

Cape Businesses Seek Target Relief Plan

EASTHAM -- Among many problems facing the smaller, seasonal businesses indispensable to the Lower and Outer Cape tourism economy is one big stipulation in the Small Business Administration's Payroll Protection Program: Its federal loans funded by the CARES Act require that 75 percent of a loan must be used for payroll by June 30 in order for the loan to be forgiven.

But most smaller, seasonal businesses here don't bring on the lion's share of summer staff until late May or June, and this year perhaps later, so they aren't paying out the required percentage in payroll by the end of June. If they take out a loan and fail to meet the payout threshold, the money has to be repaid.

It's one of the main reasons why the Eastham-based Community Development Partnership is leading an appeal to state lawmakers, along with 100-plus Lower and Outer Cape companies, to create a more targeted Economic Relief and Recovery Program to help the most vulnerable businesses ride out the economic disaster created by the Covid-19 pandemic.

In a letter to state Sen. Julian Cyr (D-Truro), state Rep. Sarah Peake (D-Provincetown) and state Rep. Tim Whalen (R-Brewster) the businesses are asking for help in the form of grants, less restrictive loans and a special task force to address their issues.

"For seasonal businesses that open up right before Memorial Day, they don't have the payroll costs to charge to the loan. Yet they do have rent, utilities, equipment [and other costs] that they incur while being closed. And for many very small businesses, there is no way they can go into more debt," CDP chief executive officer Jay Coburn told The Cape Codder.

"While the PPP program has worked for many medium to large year-round businesses, it has not been a good fit for small and seasonal businesses," he said.

Under Gov. Charlie Baker's newly announced reopening schedule, restaurants (for dining in) and lodgings like hotels, motels and B&Bs are not included in the phase one reopen plan. No firm timeline, restrictions or capacity rules for those industries were revealed in Baker's strategy early this week, but it appears they will remain closed until at least mid-June. (See the Covid-19 update, this page.)

Moreover, many small, seasonal hospitality businesses may not be able to open this summer at all due to social distancing requirements, Coburn noted.

"A 20-seat restaurant is not viable opening at just 25 percent capacity. The PPP program can't help them take a season off, cover fixed expenses and be ready to re-open next season," he said.

“We would like to see a state fund that provides grants and forgivable loans to small businesses that can’t use PPP. Such a program could be administered by community development corporations, like the CDP, across the state. We have 20 years of experience running small business loan and support programs,” he added.

“The federal programs were designed to inject a lot of money into the economy quickly, but not intentionally, and the unfortunate result is that the programs are poorly targeted and won’t help many of the businesses on the Lower and Outer Cape,” the CDP said in a statement accompanying a copy of the letter that was sent to lawmakers.

It asks for:

- \$10 million in funding to support community-based organizations that deliver technical assistance and coaching to small businesses;
- \$30 Million in emergency relief grants to help businesses cover rent, mortgages and other fixed costs;
- \$35 million to Community Development Financial Institutions to help them offer grants, zero/low interest loans, loan deferments and other assistance to small businesses;
- \$75 million to Massachusetts Growth Capital Corporation for a revolving loan fund to help businesses unable to access SBA financing;
- A statewide Small Business Assistance Task Force charged with ensuring the effective delivery of support to small businesses during the economic shutdown and through the recovery.

The signatories are well-known local companies and brands, both seasonal and year-round, including these, to name a few:

Snowy Owl Coffee Roasters Brewster

The Sea Meadow Inn Brewster

The Friendly Fisherman Eastham

Jack’s Boat Rental Wellfleet

The Platinum Pebble Boutique Inn Harwich

The Knack Orleans

Mac's Seafood Eastham

Laura & Tony's Kitchen Eastham

Hair Benders Truro

Snow's Home & Garden Orleans

Newcomb Hollow Shop Wellfleet

Back to Nature Rentals Eastham

Wellfleet Drive-In & Cinemas

Wellfleet Motel & Lodge

Spiritus Pizza Provincetown

Asked to respond to the letter's requests, Sen. Cyr said that unless federal dollars are made available to the Commonwealth, the state will be "limited in what financial support we will be able to provide to small businesses."

He noted the Commonwealth is facing an estimated \$5 billion shortfall in the fiscal year that starts July 1, in addition to up to \$1 billion shortfall in the current fiscal year.

He "urgently" suggested that the requests be directed to the region's Congressional delegation.

"As someone who spent more years working in my family's seasonal restaurant than anything other pursuit, I am deeply worried for what the Covid-19 pandemic and subsequent recession will mean for those of us who make our lives on Cape Cod. Employees of small businesses and those businesses themselves need immediate help, and I don't see that need abating anytime soon," Cyr said.