

SMALL BUSINESS SUPPORT



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SMALL BUSINESS

BACKGROUND

Small businesses are critical to the economic health, vitality, and vibrancy of the Hartford community. They employ city residents, they serve neighborhoods, and they're often owned by people who have a deep connection and commitment to the community.

As in every city, Hartford's small businesses were hit hard by the pandemic. The shift to remote work has had a continuing impact on many small businesses — especially those for which office workers were an important part of their customer base. In the wake of the profound disruption caused by the pandemic, the city has utilized philanthropic funds, American Rescue Plan resources, and city resources in unprecedented ways to help Hartford's small businesses recover and to incentivize new small business creation.

PANDEMIC EMERGENCY RESPONSE INITIATIVES:

At the height of the pandemic, the City created the Hartford Small Business Emergency Grant Program — the first and largest local small business pandemic relief program in Connecticut. Partnering with the Hartford Foundation, Capital for Change, and several technical assistance providers, a total of \$2,894,005 was deployed through 380 grants to small businesses in Hartford, with an average grant of \$7,616. The grants maintained nearly 1,500 jobs by replacing lost revenue and covering the costs of continuing operations. Approximately \$2 million was awarded to low-income businesses and nearly \$1.4 million was awarded to women-owned businesses.

ONGOING SMALL BUSINESS INCENTIVE PROGRAMS

In addition to the emergency grants awarded during the pandemic, the city utilized multiple funding sources to establish programs that it continues to administer, often in partnership with third parties:

THE HARTLIFT PROGRAM: The City of Hartford created the HartLift Partnership to achieve three interlocking goals: to assist property owners hit hard during the pandemic, to help new small businesses start up or expand, and to activate vacant retail spaces both in the downtown and in Hartford’s neighborhoods.

Administered by the Chamber of Commerce on behalf of the City, the HartLift partnership provides grants to assist with the buildout of new businesses in vacant space. In 2023, Hart Lift was recognized as the “Best Use of Federal Economic Development Resources” in the country by the International Economic Development Council.

- **HartLift formula and conditions:** HartLift provides a grant of up to \$50 per square foot, up to a maximum of 3,000 square feet or \$150,000 per recipient. The program requires a 100% match from applicants located downtown, and a 50% match from applicants in neighborhood commercial corridors. The program may also support a small number of high-priority projects which are eligible for a \$100 per square foot allocation, requiring at least a 200% match from the applicants.

- **Outcomes:** To date, 62 businesses across the city have been allocated funding totaling \$6.8 million. The majority of supported businesses were minority or women-owned. The program will ultimately help to activate or reactivate more than 225,000 square feet of ground floor commercial space and support the creation of hundreds of jobs.
- **Funding:** The HartLift Partnership has been allocated more than \$10 million in American Rescue Plan funds dedicated to Economic and Community Development. The allocations have been broken down into several categories, as detailed in the chart below. The majority of these funds have been committed or are intended for use at specific properties, but remain to be expended pending project completion.

HartLift ALLOCATIONS — ESTIMATES AS OF NOVEMBER 2023

Project	Amount Allocated
CITYWIDE VACANT SPACE ACTIVATION	\$4,000,000
DOWNTOWN PROPERTY STABILIZATION	\$3,000,000
RETAIL IN CITY PROJECTS	\$2,000,000
HIGH VACANCY CORRIDORS	\$1,000,000
HIGH PRIORITY PROJECTS	\$2,000,000

SMALL BUSINESS INVESTMENT FUND: To support existing businesses in the creation or retention of jobs in the wake of the pandemic, the city created a \$1.5 million grant program. Businesses were eligible for up to \$100,000 with a 50% matching funds requirement. The match can be made with cash or investment accounts, and also by showing evidence of revenue loss during COVID-19 or recent investment in the business.

- **Outcomes:** 45 businesses have been funded, 74% of which have been in neighborhoods outside of downtown, and 80% of which are minority or women-owned.
- **Funding:** This program was funded with American Rescue Plan dollars. The entire \$1.5 million has been committed, and \$1.1 has been disbursed.

THE MICROENTERPRISE MICROGRANT PROGRAM:

To support the growth of small entrepreneurial ventures that have the potential to create jobs and successful businesses in the Hartford community, this \$500,000 grant program can provide businesses with five or fewer employees with up to \$2,500 in financial assistance. The City of Hartford has partnered with the Urban League to distribute the funds. To date, there have been 513 applicants, with 327 businesses eligible for funding.

- **Funding:** The program is funded through the American Rescue Plan, and the full balance is available for disbursement.

SMALL BUSINESS FACADE IMPROVEMENT PROGRAM:

The facade improvement program is a forgivable loan program for property owners and small business owners to apply for up to \$50,000 for non-structural upgrades to building facades in designated commercial corridors. The program requires a matching private investment of at least 25%. The City has identified eleven buildings throughout the city to date, and is currently working with building owners to disburse the funds.

- **Funding:** This funding comes from the American Rescue Plan, and the city has set aside \$2 million for the program.
- **Ongoing Partnerships and Promotion of Small Business:** In addition to the unprecedented initiatives launched in response to the COVID-19 pandemic, the City has funded and supported a number of partnerships to ensure that small businesses in Hartford have access to capital, technical assistance, and other support. In addition, the City has partnered actively with the Chamber of Commerce to promote Hartford small businesses.

DIRECTOR OF SMALL BUSINESS INITIATIVES AND SUPPORT:

Early in his administration, Mayor Bronin elevated the position of the Director of Small Business Initiatives and Support within the Development Services Department, reporting to the Department Head. The Small Business Director has been central to developing and administering many of the programs outlined above, and is an important point of contact for small businesses throughout the city.





PARTNERSHIP WITH THE HARTFORD CHAMBER OF COMMERCE:

In recent years, the City of Hartford has funded a position within the Hartford Chamber of Commerce to facilitate engagement with small businesses and to serve as a small business “navigator,” intended to provide support to businesses seeking space, introductions to lenders, or assistance engaging with city departments.

PARTNERSHIPS WITH SMALL BUSINESS TECHNICAL ASSISTANCE PROVIDERS:

The City has provided funding and in some cases staff support to assist with the work of vital community partners including the Spanish American Merchants Association (SAMA), HEDCO, ReSET, and more recently, Inner City Capital Connections (ICCC).

The City supports several of these entities with CDBG funding on an annual basis: approximately \$100,000 a year to HEDCO, \$165,000 to SAMA, and \$30,000 to ReSET.

PROMOTING SMALL BUSINESSES: In addition to providing funding and facilitating technical assistance, Mayor Bronin has regularly sought to use the platform of his office to promote small businesses. That includes ribbon cuttings, speaking at small business incubator events, and visiting “hack-a-thons” and other events that bring budding entrepreneurs together.

Just in 2023, Mayor Bronin cut the ribbon for 21 new small businesses in town. Most importantly, the Mayor and the administration have played an active and direct role in recruiting small businesses to Hartford.

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RECOMMENDATIONS

The City of Hartford has been a proactive partner to small businesses, launching a range of initiatives to accelerate the recovery and growth of small businesses in Hartford. Going forward, the City should seek ways to sustain and expand these initiatives:

- **SUSTAIN THE HARTLIFT PROGRAM:** Given the HartLift's program success in activating neighborhood corridors and stabilizing businesses across the city, the incoming administration should consider how it could continue the program. While the current allocation of funding has been made available as a result of American Rescue Plan funding, the city should seek other funding sources and should consider utilizing some portion of future surplus dollars, if available, to sustain and expand the HartLift partnership.
- **CONTINUE TO SUPPORT HARTFORD'S STARTUP ECOSYSTEM:** Hartford is fortunate to have innovative entrepreneurs who want to turn their ideas into stable businesses, and City government should continue helping them along that path. ReSET has been an important partner and convener in that effort, and the incoming administration should continue finding ways to help foster a culture of entrepreneurship that creates local jobs.
- **EXAMINE ROLE & RESPONSIBILITIES OF POSITION FUNDED AT THE CHAMBER OF COMMERCE:** The incoming administration should work with the Chamber of Commerce to examine and refine the scope of duties and responsibilities of the position funded by the City, to ensure that the position is utilized to maximum effect to support small businesses.