

Trifecta of UCEDC Resources Support Underserved Communities through Economic Impact of COVID-19

TRENTON, N.J. (May 28, 2020) - With the COVID-19 outbreak impacting New Jersey's smallest businesses especially hard, Community Development Financial Institutions (CDFIs) are instrumental in connecting micro and small businesses with the funding they need to survive the economic impact of the pandemic. Since launching its COVID-19 Crisis Relief Loan Program in March, Union County-based [UCEDC](#), a non-profit economic development corporation, has dispersed over \$1 million in loans to small and microbusinesses in New Jersey.

What distinguishes non-profit CDFI lenders from other financial institutions is their community development mission and flexibility to determine the best use of limited federal resources in their community. To be classified as a CDFI, a financial institution must certify that at least 60 percent of its financing activities are targeted to low- and moderate-income (LMI) populations or underserved communities.

UCEDC is one of six CDFIs that partnered with the [New Jersey Economic Development Authority \(NJEDA\)](#) shortly after Governor Phil Murphy declared a state of emergency in March. Together, these partnerships will leverage New Jersey-based CDFIs to provide between \$20 million and \$30 million in low-cost financing to small and microbusinesses and nonprofits impacted by the COVID-19 outbreak.

"Small businesses, and particularly those in underserved communities, are bearing the brunt of the economic crisis caused by the Coronavirus pandemic," said NJEDA Chief Executive Officer Tim Sullivan. "CDFIs are a lifeline for so many small business owners during this time and our partnership with them will serve to bolster the impact that they have on the local levels as we seek to begin to recover and re-open from this global health crisis."

Through the newly-created CDFI Emergency Assistance Grant Program, the NJEDA is providing \$250,000 in grant funding to UCEDC to help the CDFI scale its operations due to the high demand for assistance from business owners. The funding also enables UCEDC to buy down interest rates on its loans to offer borrowers more flexible loan terms at lower rates to help small and micro businesses survive during this COVID-19 outbreak.

In addition to the funding from the NJEDA, support UCEDC received from Investors Bank and the Tory Burch Foundation has enabled the CDFI to reduce its loan interest rates to zero-percent for small businesses impacted by COVID-19. Companies that have been in operation for more than two years are eligible to apply for loans of up to \$15,000, while those in business for one to two years can apply for up to \$10,000.

"Investors Bank is dedicated to supporting small businesses in New Jersey and looks forward to partnering with UCEDC to ensure resources are deployed to underserved markets," said John Nietzel, Investors Bank Senior Vice President, Government Banking & Advisory Boards.

Investors Bank was the first to offer UCEDC assistance for small businesses affected by the coronavirus pandemic, just as they were in the aftermath of Superstorm Sandy. The Tory Burch Foundation works with community lenders to ensure that female business owners and

entrepreneurs have access to the capital they need to succeed. Since launching in March, UCEDC's COVID-19 Crisis Relief Loan Program has provided over \$1 million to 71 small businesses throughout the state.

UCEDC has over 40 years of experience in helping historically underrepresented business owners access the resources they need to succeed. In addition to providing low-cost loans, UCEDC also offers its customers training services and technical assistance in procuring government contracts.

"As one of only 10 CDFIs in the nation to offer this trifecta of support, we're in a unique position to offer our customers a complete suite of resources," said UCEDC President Adam Farrah. "Our training sessions help small business owners learn everything they need to get started – guiding them from their dream of owning their own small businesses through developing a business plan, opening their doors, and beyond."

In 2019, UCEDC held 117 training workshops, which had a combined 1,242 attendees. The CDFI also facilitated the mentoring of 514 clients for a total of 2,506 hours. UCEDC helped clients secure a total of 1,604 government contracts in excess of \$76 million.

Farrah noted that COVID-19 has brought an increase in business owners benefiting from UCEDC's workshops, which are now offered online.

UCEDC works with its customers to find specific solutions that fit their individual borrowing needs, offering loans from \$500 to \$5.5 million. Last year, UCEDC provided 76 loans, totaling \$5.1 million to businesses throughout New Jersey and parts of Pennsylvania and New York. Nearly 65 percent of businesses and startups receiving funding were women-owned and 59 percent were minority-owned. Through its various U.S. Small Business Administration (SBA) loan programs, UCEDC is able to approve loans that would not otherwise be eligible for funding from traditional commercial lenders.

About the New Jersey Economic Development Authority

The New Jersey Economic Development Authority (NJEDA) serves as the State's principal agency for driving economic growth. The NJEDA is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy. Through partnerships with a diverse range of stakeholders, the NJEDA creates and implements initiatives to enhance the economic vitality and quality of life in the State and strengthen New Jersey's long-term economic competitiveness.