



City of San Antonio

Agenda Memorandum

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In Control: Economic and Workforce Development Committee

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Alejandra Lopez

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Briefing on the San Antonio Small Business Ecosystem Assessment, a new study that identifies impactful strategies to address San Antonio's historic inequities in opportunity and outcomes for small businesses owned by people of color.

SUMMARY:

The briefing will provide an overview of the findings of the San Antonio Small Business Ecosystem Assessment, including identification of gaps in small business support and capital resources, the impact of COVID-19, and recommendations for impactful and inclusive strategies for supporting small business owned by people of color, in order to address racial and ethnic inequities in opportunity and wealth creation and promote the growth of San Antonio's economy. The research was funded by JPMorgan Chase and conducted by Next Street and Common Future, in conjunction with nearly 50 local small business support providers and business owners. The full study can be accessed here: [San Antonio Small Business Ecosystem Assessment <https://nextstreet.com/portfolio/san-antonio-small-business-ecosystem-assessment/>](https://nextstreet.com/portfolio/san-antonio-small-business-ecosystem-assessment/).

BACKGROUND INFORMATION:

As San Antonio continues to navigate the COVID-19 pandemic, a new report finds that there has been a historic, unmet annual demand of approximately \$8.3 billion in capital for small businesses in Bexar County and that, while individual economic development organizations are providing strong business support services, the San Antonio small business support system as a whole lacks adequate resources and coordination among service providers.

The research, funded by JPMorgan Chase and conducted by [Next Street <https://nextstreet.com/>](https://nextstreet.com/) and [Common](#)

Future <<https://www.commonfuture.co/>>, examined the current state of Bexar County's small business communities and business support systems, with a specific lens on local businesses owned by people of color and COVID-19 response and recovery.

San Antonio and Bexar County are home to approximately 34,000 small businesses and approximately 145,000 sole proprietorships. These small businesses and sole proprietors account for 34% of the local workforce. However, while Hispanic and Black residents make up 60% and 9% of the Bexar County population, they only own 24% and 2% of all businesses, respectively. Business ownership disparities are paired with revenue and employment imbalances, with Hispanic- and Black-owned businesses historically earning less revenue and hiring fewer employees than their White-owned counterparts.

The COVID-19 pandemic has only magnified these disparities. Since the start of the pandemic, total small business revenue and the number of small businesses open in San Antonio decreased by 45% and 35%, respectively. During this crisis, Black-owned businesses in San Antonio were overrepresented in deeply impacted, neighborhood-based industries such as food services, laundry services, and retail. Hispanic-owned businesses were also significantly impacted, heavily represented in industries that have struggled due to lower consumer and nonessential business spending, including construction, merchant wholesale, and truck transportation.

ISSUE:

The report builds upon City Council's past efforts to support local small businesses, including COVID-19 relief funding, establishment of the SBEDA program, mentorship and entrepreneurship support programs, access to capital assistance, and newly established Small Business Commission. The new findings provide a road map for citywide efforts to support small businesses owned by people of color, with the long-term goal of eliminating disparities in wealth and opportunity and growing San Antonio's economy and tax base.

Potential solutions identified to fill gaps in the local small business support ecosystem include:

- **Ecosystem coordination.** Forming coalitions that bring together small businesses, capital and service providers, funders, and other stakeholders to coordinate and advocate for ecosystem priorities. Ecosystem coordination efforts should build off emerging momentum created by existing collaboratives and convening bodies and integrate with the region's existing network of local chambers of commerce and economic development agencies.
- **Access to flexible capital.** Enhancing the availability and access of flexible debt and equity capital to strengthen businesses, community financial institutions, and responsible investors. In San Antonio and Bexar County, this work should integrate within the region's network of community financial institutions with longstanding history in the market, including capital access programs and emergency relief funds administered before and during the COVID-19 pandemic.
- **Sustainability and resiliency.** Forming and sustaining collaboratives of capital and service providers to build more resilient businesses and communities of color. Continued COVID-19 recovery efforts should draw from emergency efforts created in the immediate response to the pandemic, including the grant and loans programs offered by the City and County governments. Efforts to support business owners of color to prevent commercial displacement and financial instability should integrate with existing initiatives led by local capital and service providers with deep histories in the neighborhoods they serve.
- **Access and Networks.** Expanding access to resources by creating networks of business owners of color and developing corridor-level business services. Initiatives to bolster access and quality of these networks should integrate and refine existing initiatives and corresponding entrepreneurial networks.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

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RECOMMENDATION:

This item is for briefing purposes only.