) through an allocation of federal dollars under the Coronavirus State and Local Fiscal Recovery Funds supported through the American Rescue Plan.

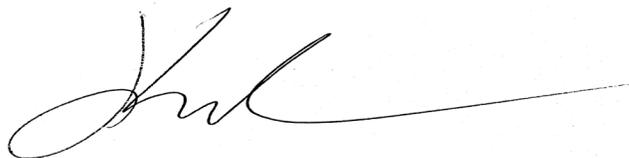
This capital provides entrepreneurs more than a favorable loan. The MCCF is usually the last-chance for an entrepreneur to obtain capital. The fund is for business owners of color without credit nor collateral, or even criminal histories.

To date, the MCCF has supported 11 loans to entrepreneurs of color through the financing of nearly \$ 390,500. These loans are not huge, but often take ventures from a solid foundation to significant growth. Uses include capital expenditures and real estate; long-term investments in businesses for entrepreneurs experiencing the greatest racial wealth gap.

For the last 2 years, with a small guarantee amount of \$450,000, our committee proved its efficacy. We've formalized and we are now performing. Through lenders like Mountain BizWorks, we have a pipeline of worthwhile candidates ready to take advantage of this program. With your additional funding, we can help many more marginalized entrepreneurs achieve financial independence and provide valuable local jobs through entrepreneurship.

Thank you for your consideration,

Jeffrey Kaplan

A handwritten signature in black ink, appearing to be 'JK', with a long horizontal flourish extending to the right.

Chairman
Mountain Community Capital Fund



July 12, 2021

RE: RFP for Buncombe County Recovery Funding

Dear Buncombe County COVID Recovery Funding Reviewers,

It is with great excitement that I write to support the deeply impactful Mountain Community Capital Fund (MCCF) proposal entitled *Expanding Mountain Community Capital Fund to Support Recovery and Resilience* submitted by Mountain BizWorks. Self-Help acts as a participating lender and the fund depository for the the MCCF pilot project. This guides our understanding that an additional \$1,500,000 in federal funding invested in MCCF will result in a multi-generational impact for low-wealth entrepreneurs of color in Buncombe County.

Self-Help is a leading national community development financial institution headquartered in Durham, NC. Since 1980, Self-Help has provided \$10 billion in financing to over 188,000 families, individuals and businesses. We help drive economic development and strengthen communities by providing responsible financial services; lending to individuals, small businesses and nonprofits; developing real estate; and promoting fair financial practices across the nation. We know that loan guarantee programs, like MCCF, provide under collateralized entrepreneurs with the capital needed to realize their dreams and create a better future for their families and communities.

The MCCF pilot program now has a successfully track record of utilization, with 11 loans to entrepreneurs of color being secured with the guarantee, deploying nearly \$400,000. This track record, and the uptick in deployment in the last eight months, clearly demonstrates the long-term potential of community impact that MCCF would create if it received Buncombe County Recovery Funds. These funds have the opportunity to shape a more equitable funding landscape for all of Buncombe County small businesses. Self-Help is committed to being the fund depository and where appropriate utilizing the MCCF facility for eligible deals to help deploy the requested funds in a prompt and prudent nature within the local community.

With this additional funding, we can develop a future where underserved and under-collateralized entrepreneurs in Buncombe County can build long term wealth and create vital local jobs through entrepreneurship.

Kind Regards,

Karen O'Mansky, Vice President
Self-Help Credit Union & Self-Help Ventures Fund
A Participating Lender and Depository of Mountain Community Capital Fund



July 12, 2021

RE: RFP for Buncombe County Recovery Funding

Dear Buncombe County COVID Recovery Funding Reviewers,

It is with great enthusiasm that I write in support of the Mountain Community Capital Fund (MCCF) proposal entitled *Expanding Mountain Community Capital Fund to Support Recovery and Resilience* submitted by Mountain BizWorks. As a participating lender through the MCCF pilot project, Carolina Small Business Development Fund is keenly aware of the significant near- and long-term impacts an additional \$1,500,000 in federal funding under the American Rescue Plan Act would create if invested in MCCF.

Carolina Small Business Development Fund is a U.S. Treasury certified community development financial institution, which has spent 31-years fostering economic development in underserved communities by providing capital, business services, and policy research to support small businesses across North Carolina and inform important stakeholders internationally. We know that the MCCF is a replicable loan guarantee model provides underserved entrepreneurs without credit or collateral with the affordable capital needed to start and grow small businesses and create jobs within their community.

To date, the MCCF pilot program has successfully supported 11 loans to entrepreneurs of color totaling nearly \$400,000 in capital deployed. The experience of the pilot has clearly demonstrated the long-term potential of MCCF and the unique opportunity the Buncombe County Recovery Fund provides in terms of ensuring a more equitable funding landscape for Buncombe small businesses. Carolina Small Business is committed to increasing our utilization of the MCCF facility and helping deploy the requested funds responsibly and expeditiously within the local community. Our goal would be to assist with the deployment of the funds in conjunction with our partners by on or around December 31, 2023.

With this additional funding, we can help many more underserved and under-collateralized entrepreneurs build wealth and provide valuable local jobs through entrepreneurship.

Best Regards,

Kevin Dick

Kevin Dick, Chief Executive Officer
Carolina Small Business Development Fund
A Participating Lender of Mountain Community Capital Fund