

Minority-owned businesses need inclusive policies, especially during COVID-19

January 28 2022, by Ivan Natividad



Credit: Unsplash/CC0 Public Domain

Race-conscious policy that provides financial and commercial rent relief, and improved employee benefits and federal data collection mandates for financial institutions, could help prevent the

disproportionate economic impact that COVID-19 has had on minority-owned businesses.

That's according to a new report produced by UC Berkeley's Urban Displacement Project (UDP) that showed during the pandemic, historic and systemic inequities—such as [racial profiling](#) and violence—have hobbled minority-owned businesses' ability to access PPP (Paycheck Protection Program) loans, pay overdue rents, and provide sufficient benefits to employees.

Co-authored by Karen Chapple, a professor emerita at Berkeley's College of Environmental Design, the report was sponsored by Asset Funders Network and utilizes a [new mapping tool](#) that identifies Bay Area neighborhoods and minority-owned businesses that have been more vulnerable to the economic impact of COVID-19.

The study analyzed ZIP codes in the nine-county Bay Area region and found people of color owned 29% of all businesses, with an overrepresentation in industries such as transport and warehousing, accommodation, administration, personal services and food services.

Other key findings from the UDP mapping tool were:

- There are an estimated 6,238 minority-owned businesses across Oakland, Redwood City, Richmond, San Jose, San Francisco and South San Francisco.
- Nearly half of minority-owned small businesses identified across the six study areas are Asian-owned.
- The majority of minority-owned [small businesses](#) are concentrated in San Francisco (37%) followed by Oakland (29%) and San Jose (26%).
- Approximately one-third of minority-owned businesses identified across the six cities also own their commercial

properties.

- Latinx-owned businesses and Black-owned businesses had lower rates of access to PPP loans compared to Asian-owned businesses.
- Owner-occupancy rates are higher for [child care](#) and arts businesses (at 65% and 46%, respectively).
- Food and beverage services has the lowest owner-occupancy rate at 30%, which means that 70% of food and beverage services businesses rent their current premises.

In the U.S., there is no comprehensive dataset that includes businesses owned by people of color, said Chapple, and this has had negative ramifications for communities of color in the Bay Area.

The map proves that without targeting vulnerable minority-owned businesses, policy interventions may be ineffective, she said. It also is a powerful tool that will ensure that these businesses are more resilient moving forward.

"Often when we develop programs to provide businesses with capital and resources, only the best connected firms benefit. We saw this happen again with the PPP loans during the pandemic," said Chapple. "So, in order to direct aid to the most deprived businesses, we have to know where they are, so we can reach out to make sure businesses get the loans they need to survive."

More information: UC Berkeley Urban Displacement Project report: [www.urbandisplacement.org/wp-c ... ity-Report-Final.pdf](http://www.urbandisplacement.org/wp-content/uploads/2020/07/Urban-Displacement-Report-Final.pdf)

Provided by University of California - Berkeley

Citation: Minority-owned businesses need inclusive policies, especially during COVID-19 (2022, January 28) retrieved 18 April 2024 from <https://phys.org/news/2022-01-minority-owned-businesses-inclusive-policies-covid-.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.