



Texas Economic Development Council

Resiliency Hub Case Studies

Lubbock's Support Lubbock Fund

About TEDC Resiliency Hub case studies

The Texas Economic Development Council (TEDC) has a grant under the CARES Act from the Economic Development Administration (EDA) to provide education and resources related to resilience, recovery and sustainability for economic development. TEDC created the Resiliency Hub to celebrate and share inspiring stories of Texas communities that have displayed exemplary work in establishing, implementing and maintaining programs that support their economies after facing economic distress and to:

- ▶ Highlight the importance of economic resiliency planning and implementation
- ▶ Broadcast and share innovative solutions to common economic problems
- ▶ Highlight potential future challenges and opportunities within the regions
- ▶ Reinvigorate professionals involved with the programs and initiatives with the meaningful outcomes and potential of their work

TEDC defines economic resilience as **the ability of a community's businesses and economic development efforts to better withstand, and recover more quickly from, adverse incidents of any kind.** Four regions were selected, showcasing their initiatives and programs which exemplify resilience and recovery in Texas.

About Lubbock, TX

Lubbock is a city located in northwestern Texas. When the COVID-19 pandemic hit, it heavily impacted local and small businesses in Lubbock.

The Lubbock Economic Development Alliance (LEDA), Market Lubbock, and the South Plains Association of Governments (SPAG) acted quickly, creating a revolving loan fund called Support Lubbock. They provided \$2 million to the fund, allocating them to small businesses on a first-come-first-serve basis. These businesses are vital to Lubbock's economy and the financial assistance they received from Support Lubbock acted as a stop-gap between the time when the pandemic started and when federal funds were finally available.

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The Support Lubbock Fund provided us a model to go to EDA with a plan for resiliency in our communities – not just in the city of Lubbock, but throughout our 15-county region.

SPAG leadership



About Lubbock Support Fund

The Support Lubbock fund was created well before any official state or federal aid opportunities, which allowed SPAG, LEDA, and Market Lubbock to quickly alleviate capital concerns for over 50 small businesses. Funds were allocated on a **first-come, first-served basis**, and repayment terms included a **4% interest rate** over a maximum of **5-year term**.

Eligible businesses had to:

- ▶ Demonstrate a minimum of \$100,000 and a maximum of \$5,000,000 in gross revenues for 2019
- ▶ Be located within the city limits of Lubbock
- ▶ Have a minimum of two years of operation

These eligibility requirements were simple for businesses to obtain. Reducing barriers in this way helped make the application process easy and increased the likelihood that more businesses within the community could get the funding they needed.

Eligible uses include:

- ▶ Overhead operations
- ▶ Payroll
- ▶ Rent
- ▶ Short-term cash
- ▶ Inventory
- ▶ Raw materials

This fund was unique because of how it was structured. During the first year, businesses had the option to pay only the interest due. Depending on how well the businesses performed after receiving funding, **loan forgiveness** was possible if they met the following criteria:

- ▶ **50% of loan forgiveness** if 2020 Gross Revenue for small business are between 35-49% less than 2019
- ▶ **100% of loan forgiveness** if 2020 Gross Revenue for SB is down at least 50% (or more) less than 2019

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Support Lubbock came well before any of the other grants or federal aid. Getting those funds was the beginning of keeping our business alive.

Caldwell Entertainment owner



The Support Lubbock Fund was a necessity during the uncertain period between when the pandemic began and when federal support stepped in. The success of the Fund is evident in how it impacted these local businesses and how it has since been replicated:

Funding

- ▶ The Fund was provided by LEDA and Market Lubbock, totaling to \$2 million.
- ▶ Support Lubbock is still servicing roughly half of the loans distributed, with the other half having exited the program.
- ▶ 37% of the original businesses received some level of forgiveness at the 12-month review period, which equated to roughly 25% of the initial loan capital.

Business support and preservation

- ▶ All applicants were funded by May 2020, four weeks from the launch of the Fund.
- ▶ Of the 60 applicants to the fund, 59 are still in business today.
- ▶ Preserved over 250 local jobs in a variety of industries, such as restaurants, retail, hotels, arts (e.g., recording studio), trucking and logistics.

Programs modeled after Support Lubbock:

- ▶ SPAG CORE (Covid Relief Fund)
- ▶ Panhandle CORE
- ▶ Permian Basin CORE
- ▶ Plainview CARES (small business grant program)
- ▶ Levelland Small Business Fund
- ▶ LB3 (Lubbock Businesses Bounce Back Grant Program)

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Having the support from the city of Lubbock has helped us in creating careers for our technicians that help them grow financially, help them extend their education and take care of their families.

CEO, Absolute Hygienic Services



What other regions can learn from Lubbock

Be innovative in the face of adversity.

After the COVID-19 pandemic shut down Lubbock's economy, SPAG, LEDA, and Market Lubbock came together to understand how they could support the business community and residents. LEDA and Market Lubbock together had \$2 million dollars that they wanted to develop a revolving loan fund to support local businesses. While SPAG had experience operating loan programs, the structure of the Support Lubbock Fund was new. How the Fund was structured required them to take best practices from both loan and grant structures, resulting in an innovative solution that quickly met the needs of local businesses during a time of economic ambiguity.

Establish partnerships early on.

The Support Lubbock Fund was able to be launched weeks within its inception because of the existing, strong partnerships between SPAG, LEDA, and Market Lubbock, as well as other key partners. Had these relationships been less mature, creating a new funding structure, marketing it to the community, and deploying the funds would have been more complicated and would have taken longer.

Both the business community and the residents of Lubbock benefitted from the strong relationship between their economic development and city organizations.

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Recently, I found out about how SPAG used our program to help other companies in counties all throughout the Panhandle. They used our program as a model to help small businesses withstand shocks and challenges other than the pandemic.

LEDA and Market Lubbock leadership

Reduce barriers for participants.

SPAG, LEDA, and Market Lubbock understood that local vendors, artists, and shop keepers are what make Lubbock unique and strong. When the pandemic threatened their existence and created anxiety for those which relied on in-person interactions, the three partners knew they had to make the application process for the Fund as simple and easy as possible.

Reducing barriers and potential complications in the application process enabled more businesses to apply. It also helped alleviate their concerns that they would have to shut down their businesses for good. Ultimately, the Support Lubbock Fund helped most of these businesses survive the pandemic and thrive afterwards.

