

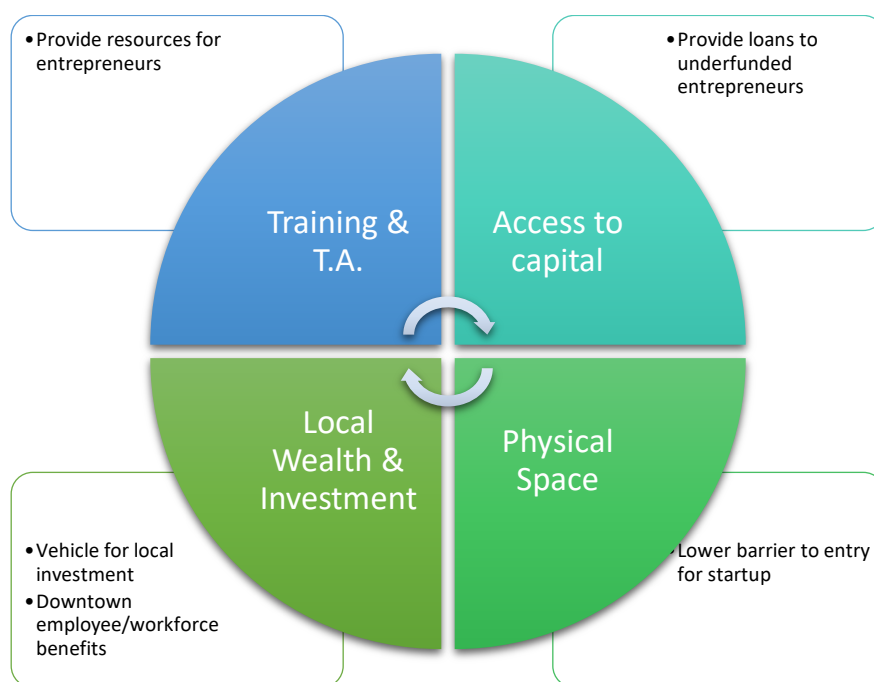
*Working name* - Downtown Hendersonville Local Opportunity Investment Program (DHLOIP)

#### Overview -

This Program is an initiative to have a multi-faceted approach for small business growth and development.

**Program mission:** To provide support and sustainability for local entrepreneurs and businesses in Hendersonville.

**Program vision:** DHLIP breaks barriers for new entrepreneurs to be successful in downtown Hendersonville. This includes education and technical assistance, physical space, access to capital, and workforce benefits.



This Program is an initiative to have a multi-faceted approach for small business growth and development. The mission is to provide support and sustainability for local entrepreneurs and businesses in Hendersonville.

This project entails a targeted approach to make sure this opportunity is as broadly accessible as possible, and particularly aims to support the success of under-fueled women-led and BIPOC-led small businesses through a four-part strategy:

1. Training & T.A. - Through program partnerships, we will offer training and marketing based on the specific needs for each business. This will include scholarship opportunities, reduced price marketing services, and opportunities for BIPOC owned businesses to participate in a Black Wall Street cohort as they expand their services outside of Asheville.

2. Access to Capital - A centerpiece of our strategy will be the creation of the Hendersonville Opportunity Fund, an evergreen revolving loan fund that will help underserved entrepreneurs access the capital they need to start or grow their business downtown. This resource will help provide diverse local entrepreneurs with the confidence that they can get the affordable and accessible funding needed to make their business dreams a reality. We are requesting \$600,000 to initially capitalize the fund, and an additional \$150,000 to provide training and technical assistance while concurrently investigating the ability to create a unique fund for supporting growth of local wealth.

Downtown Hendersonville will lead the marketing of the fund to area businesses. We will partner with Mountain BizWorks to administer the fund including providing the necessary professional underwriting, loan closing, monitoring, and servicing elements of the fund. Mountain BizWorks is a certified CDFI with over 30 years of experience financing small businesses across rural Western North Carolina. Mountain BizWorks also has a strong track record of serving our community. Over the past 5 years, they have financed 123 small businesses in Hendersonville totaling \$4.75M. Two of their board members live or work in Hendersonville and have strong connections with local communities of color. Through partnering with Mountain BizWorks, we are excited to be able to leverage their mission financing expertise with our on-the-ground community knowledge, outreach, and technical assistance services to meaningfully expand opportunities for diverse entrepreneurs in our community.

We expect the average loan size will be around \$50,000 with loans ranging from as low as \$5,000 and up to \$100,000. The loans will be flexible to meet the needs of a variety of small business needs such as leasehold improvements, equipment, working capital, and marketing.

3. Physical Space - The City of Hendersonville has a ~2500 sf office space that is currently home to the City of Hendersonville Downtown Program. The potential partnership is an agreement with the City of Hendersonville and Ringo Fire (Greenville) to create a second location for Campfire, their local business marketing arm. This provides marketing support for small businesses in the form of quality photo, video, social media and other digital marketing. Space agreement would include either market rate lease (funds from lease to support funding additional space or programming for growth of program) or reduced rate lease in exchange for reduced price services for participating businesses

In the future, physical space could be developed with public- private partnerships or other city-owned properties to create an incubator space that meets the needs of starting businesses, ranging from affordable retail space to makerspaces or commissary kitchens.

4. Local Wealth & Investment - This would create a local wealth fund that will support and grow the overall lending program, and potentially create incentive for local employees/workforce through a matching investment account. This would be focused on developing the fund and feasibility/legal components.

**Project Funding:** Success of the overall project will vary depending on level of funding available:

- Training & TA (~ \$20,000+ ) – scholarship opportunities and lease agreement with Ringo Fire can allow for a varied level of expense to find success in training and technical assistance. Partnership with Black Wall Street to explore their expansion into Hendersonville.

- Access to Capital (\$ ??? ) – The total amount will need to be determined with help from Mountain BizWorks and as a part of the project investigation and needs assessment period.
- Physical Space (~ \$2000/month in the form of in kind investment, market rate lease, etc) – the startup space is currently owned by the City of Hendersonville – this is a ~2500 sf office space that is currently home to the City of Hendersonville Downtown Program. The downtown staff will move out of the space in 2023 (to City Hall), leaving the space available for use.
  - The potential partnership is an agreement with the City of Hendersonville and Ringo Fire (Greenville) to create a second location for Campfire, their local business marketing arm. This provides marketing support for small businesses in the form of quality photo, video, social media and other digital marketing. The City is considering an agreement for the office space that would include adding a production space for photo/video. Space agreement would include either –
    - market rate lease (funds from lease to support funding additional space or programming for growth of program)
    - Reduced rate lease in exchange for reduced price services for participating businesses
  - Potential partnership with Black Wall Street AVL to have a second location for their cohort program for BIPOC business owners
- Future physical space could be developed with public- private partnerships or other city-owned properties. This can range from \$0 (in kind space already owned by City) to \$millions
- Local wealth & Investment - TBD with Mountain BizWorks partnership – This would create a local wealth fund that will support and grow the overall lending program, and potentially create incentive for local employees/workforce through a matching investment account.

Program year to year outline:

Year 1 – Startup, Needs Assessment, Partnership Development – this can be completed regardless of funding.

- Downtown program offices can serve as a potential space for training, small office space available.
- Potential partnership with Ringo Fire to open Campfire HVL as a part of space – partner agreement to provide access to lower cost marketing services for participating businesses (underfunded businesses, minority-owned, or otherwise disadvantaged etc)
- Partner with Blue Ridge Community College and Mountain BizWorks on training with scholarship program supported by Dogwood Health Trust Grant Program (DHT). Training can take place at Downtown Program Offices (125 5<sup>th</sup> Ave W)
- Partner with Mountain BizWorks to provide lending opportunities (soft launch) – Revolving Loan Fund supported by Dogwood Health Trust Grant Program.
  - Loan terms TBD
  - Loan amounts TBD
- Identify needs of potential businesses

- Investment fund created w/ CDFI (Mountain BizWorks)
  - investments go into pool with DHT – further leverage dollars – low barrier for investment. This is a way of diversification of investment portfolios with a local impact
  - Future investment fund growth opportunities:
    - 401k/IRA/HSA investment program for downtown businesses/ small businesses to offer a program for employees (workforce retention)

#### Year 2 –

- Revolving Loan Program launch
- Training & coaching program continues
- Subsidized space for participating entrepreneurs – office space and meeting space

#### Year 3 – Possible Space expansion

- Obtain property to offer maker space/ incubator space based on needs identified. The space will provide low cost business space to overcome the barrier to entry (size of spaces on Main Street / 7<sup>th</sup> and therefore monthly rent)
  - Ideal space – rug mill

#### Partners/Meetings

- BRCC/Small Business Center – Ben Smith (educational partner)
- Mountain Bizworks – 5/5/2022 - (lending partner, educational partner)
  - Grant dollars designated toward lending program
- Dogwood Health Trust – Moriah – 5/5/2022 (funding application)
- Black Wall Street – 5/6/2022 (introductory meeting)
  - Met with Dr. Hackett and Bruce Waller, founders of Black Wall Street
  - Partnership to scale Black Wall Street into Hendersonville
  - Support a Black Wall Street cohort of Hendersonville businesses
    - grant dollars can go toward training/education/fees for HVL cohort members
- City of Hendersonville + Friends of Downtown – partnership on physical space, downtown staff are coordinators/project management
- Ringo Fire / Campfire – private business partner – marketing firm seeking to expand “Campfire Greenville” concept to Hendersonville – support for current downtown businesses and small businesses in form of marketing/promotions
- Additional partners / conversations
  - Commissary kitchen (privately owned commissary kitchen currently in progress in 7<sup>th</sup> Avenue district).
  - Arts initiatives - (city/TDA partnership being considered which will provide physical space for arts nonprofits, more specifically on performing arts, but potential space for arts-based businesses)

#### Program examples -

<https://www.growbusiness.org/>