METROPOLITAN POLICY CENTER
SCHOOL *of* PUBLIC AFFAIRS

SBA Lending
Equity and Efficiency Challenges

by

Derek Hyra and Meghan Doughty

Metropolitan Policy Center
School of Public Affairs
American University

White Paper Commissioned by the National Association of Government Guaranteed Lenders

December 23, 2014

Introduction

America's small businesses are important drivers of the national economy and job creation. Small firms employ half of the United States (U.S.) labor force and since 1995 small businesses have provided approximately 65 percent of net new jobs in the American economy. Moreover, since the Great Recession small businesses have contributed to a significant proportion of American job recovery (Mills and McCarthy, 2014).

While small businesses are vital to the American economy, it is often difficult for lenders to determine the credit worthiness of these types of businesses (Craig, Jackson and Thomson, 2007). To help stimulate lending to small businesses, in 1953 Congress created the U.S. Small Business Administration (SBA) to facilitate the deployment of credit to small firms. Two cornerstone SBA efforts have been the 7(a) and 504 loan guaranteed programs.[1] These programs minimize risk by providing federal guarantees, ranging from 40 percent to 75 percent of the origination amount, on loans made by private lenders. These programs have been critical in facilitating loans to America's small businesses. Without these programs many small businesses might not have otherwise received loans on reasonable terms. Since 2009, these programs have deployed over $122 billion in small business credit combined.

In the 21st century the SBA loan guaranteed programs face two challenges: equity and efficiency. Since the end of the Great Recession, the proportion of loans to African Americans has declined, while loan volume has increased. Some in the mainstream media claim that African American small firms are missing out on America's economic recovery. Additionally, there is a scholarly debate as to whether SBA lending provides economic benefits to areas. Some studies suggest that SBA lending is positively associated with economic growth and employment, while others point to a negative association. This white paper explores some of the equity and efficiency concerns associated with the SBA lending programs and provides recommendations to increase the portion of government guaranteed loans going to African Americans and presents research ideas to further investigate the relationship between SBA lending and local economic growth.

Equity Concerns

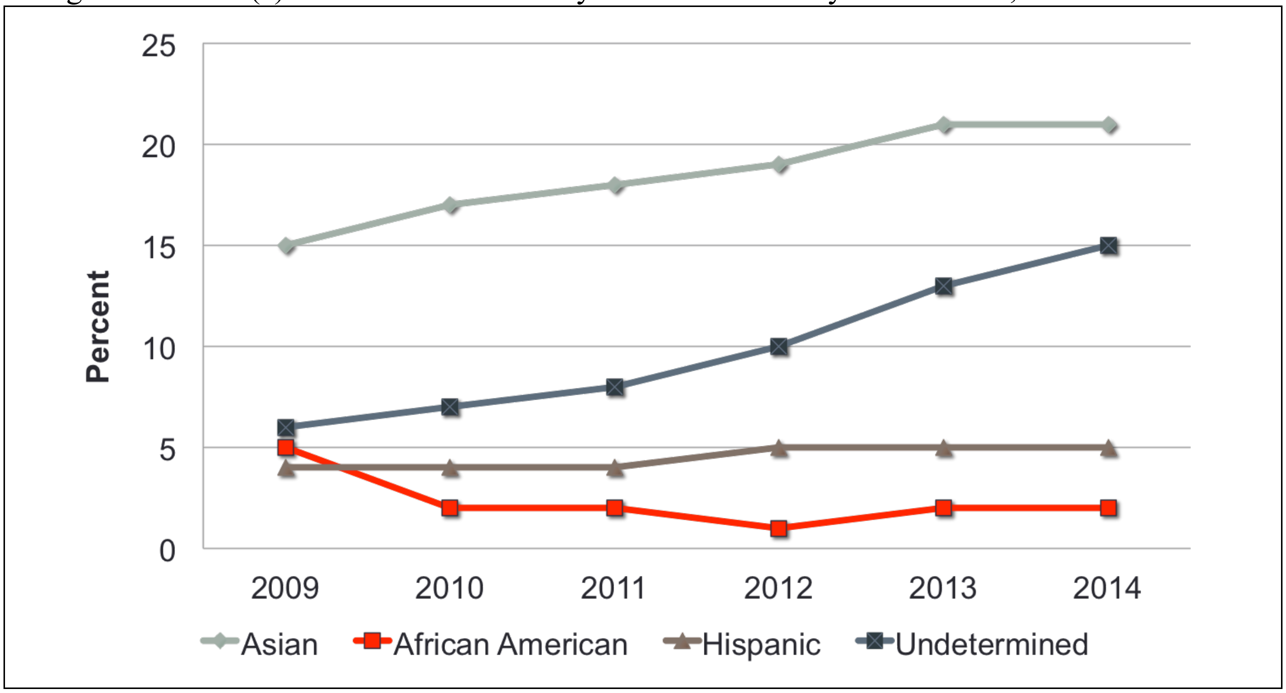
Since the end of the Great Recession, SBA lending has decreased among African American businesses. In 2009, 5 percent (or $478 million) of SBA 7(a) loans went to African American owned businesses, but in 2014 that figure has declined to 2 percent (or $340 million), an almost 30 percent decrease in dollar amount.[2] The decrease was even worse in the SBA's 504 loan guaranteed program, where lending to African American businesses went from $134 million in 2009 to $48 million in 2014, a 64 percent decline. These figures are troubling considering that between 2009 and 2014, the SBA 7(a) lending dollar volume increased from $9 billion to $19 billion and 504 loan volume increased from $3.8 billion to $4.2 billion. During this period of significant SBA loan volume expansion, African American small businesses experienced a

---

[1] Hyra, D. (2009). *The SBA's 7(a) Loan Program: A Flexible Tool for Commercial Lenders*. Washington, DC: Office of the Comptroller of the Currency, and Frumkin, S. (2010). *Small Business Administration 504 Loan Program: Small Businesses' Window to Wall Street*. Washington, DC: Office of the Comptroller of the Currency.
[2] African American owned small businesses make up 7 percent of the total of small businesses (Office of the Advocate, 2014), yet they only received 2 percent of SBA 7(a) loans in 2014.

precipitous decline in SBA loan guarantee assistance, while SBA loan guarantee assistance increased or remained relatively stable for other racial and ethnic group owned firms (see Figure 1). African American businesses, compared to other racially and ethnically owned small companies, are not equally reaping the benefits recent SBA loan volume expansion.

Figure 1. SBA 7(a) Loan Dollar Percent by Race and Ethnicity of Borrower, Years 2009-2014



Source: SBA data.

Explanations of the Decline in African American SBA Loan Share

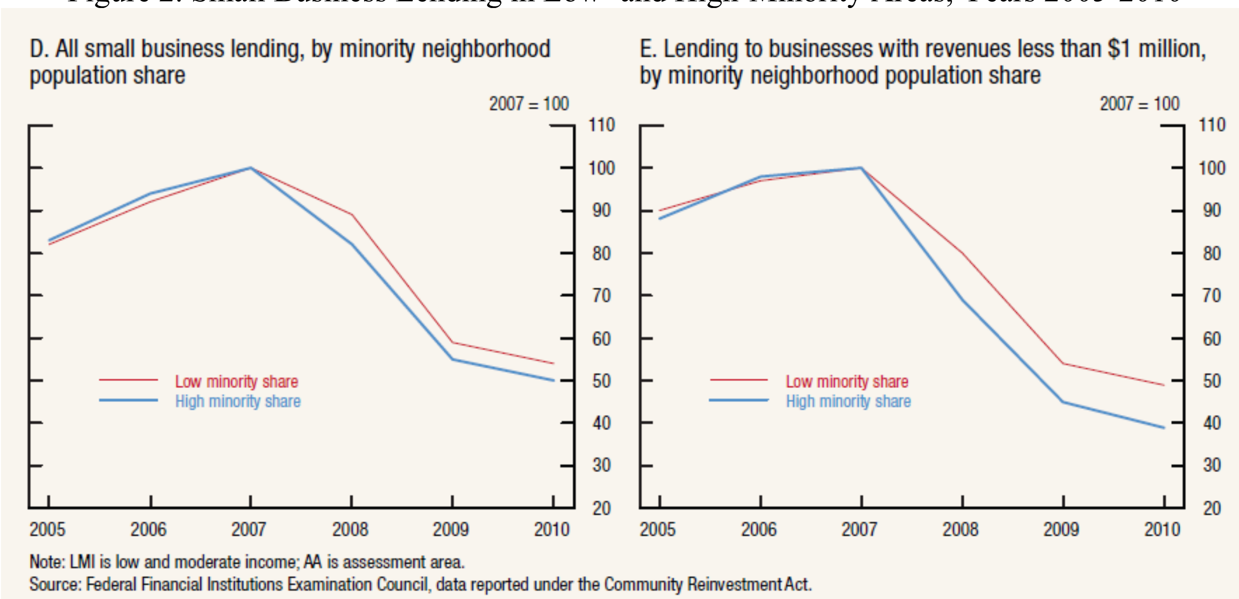
There are several plausible interrelated explanations for the decline in SBA lending to African American firms in the last five years. African Americans were hit hard by the foreclosure crisis (Rugh and Massey, 2010), and many small business owners pledge their home equity as small business loan collateral.[3] Without sufficient home equity, African Americans have had difficultly securing small business loans. Subsequently, some private market lenders that disproportionally made small business loans to black owned businesses reduced their SBA line of business during the foreclosure crisis.[4] A related factor is that African American owned firms typically seek loans that are $150,000 and under, and during the recovery period, banks, on average, approved

[3] According to the Spring 2014 Federal Reserve Board of New York Small Business Credit Survey, 57 percent of small businesses did not apply for credit. Of these firms not seeking credit, 18 percent were discouraged firms and 44 percent reported insufficient collateral as a reason to not apply for a small business loan. This was the second most cited reason for not applying for a small business loan (Federal Reserve Board of New York, 2014).
[4] Simon, Ruth. "Loan Rebound Missed Black Businesses; Fewer SBA-Backed Loans Go to Black Borrowers," *Wall Street Journal*, March 14, 2014.

larger SBA loans.[5] Consequently, since 2007 the SBA 7(a) loan profile for these smaller dollar loans decreased by 68 percent.[6]

Another important consideration is that since the Great Recession there was a greater dip in small business loans made in high minority areas compared low minority areas.[7] African American small business firms are disproportionately located in minority neighborhoods.[8] As indicated in Figure 2, between 2007 and 2010, there was a nearly 50 percent decrease in small business lending to high minority areas (Board of Governors of the Federal Reserve System, 2012). The decrease in small business lending in minority areas was even more severe among small businesses with revenues less than $1 million (Board of Governors of the Federal Reserve System, 2012). The decreased small business lending in high minority areas, which disproportionately contain minority businesses, might have contributed to low levels of 7(a) and 504 loans to African American businesses.

Figure 2. Small Business Lending in Low- and High-Minority Areas, Years 2005-2010



A version of this figure appeared in Board of Governors of the Federal Reserve System. (2012). "Report to Congress on the Availability of Credit to Small Businesses," Washington, DC: U.S. Federal Reserve.

Lastly, there is a lack of small black business loan demand, compared to businesses owned by other racial and ethnic groups. African American small business owners are disproportionately "discouraged borrowers" and do not seek credit due to the expectation that their loan applications

[5] Board of Governors of the Federal Reserve System. (2012). "Report to Congress on the Availability of Credit to Small Businesses," Washington, DC. U.S. Federal Reserve.
[6] Simon, Ruth. "Loan Rebound Missed Black Businesses; Fewer SBA-Backed Loans Go to Black Borrowers," *Wall Street Journal,* March 14, 2014. According to the Spring 2014 Federal Reserve Board of New York Small Business Credit Survey, which consists of 835 small businesses in New York, New Jersey, Connecticut and Pennsylvania, 90% of small businesses seeking credit in 2013 sought loans under $1M and 51% of small businesses sought loans under $100K (Federal Reserve Bank of New York, 2014).
[7] High-minority areas have 30 percent or more minorities and low-minority areas have a population that is less than 30 percent minority.
[8] Bates, T., and Robb, A. (2014). Has the Community Reinvestment Act Increased Loan Availability Among Small Businesses Operating in Minority Neighbourhoods? *Urban Studies,* 1-20.

will be denied (Bates and Robb, 2014). This is especially true among firms located in minority neighborhoods. Table 1 displays the difference in the percent of discouraged borrowers in high minority (24.5 percent) versus low minority (17.3 percent) neighborhoods. These cumulating factors, in addition to the persistent and growing wealth, income and credit score racial disparities, likely explain the decreasing share of SBA loans to African Americans (MBDA, 2010).

Table 1. Credit Needs and Loan-Application Outcomes for Urban Firms, Years 2008-2011 (annual rates)

	Minority Neighborhood Firms	White Neighborhood Firms
All Small Firms		
% Discouraged Firms	24.5	17.3
Applicant Firms Only		
% Always Approved	56.7	62.0
% Always Denied	27.3	20.4

A version of this table was displayed in Bates and Robb (2014). Data source: Kauffman Firm Survey.

Policy Solutions

The SBA is aware of the incredibly low SBA lending rate among African American firms during the economic recovery period and they have recently attempted to reform the 7(a) program to address this concern. In 2014, to encourage and incentivize African American firms to seek credit, the SBA eliminated 7(a) borrower fees for loans $150,000 and under.[9] Most likely as a result of this policy, 6,000 more 7(a) $150,000 and under loans were originated in 2014 compared to the previous year. Additionally, during the first two months of fiscal year (FY) 2015, 7(a) loan dollar volume to African American firms was up over $10 million from its 2014 level during the same period.[10] These are hopeful signs, however, during 2014 and the initial part of FY 2015, the proportion of total 7(a) loan dollars to African American firms remained at 2 percent. The data suggests that the recent SBA 7(a) reforms have done little to increase the proportion of SBA loans dollars obtained by black owned firms.

Emerging Market Areas

A viable additional intervention is to stimulate small business loan demand and supply in the places where African American firms disproportionately reside, minority communities. Some caution against this, since small businesses located in communities of color, on average, have limited profit and growth potential (Bates and Robb, 2008). Another legitimate concern is that investing in minority owned small businesses is more risky, as their delinquency and closure rates are higher compared to white owned firms (Fairlie and Robb, 2007). According to the SBA, delinquency rates for 7(a) loans are 2.5 percent, 1.7 percent and 1.2 percent respectively for

[9] Small Business Administration. (2014a). "SBA Will Continue to Zero Out Fees on Small Dollar Loans, Expands Relief for Larger Loans to Vets," Washington, DC: Author.
[10] Small Business Administration. (2014b). "All Activity Illustrated Above Is As of 11/22 For Each FY Listed," Washington, DC: Author.

Black, Hispanic and White owned firms.[11] Thus, stimulating minority loan demand and deploying more loans to these firms might not be good business practice for lenders or the SBA.

However, small business investments would perhaps be less precarious if minority small businesses are located in *emerging market areas*. For instance, strategic small business investments in minority communities gaining aggregate income (Alwitt and Donley, 1997) and experiencing escalating real estate values (Meltzer and Schuetz, 2012) might be less risky. Certain stable, existing small businesses that understand how to tap into a revitalizing community's existing and changing demographics and preferences might be well suited for investment, growth and expansion (Hyra, in press). Further, evidence suggests that credit scores among residents rise as a neighborhood redevelops, one indicator of diminishing investment risk in emerging markets (Hartley, 2013).

The SBA should create a new Historically Underutilized Business Zone (HUBZone) esque lending program to stimulate loan demand and incentivize private market lenders to make sustainable investments in transitioning underserved minority areas.[12] Many minority communities around the country are in the midst of redevelopment, such as Harlem in New York, Shaw/U Street in Washington, DC and the Hill District in Pittsburgh (Hyra, 2012), and these are the places the SBA should be stimulating loan demand among black owned businesses and incentivizing sustainable lending practices. It is estimated that between 2000 and 2007 nearly 10 percent of census tracts in the top 55 cities gentrified (Hartley, 2013). Lending to black owned businesses in these transiting areas might be less risky since rising property values, incomes and credit scores are all associated with reduced loan default.

Reducing Borrower and Lender Fees and Increasing Guarantees

The SBA, working with HUD, should designate *Emerging Market Zones* where the SBA would incentivize small business loan demand and sustainable government guaranteed lending.[13] For instance, lowering borrower (demand side) and lender fees and increasing loan guarantee amounts (supply side) in an emerging market zone may increase black owned business SBA lending rates.[14] The SBA should reduce lending fees on all loans made in these areas and they should consider increasing the guarantees by 10 percent, according to loan size. Lastly, the SBA could incentivize large lenders, who make most SBA loans to African American businesses, by reducing or eliminating SBA oversight fees for those who increase their lending in emerging market areas.

---

[11] Simon, Ruth. "Loan Rebound Missed Black Businesses; Fewer SBA-Backed Loans Go to Black Borrowers," *Wall Street Journal,* March 14, 2014.
[12] HUBZones are underserved urban and rural communities, designated by SBA and HUD, where small businesses are given preference for government procurement contracts.
[13] The methodology for establishing these emerging market zones could be based on the procedures created by Federal Reserve of Cleveland economist, Daniel Hartley, to identify gentrifying areas across the country. Hartley created a sound methodology to detect when low-income areas experience substantial increases in home values and redevelop, [see, http://www.clevelandfed.org/research/trends/2013/1113/01regeco.cfm]
[14] A similar recommendation was made by the Small Business Administration's 2013 Advisory Council on Underserved Communities Report, "Recommendations to Strengthen Small Business Development in Underserved Communities."

Borrower Education

Additionally, the SBA should target small business lending education efforts, particularly in the use of the 504 program, to purchase real estate in emerging market zones likely to experience increasing property values. Place-based targeted educational efforts, through SBA District Offices, SCORE chapters, Small Business Development Centers, Women Business Centers, and Certified Development Companies, might help both new and longstanding minority owned businesses benefit from the expanding 7(a) and 504 loan volume.

Strategic Partnerships

The SBA should establish strategic partnerships with certain lenders to stimulate lending to black owned businesses in emerging market areas. Partnerships among the SBA, large volume SBA lenders and historically black owned banks located in emerging market areas could be extremely fruitful. While black owned banks, between 2011 and 2014, provided less than 1 percent of 7(a) and 504 dollar loan volume to black owned businesses, having the SBA focus on creating strategic partnerships between large banks, who originate the majority of SBA loans to black owned businesses, and historically black owned banks might be a way to help facilitate the deployment of sustainable SBA 7(a) and 504 loans to minority businesses. The assumption is that black owned banks might have the tacit knowledge of potential black businesses poised for 7(a) or 504 loans but are not sufficiently capitalized or have the internal infrastructure to efficiently make these loans. A partnership between larger banks with sufficient internal SBA lending capacity and infrastructure and smaller black owned banks might yield better equity results from the SBA lending programs.

Summing Up Equity

While the SBA has taken steps to increase loan demand among black owned businesses, they need to advance innovative strategies to address equity concerns associated with their loan guaranteed programs. Deploying a place-based lending strategy in certain emerging market minority neighborhoods could be an important way to target areas where disproportionate shares of African American small businesses are located. In these areas SBA borrower and lending fees should be reduced or eliminated, and the guarantee amounts should be increased. Additionally, borrower educational efforts should be place-based and concentrated, and strategic lender partnerships formed.[15] While this policy might help some small firms that are not minority owned, it just might be a critical step to increasing the proportion of SBA loans among African American firms.

Efficiency and Effectiveness

While some criticize the SBA loan programs for not facilitating an equitable distribution of government guaranteed loans, other claim that providing subsidies to small businesses is not a viable policy for stimulating and growing the economy. There is a recent scholarly debate as to whether SBA lending provides benefits to the areas in which these types of loans occur. Benefits

[15] While small banks hold a greater proportion of small business loan assets relative to their asset size, in 2011 large firms with over $10 billion in assets lent nearly 48 percent of the total small business dollars (Federal Reserve Board of Governors, 2012).

in recent studies have been defined as either greater per capital income or a higher employment rate.

Below is a review of five selected studies since 2007 that investigated the relationship between SBA lending and indicators of local economic growth. These studies use different data samples and economic models to test whether SBA lending increases or decreases indicators of an area's economic performance. Taken as whole results are mixed among these studies, some suggest that SBA lending is positively associated with local economic growth and employment, while others point to negative associations. Below is a review of these studies in chronological order.

Early Studies Positive Effects

In 2007 Craig, Jackson and Thomson (2007a) investigated if SBA lending had a discernable impact on metropolitan economic growth. In their study, SBA lending was defined as the total dollar amount of SBA loans, scaled by total deposits in the market lagged by one year. The metropolitan statistical area's (MSA) economic performance was defined as the average per capital income level. The authors tested a series of Arellano-Bond (time series fixed effects) panel regression models with aggregate SBA 7(a) and 504 loan data from 1991 to 2002 within 2,200 MSAs. The statistical models run included an array of control variables such as the share of SBA loans that were 7(a) loans, the share of SBA loans provided to manufacturing concerns, the SBA's exposure on the outstanding balances of the SBA guaranteed loans, bank market structure and competition, employment rate, and local market economic conditions. The results suggested that there was a small but statistically significant positive relationship between a metropolitan area's level of SBA guaranteed lending and subsequent per capita income growth. One cautionary note, this study did not control for total small business lending and whether or not SBA lending contributed to and advanced the overall local small business lending environment.

Building off their prior study, Craig and his colleagues (2007b), investigated whether SBA lending has an impact on other indicators of local economic performance. In this study, they investigated whether SBA lending was associated with employment rates. In particular, they wanted to test whether SBA lending and its relationship to employment differed relative to the percentage of minorities in an area. They assumed that in high minority markets (defined as one standard deviation or greater above mean minority rate) credit rationing was more likely to occur and if SBA lending addressed credit rationing it might have a differential effect in high minority areas. The authors aggregated SBA 7(a) and 504 lending from 1991 to 1999 in 2,358 MSAs and ran a cross sectional Ordinary Least Squares (OLS), fixed-effects model, testing if government lending, controlling for several factors, such as inflation adjusted bank deposits per capita, bank market conditions, and per capita income, is related to employment rates. Their results suggest that there is a "positive and significant impact of SBA guaranteed lending on the average employment rate in a local market. And, this impact is 200 percent larger in markets with a high percentage of potential minority small businesses." As with their prior study, the authors were unable to estimate whether SBA lending is contributing to the overall small business lending market or substituting, "crowding out," the small business lending market. This issue of "crowding out" will be discussed in a subsequent study.

Craig, Jackson and Thomson, followed up on their 2007b study with another in 2008, to test whether metro-level income moderates the relationship they found between SBA lending and employment rate. Using OLS, fixed-effects models, they find that per capital SBA lending (from 1991 to 2001) was only significantly related to increased employment levels in low-income areas. Their research suggests that SBA lending might only positively influence employment levels in low-income areas.

Together these three studies, lead by Craig, suggest a couple of important points. First, greater SBA lending in an MSA is associated with increased income and lower unemployment rates. Furthermore, the effect of SBA lending on reducing unemployment appears to be greater in high minority areas and low-income areas. These studies suggest that SBA lending will have a maximum effect if they are targeted to traditionally underserved high minority and low-income areas.

More Recent Studies and Mixed Results

There have been two 2014 studies that suggest that SBA lending is either unrelated to economic performance or actually hurts it. Lee (2014) investigated the association between SBA lending and signals of local economic growth as well as whether SBA loans "crowd out" conventional loans. Using OLS and Two Stage Least Squared (2SLS) models with data from 316 MSAs, Lee finds with 2SLS models that the number of SBA loans approved to new businesses and the total dollar amount of SBA loans approved to new businesses are unrelated to annual payroll amounts and employment rates in MSAs.

Further, Lee's analysis suggests that SBA loans "crowd out" conventional loans at a one for one rate. Lee finds that more SBA loans are related to lower numbers of conventional small business loans. He speculates that if lenders did not focus on the SBA programs they would provide more conventional loans to new firms. His data suggests that the births of firms with conventional loans are associated with indicators of local economic growth. While Lee's analysis suggests that SBA lending is unrelated to local economic growth, he does not discount that it might be useful in reducing inequities in credit markets that discriminate against minority firms. His evidence suggests that SBA lending does not improve efficiency, but he mentions that further research is needed to understand how SBA lending might reduce racial lending inequalities.

Using a larger metropolitan sample, a longer time frame and different statistical methods, Young, Higgins, Lacombe, and Sell (2014) also investigate the relationship between SBA lending and county-level economic growth. They test this relationship in 3,035 U.S. counties with data from 1980 to 2009. They test the direct and indirect relationship between SBA lending and per capital income using a panel dataset with five-year running averages, and a spatial Durbin model. The authors find a negative relationship whereby greater per capital SBA lending is associated with lower per capital income growth. They also find that there is an indirect negative effect on neighboring counties.

This study differs from the ones conducted by Craig et al. (2007a, 2007b and 2008) in several ways. Young and his colleagues test for spatial dependence between nearby counties. Meaning, their econometric models test whether SBA lending in one county has spillover effects in nearby counties. They also use period and state fixed effect models, have post Great Recession period data and incorporate variables into their models that previous research has not, such as an interest rate differential variable.

It is quite possible that their negative relationship finding between SBA lending and per capita income is related to the economic crisis. If more SBA loans were made in the places hit hardest by the crisis, this might explain the difference between their findings and all of the other studies. Another possibility might be their assumption of spatial dependency as well the incorporation of their interest rate differential variable. It is perhaps a theoretical stretch to assume that SBA lending in one county affects income growth in a nearby one. Further, the justification for their interest rate differential variable is unclear. Thus, their results might, in part, stem from an inappropriate theoretical assumption as well as model misspecification, which can lead to incorrect results. While the five reviewed studies each have merits and limits, taken as a whole it is clear that the results concerning the impact of SBA lending on local economic conditions are inconclusive.

Further Research

Further research needs to be conducted to better understand effective ways to reduce equity and efficiency concerns related to the core SBA guaranteed lending programs. While a place-based emerging market proposal was made in this white paper, we need more information to better understand if this approach will lead to sound, safe and equitable lending. Furthermore, the relationship between SBA lending and local economic conditions needs to be further studied. Below are four questions, if answered with sound research, might provide a clearer direction for further SBA lending policy on both the equity and efficiency fronts.

What effects does SBA lending have on employment and income in low- and moderate-income communities?

There have been several studies that investigate the relationship between SBA lending and indicators of economic growth at the county and MSA levels, but little research, if any, has examined the impact of SBA lending on smaller geographies, such as a community, neighborhood or census tract. It would be informative to investigate whether per capita SBA lending, controlling for other factors, in low- and moderate-income communities, or census tracts, is associated with employment rates and income levels. Having this information might add to, refine and clarify the effects of SBA lending on economic indicators at distinct geographic levels.

In what ways do SBA lending programs contribute to neighborhood redevelopment?

Several studies have investigated community development outcomes related to government programs, such as the community development block grants (Galster, Tatian and Accordino, 2006) and HOPE VI housing grants (Zielenbach, 2003), but few have investigated the relationship between 7(a) and 504 investments and property values near the firms that receive these loans. An investigation that isolated the effects of SBA lending on nearby property values could help to clearly articulate the impact of these programs.

Are 7(a) and 504 default rates lower in redeveloping minority neighborhoods vs. non-redeveloping minority areas?

We know that defaults rates vary along racial and ethnic lines at the individual and neighborhood levels. But a key question is whether redeveloping minority areas are less risky than, similarly situated, non-redeveloping minority areas. If redeveloping minority areas have lower default rates, it would make policy sense to create a place-based emerging market program.

Do SBA loans advance or "crowd out" the conventional small business lending market in low- and moderate-income communities?

Lee's study suggests that SBA loans "crowd out" conventional loans. While it is plausible for this to occur in credit worthy areas, does this dynamic exist in low- and moderate-income areas? It seems if we are interested in equity and efficiency concerns, an important study would be to test whether SBA lending in low- and moderate-communities advance or "crowd out" conventional small business loans. The answer to this question would help policy makers better understand whether the SBA programs are efficient in low-income areas.

Conclusion

Small businesses are a vital part of the American economy. They provide over half of the employment opportunities in our country. Yet, they pose a challenge for lending institutions because it can be difficult to determine their ability to repay loans. The SBA loan guaranteed programs were designed to support small business lending, particularly during economic downturns and slow growth periods. As America has slowly recovered from the Great Recession, the SBA's 7(a) and 504 programs have grown and supported over $122 billion in private loans to America's small businesses. However, during this period of SBA loan dollar expansion, lending rates for African American firms have decreased. Furthermore, we still do not have a full understanding of the effects of these programs on regional or local economies. This white paper recommends an emerging market program to address racial lending inequities and suggests further research to better document the ways in which SBA lending contributes to America's prosperity.

Works Cited

Alwitt, L., and Donley, T. (1997). Retail Stores In Poor Urban Neighborhoods. *Journal of Consumer Affairs,* 139-164.

Bates, T., and Robb, A. (2014). Has the Community Reinvestment Act Increased Loan Availability Among Small Businesses Operating in Minority Neighbourhoods? *Urban Studies,* 1-20.

_____. (2008). Analysis of Young Neighborhood Firms Serving Urban Minority Clients. *Journal of Economics and Business,* 139-148.

Board of Governors of the Federal Reserve System. (2012). *Report to the Congress on the Availability of Credit to Small Businesses.* Washington, DC: U.S. Federal Reserve.

Craig, B., Jackson, W., and Thomson, J. (2008). Credit Market Failure Intervention: Do Government Sponsored Small Business Credit Programs Enrich Poorer Areas? *Small Business Economics, 30*, 345-360.

_____. (2007a). Small Firm Credit Market Discrimination, Small Business Administration Guaranteed Lending, and Local Market Economic Performance. *American Academy of Political and Social Science, 613, Advancing Research on Minority Entrepreneurship*, 73-94.

_____. (2007b). Small Firm Finance, Credit Rationing, and the Impact of SBA-Guaranteed Lending on Local Economic Growth. *Journal of Small Business Management, 45*(1), 116-132.

Fairlie, R., and Robb, A. (2010). Disparities in Capital Access between Minority and Non-Minority-Owned Business: The Troubling Reality of Capital Limitations Faced by MBEs. Washington, DC: U.S. Department of Commerce, Minority Business Development Agency.

_____. (2007). Why Are Black-Owned Businesses Less Successful Than White-Owned Businesses? The Role of Families, Inheritances, and Business Human Capital. *Journal of Labor Economics*, 289-323.

Federal Reserve Bank of New York (2014). *Small Business Credit Survey, Spring 2014*. New York City: Federal Reserve Bank of New York.

Frumkin, S. (2010). *Small Business Administration 504 Loan Program: Small Businesses' Window to Wall Street*. Washington, DC: Office of the Comptroller of the Currency.

Galster, G., Tatian, P., and Accordino, J. (2006). Targeting Investments for Neighborhood Revitalization. *Journal of the American Planning Association, 72*, 457-474.

Hartley, D. (2013). Gentrification and Financial Health. [Retrieved November 1, 2014, from http://www.clevelandfed.org/research/trends/2013/1113/01regeco.cfm].

Hyra, D. (in press). The Obama Administration's Place-Based Initiatives: Why Not Include Small Business Lending Components? *Journal of Urban Affairs*.

_____. (2012). Conceptualizing the New Urban Renewal: Comparing the Past to the Present. *Urban Affairs Review*, 498-527.

_____. (2009). *The SBA's 7(a) Loan Program: A Flexible Tool for Commercial Lenders*. Washington, DC: Office of the Comptroller of the Currency.

Meltzer, R., and Schuetz, J. (2012). Bodegas or Bagel Shops? Neighborhood Differences in Retail and Household Services. *Economic Development Quarterly,* 73-94.

Mills, K., and McCarthy, B. (2014). The State of Small Business Lending: Credit Access During the Recovery and How Technology May Change the Game. *Harvard Business School Working Paper*.

Office of the Advocate. (2014). Frequently Asked Questions about Small Business. Washington, DC: Small Business Administration.
Rugh, J., and Massey, D. (2010). Racial Segregation And The American Foreclosure Crisis. *American Sociological Review,* 629-651.
Simon, R. (2014, March 14). Loan Rebound Missed Black Businesses; Fewer SBA-Backed Loans Go to Black Borrowers. *Wall Street Journal*.
Small Business Administration. (2014a). "SBA Will Continue to Zero Out Fees on Small Dollar Loans, Expands Relief for Larger Loans to Vets," Washington, DC: Author. [Retrieved November 19, 2014, from https://www.sba.gov/content/sba-will-continue-zero-out-fees-small-dollar-loans-expands-relief-larger-loans-vets].
_____. (2014b). "All Activity Illustrated Above Is As of 11/22 For Each FY Listed," Washington, DC: Author. [Retrieved December 22, 2014, from https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_11_22_2014.pdf].
_____. (2013). SBA's Advisory Council on Underserved Communities Report: Recommendations to Strengthen Small Business Development in Underserved Communities. Washington, DC: Author.
Suk Lee, Y. (2014). Entrepreneurship, Small Businesses, and Economic Growth in Small Cities.
Young, A., Higgins, M., Lacombe, D., and Sell, B. (2014). The Direct And Indirect Effects Of Small Business Administration Lending On Growth: Evidence From U.S. County-Level Data. [Retrieved November 1, 2014, from http://www.nber.org/papers/w20543].
Zielenbach, S. (2003). Assessing Economic Changes in HOPE VI Neighborhoods. *Housing Policy Debate, 14*, 621-655.