



Asian Americans for Equality

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Public Testimony: Asian Americans for Equality

Joint Public Hearing: Access to Capital for Small Businesses During the COVID-19 Pandemic
Senate Standing Committee on Banks
Senate Standing Committee on Commerce, Economic Development and Small Business

Good morning. My name is Jennifer Sun, co-executive director of Asian Americans for Equality (AAFE), a 46-year-old comprehensive community development organization based in New York City. Thank you for the opportunity to address your committees today about access to capital during the pandemic for immigrant and minority small businesses.

AAFE's mission is to advance racial, social and economic justice for Asian Americans and other systematically disadvantaged communities. We develop and manage affordable housing across New York City, provide an array of community services for 20,000 New Yorkers each year and empower entrepreneurs through Renaissance Economic Development Corporation, our small business affiliate.

Renaissance is a U.S. Treasury-backed CDFI which has provided more than \$55 million in low-interest small business financing since its founding in 1997 and offers a range of multilingual training and counseling programs in low-to-moderate income and immigrant communities across the five boroughs. Renaissance is the only CDFI serving the multifaceted Asian American and Pacific Islander community in New York. Throughout our history, we have stepped up in times of crisis -- as a first responder -- to help bring our communities back from the brink. After 9/11, AAFE and Renaissance helped administer a \$15 million small business loan fund from the Empire State Development Corporation. We played a similar role after Hurricane Sandy, dispersing \$5 million to impacted small businesses.

Long before COVID-19 triggered statewide shutdown orders, Asian American enclaves in Manhattan, Queens and Brooklyn were suffering the economic effects of the pandemic. Racist and xenophobic rhetoric depressed foot traffic in Chinatown, Flushing, Sunset Park and other areas, endangering both the safety and livelihoods of thousands of mom-and-pop business owners.

In response, AAFE established an emergency small business loan fund in mid-March with donations raised from our annual Lunar New Year Banquet, which we were forced to cancel. Renaissance was then able to add to the fund, thanks to generous grant awards from several large banks. Due to social distancing protocols, we could not see clients in person, so in a few days time, we created an online application system accessible in English, Chinese, Korean and Spanish. The first loan was closed less than two weeks after the fund was launched. In a six-month period, Renaissance closed almost 150 loans totaling \$2.8 million. We have also facilitated and closed 76 loans for \$1.5 million through the Small Business Administration's PPP Program, with an average loan size of \$19k.

While the state permitted Renaissance to reallocate some previously awarded funds for COVID relief, it was largely the private sector that made this loan fund possible. Renaissance and other CDFIs serving diverse communities were consulted by government agencies at the city, state and federal levels as officials were crafting their business loan programs. So it was surprising that so few of these grassroots groups were selected to administer the various loan funds. As a result, many immigrant small businesses have been unable to access emergency aid.

In New York City alone, Asian-owned businesses make up nearly 23% of all businesses. The AAPI community has been hit disproportionately hard due to the pandemic. As the Asian American Federation notes in a new report, applications for unemployment benefits increased by more than 6,000% in the Asian American community from February to June.

The federal PPP loan program was mostly out of reach for truly small businesses, particularly immigrant, minority and low-income businesses which lacked pre-existing relationships with mainstream banks. The state's New York Forward Loan Fund should be another place to turn, and for many firms it is fulfilling an important need. But because only five statewide CDFIs are involved in administering the fund, many immigrant communities remain excluded. We encourage the state to collaborate with local CDFIs, organizations that know their communities best, to disperse loan capital. In addition, we recommend that these loans be made partially or completely forgivable. These steps would help ensure that the New York Forward Loan Fund is equitable across our immigrant communities, that loans can be closed quickly, and that our vital small businesses have a fighting chance to survive this economic catastrophe.

Finally today, AAFE urges government entities to make multilingual materials more readily available for all aid programs. Very often, program flyers are translated and downloadable, but it doesn't do much good if online applications are English only. Also, there is still a substantial digital divide in the communities we serve. Many of our community members lack a home computer, but increasingly do have a smartphone. For this reason, it's especially important that mobile versions of online applications are made more readily available.

Thank you again for the opportunity to testify today and to share our experiences during COVID-19. I am happy to answer any questions you might have.