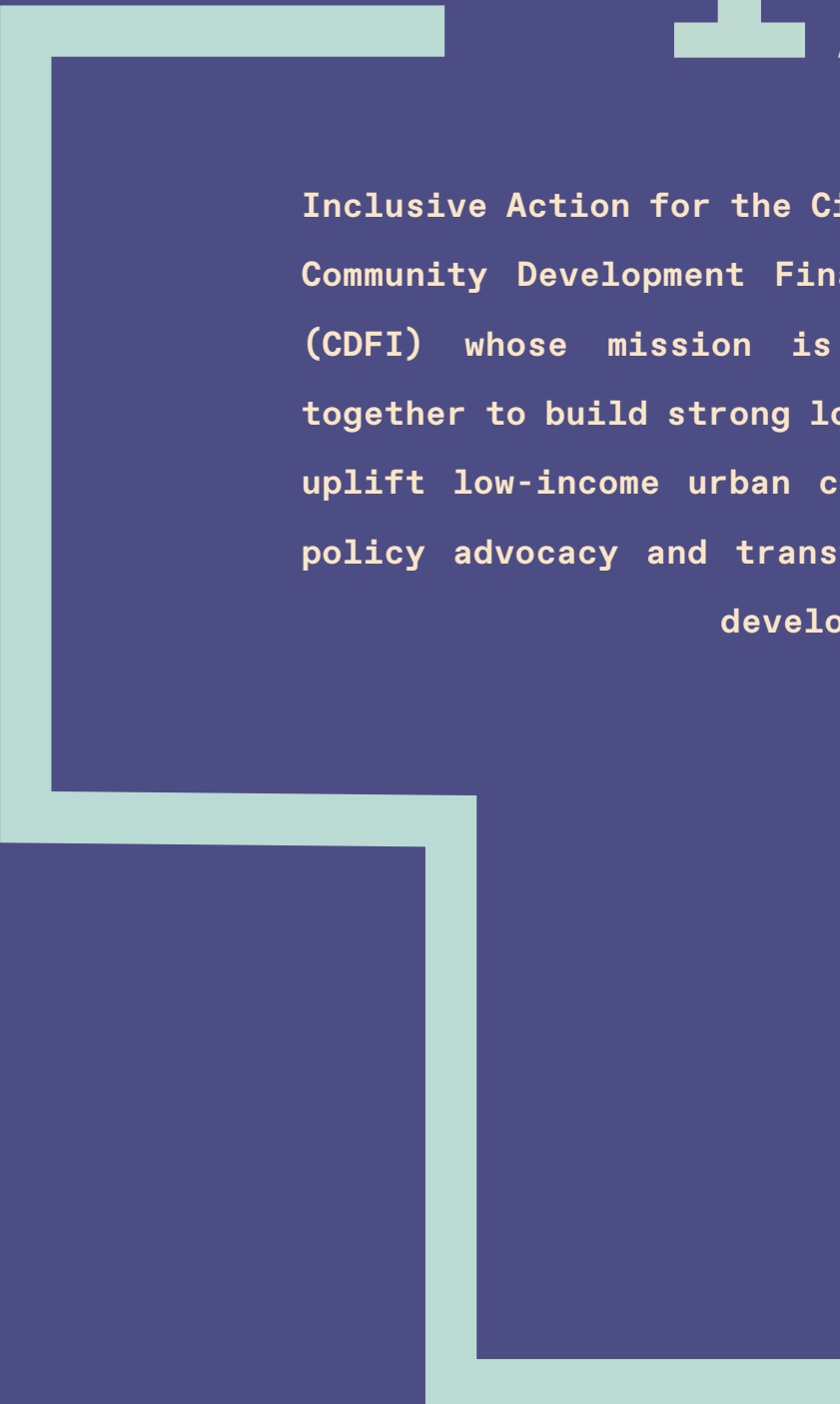




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ANNUAL REPORT

IAC



Inclusive Action for the City is a nonprofit, Community Development Financial Institution (CDFI) whose mission is to bring people together to build strong local economies that uplift low-income urban communities through policy advocacy and transformative economic development initiatives.

Friends,

Like some of you, our first team meeting of the year was held on zoom. Our “welcome back” and “happy new year” greetings were done virtually, dividing our greetings with the “mute” and “unmute” buttons, and the inevitable moments of silence as team members try to guess who’s next to speak. So awkward! Ten months into the COVID-19 pandemic, I felt us realizing that although we were entering a new year, we were still far from going back to normal.

Last year was a year of “pivots” in response to a public health crisis that had a disproportionate impact on the communities Inclusive Action serves. We acted quickly, designed new programmatic interventions, and did our best to stretch beyond what we thought was possible.

This year was about maintenance, and settling into a landscape that offered no stability. As I write this, there is still no end in sight for the COVID-19 pandemic. Households have accrued an estimated \$3 billion in rent debt over the last year and a half, thousands of businesses have closed, and too many are struggling to re-emerge from this pandemic.

I noticed that the longevity of this crisis had its obvious impacts on our communities, but it also had its share of impacts on our team. Virtual meetings can never fully replace the opportunity to be in proximity to each other. This year we had to be even more intentional about checking in with each other, finding new ways to communicate with each other when we couldn’t be together physically.

Amid the instability, you’ll see in this report that Inclusive Action continued on with a relentless focus on serving others. Our advocacy work resulted in more public support of street vendors, including various initiatives that called on reforms to ensure that micro-entrepreneurs are not left behind, a \$50 million allocation from the State of California in support of street vendors and micro-entrepreneurs who could not access relief to date, and the establishment of a commercial rent relief program to support brick-and-mortar businesses who had amassed crushing debt and face continuous barriers to accessing emergency relief. In line with the DNA of our organization, this work was done in partnership with a host of amazing leaders and community-based organizations.

With our first full-year as a certified Community Development Financial Institution, the team surpassed our “ambitious” goal of deploying \$750,000 in new micro-loans to Black and brown micro-entrepreneurs. We funded amazing entrepreneurs from all over Los Angeles from street vendors to brick-and-mortar businesses, to home-based businesses. I am so proud of the deliberate care our economic development team took with each entrepreneur and the continuous support we offer each borrower with our business coaching. We also preserved all the small business tenants in the commercial buildings we own with our partners. A huge feat that could only be done through the power of partnerships.

We’re so grateful for all our partners and the new friends and supporters we made this year. Our work is a testament to the power of collaboration and service. We may be closing the year in a pandemic and starting the New Year in a similar environment, but what we’ve learned is that if we stick together, we can accomplish great things. Happy reading!

Sincerely,



Rudy Espinoza
Executive Director

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OUR CONTINUING RESPONSE TO THE COVID-19 PANDEMIC

With COVID-19's continued impact on the physical and economic wellbeing of low-income communities across the region, Inclusive Action leveraged its position as a community-based organization to reach some of the most impacted families with pandemic response emergency support. Our pandemic response initiatives included the following:

THE STREET VENDOR EMERGENCY FUND (SVEF)

Following the success of the Street Vendor Emergency Fund in 2020, Inclusive Action continued distributing direct cash aid to street vendors throughout Los Angeles County who could not access other forms of emergency relief.



2021: **\$475,600** to **1,189**
distributed street vendors

2020 + 2021: **\$956,134.29** to **2,390**
distributed street vendors



Sergio from Community Power Collective helping a street vendor during one of the Street Vendor Emergency Fund's distribution days.

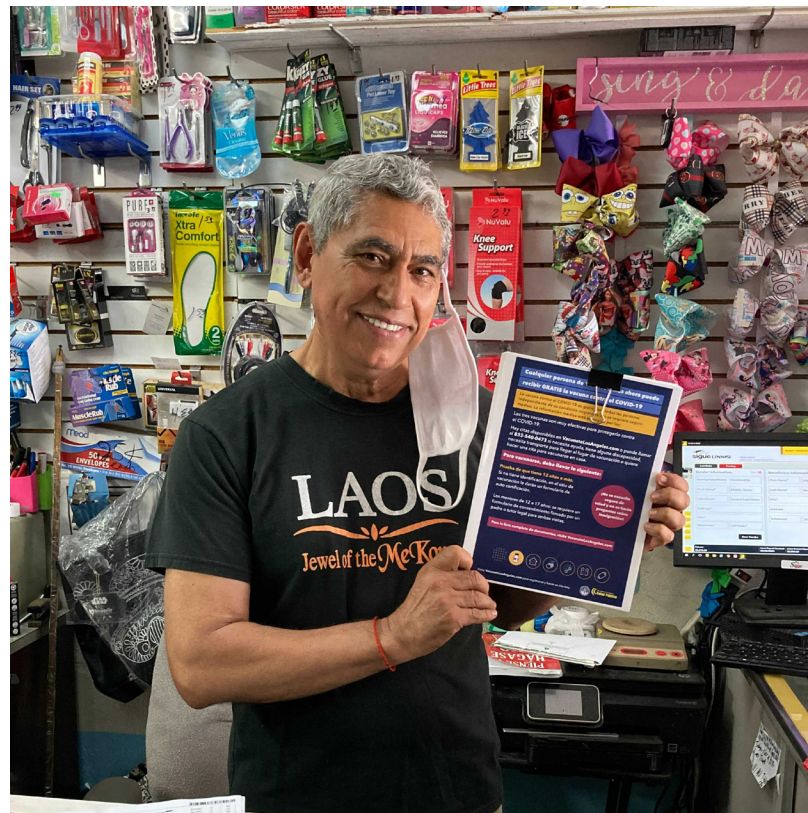
The SVEF also gave us the opportunity to layer other types of support for street vendors, including disseminating information on other local relief programs and COVID vaccines and providing baby supplies and personal protective equipment.

At the end of 2021, Inclusive Action will transition away from its operational role in this initiative to focus on building its capacity to serve street vendors and other micro-businesses through our micro-finance, business coaching, and advocacy efforts. We'd like to thank our trusted partners -- Community Power Collective, Public Counsel, and East LA Community Corporation -- for helping us make the SVEF as effective as it was, and our volunteers and the thousands of individuals and institutional supporters who donated to this program. We could not have done it without you!

COVID VACCINE OUTREACH

As COVID-19 vaccines were released earlier this year, there were significant concerns about the availability of vaccines for low-income communities of color. Reports of wealthier Angelenos traveling to South LA to line up for vaccines were stirring debates about equity and the obstacles low-income workers faced when seeking pandemic relief. Immigrant entrepreneurs we work with shared that they faced technology barriers to accessing vaccine appointments, and street vendors found it impossible to prove they were food based business in order to access their appropriate vaccine “phase.” When Inclusive Action was presented an opportunity to coordinate a vaccine clinic for street vendors, we jumped at the chance, and we partnered with our long-time partners in the LA Street Vendor Campaign to host a special vaccine clinic for street vendors at McCarty Memorial Church in South Los Angeles (Thank you, Pastor Eddie!). The clinic was a success, resulting in **513 vaccinated street vendors, low-income workers, and neighbors.**

Following the success of the vaccination clinic, Inclusive Action partnered with the State of California and the Public Health Institute to raise awareness about the COVID-19 vaccine in our communities. Leveraging our portfolio of micro-entrepreneurs, Inclusive Action created a “vaccine ambassador” program that included a cohort of 29 entrepreneurs who provided vaccine information and promoted vaccination at their businesses. Many of our participating entrepreneurs were excited to support this work as their lives were devastated economically and socially. Entrepreneurs distributed vaccination flyers through their street vending carts, or put posters in their stores and restaurants. This cohort of entrepreneurs reached approximately **18,000 people over five months.**





LENDING AND ECONOMIC DEVELOPMENT

Inclusive Action was certified as a Community Development Financial Institution in mid-2020, setting the stage for more lending, more investments, and more opportunities to create equitable economic development in our communities in 2021 and beyond.

THE SEMI 'A FUND

The Semi'a Fund is Inclusive Action's flagship micro-lending and small business coaching program, and it grew tremendously in 2021! After pausing our lending activities for most of 2020 to focus solely on helping our clients withstand the impact of the pandemic with business coaching and technical assistance, Inclusive Action came into 2021 with the goal of deploying more low-interest loans than ever before.

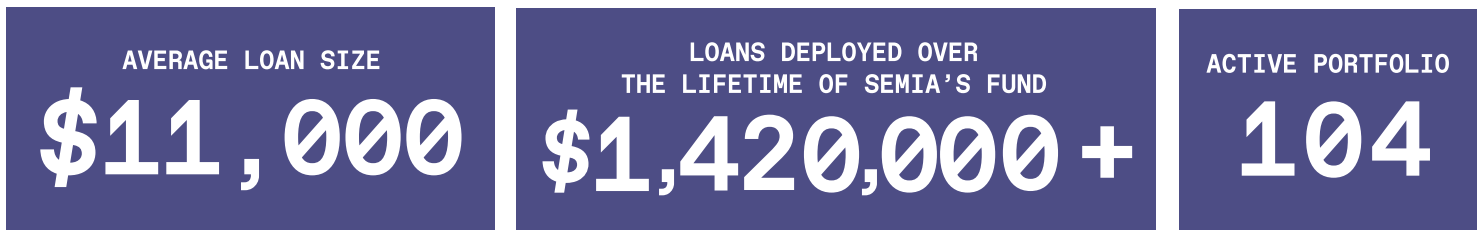
This year, Inclusive Action deployed **\$885,000** in low-interest loans to **85** micro-entrepreneurs across Los Angeles County, bringing the total amount deployed since we launched the Semi'a Fund in 2016 to **\$1,427,430!**



We worked hard to increase our capacity to lend in 2021. We hired more staff to underwrite loans and provide small business coaching and we created new loan products to provide more options for our clients to obtain capital. These include:

- **The New Economy Loan:** for new entrepreneurs who launched new businesses as a result of the COVID-19 job loss or job reduction;
- **The South LA Economic Inclusion Loan:** a COVID-19 response loan offering up to \$15,000 in low interest (3.5%) loans to small businesses located in South LA;
- **The Just Recovery Loan:** A COVID-19 response loan offering up to \$15,000 in low interest (3.5%) loans to small businesses in LA County; and
- **The Raices Loan Program:** A small-dollar loan program offering short term loans of up to \$2,500.

Inclusive Action distinguishes itself by pairing each loan with tailored small business coaching (i.e. technical assistance). This approach focuses less on the volume of loans deployed and more on how we can provide comprehensive support to each business in our portfolio. Our team spends an average of 13 hours of time with each client before their loan is approved. This time is spent assisting clients through the application process, working with them to prepare financial documents, and learning about their businesses. Entrepreneurs who are approved continue to receive assistance throughout the life of their loan.



CLIENT SUCCESS STORY

After decades of dreaming to open her restaurant, Pinruethai Ampornpet made that dream a reality in 2021. She faced COVID related job reduction at the restaurants she worked in and decided to take the leap and open Mee Dee Thai Kitchen in South LA. Pinruethai secured a loan to support with start up costs and has been working with IAC to grow her business - most recently redesigning her website!
<https://www.meedeethaikitchen.com>



COMMUNITY - OWNED REAL ESTATE (CORE)



CORE is a partnership between Inclusive Action, East LA Community Corporation, and Little Tokyo Service Center designed to preserve small businesses in gentrifying neighborhoods by acquiring commercial real estate and providing stability and technical assistance to the small businesses that work our buildings, with the ultimate goal that we will create a pathway for our tenants to become owners of the buildings they rent.

We acquired five commercial buildings on the East-side of Los Angeles and by 2021, four of the five buildings were fully leased to 15 community-serving small businesses and nonprofits. This project has faced a number of challenges exacerbated by the COVID-19 pandemic, including construction delays and, of course, the economic downturn affecting all small businesses. Over the last year, our team worked both with our tenants and with philanthropic partners to provide nearly \$100,000 in commercial rent relief to our small business tenants. As we enter 2022, IAC and our CORE partners are looking forward to bringing our fifth building to full operation and laying the foundation for tenant ownership in the years to come.

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SMALL BUSINESS
TENANTS

4

NON-PROFIT
TENANTS

\$99,000

RENT RELIEF PROVIDED



POLICY ADVOCACY AND RESEARCH

The Los Angeles region is still reeling from the impacts of the COVID-19 pandemic. Throughout 2021, Inclusive Action's policy advocacy and research team worked to ensure that city and county governments, elected officials, and government agencies responded to the needs of low-income entrepreneurs and communities in need. While access to capital is crucial to meet the short-term needs of our communities, we must also work to change the systems that perpetuate inequities.

LA STREET VENDOR CAMPAIGN

Inclusive Action continues serving alongside Community Power Collective, Public Counsel, and East LA Community Corporation as co-lead of the LA Street Vendor Campaign (LASVC), a region-wide effort that has advocated for improved conditions for street vendors for over 12 years. Today, despite the LASVC's success in legalizing street vending in 2018, street vendors, especially those who sell food, struggle to obtain the proper permits to become fully legalized. This is due to outdated and flawed state laws that a [recent report by Public Counsel, UCLA, and the LASVC](#) says make it "functionally illegal" for most street vendors to sell food. Despite the challenges that lay ahead, the LASVC achieved key victories alongside street vendors in 2021. These include:

- Temporarily reducing the cost of street vending permits in the City of LA from over \$541 to \$291 per year;
- Successfully advocating for an education-first approach to enforcing street vending policy in the City and County of LA, greatly reducing citations and confiscation of equipment;
- Designing a prototype hot food vending cart for street vendors, which was approved by the LA County Public Health Department;
- Successfully advocating for the creation of a Statewide \$50 Million small business emergency grant program exclusively for microentrepreneurs; and
- Successfully advocating for County and City resolutions calling for changes to the CA Retail Food Code.

As we close the year, the Campaign is calling on state leaders to address the economic obstacles food vendors face when seeking a permit or an approved vending cart; these obstacles are institutionalized in the CA Retail Food Code - the state policy that governs the requisites for food vendors. Inclusive Action expects to continue to work with its partners to make sure that street vendors can have access to permits and certified equipment, especially during a global health pandemic.





LA COUNTY SIDEWALK VENDING PILOT PROGRAM

In 2021 Inclusive Action was hired by the LA County Department of Consumer and Business Affairs (DCBA) to assist in the implementation of its Sidewalk Vending Pilot Program, a program aimed at creating community-based pathways to help street vendors comply with state food safety requirements. As part of this work, Inclusive Action worked with trusted partners in the LASVC (Community Power Collective, Public Counsel, East LA Community Corporation, Kounkuey Design Initiative, Friends of the Family, and others) to provide a combination of outreach, education, and technical assistance to street vendors in unincorporated areas of LA County. In addition to this work, Inclusive Action helped develop a prototype blueprint, with input from street vendors and other stakeholders, for an affordable mobile food vending cart that we believe will help vendors thrive as entrepreneurs in the formal economy.

As a result of this work, Inclusive Action and its partners:

- Engaged to 688 street vendors to participate in the pilot program.
- Held seven in-person workshops and three webinars to assist street vendors in obtaining permits for their businesses;
- Held two feedback sessions to gather input from street vendors and other stakeholders on the design of a mobile food vending cart and one feedback session with vendor advocates; and
- Drafted a code-compliant food cart, and held eight meetings with appropriate agencies to determine compliance.



photo courtesy of Immigrants Are LA

IMMIGRANTS ARE LA CAMPAIGN

The COVID-19 pandemic showed us once again that immigrants are essential. Unfortunately, many immigrants struggled to access the programs and resources that they desperately needed to support their families during this time. To address these issues, Inclusive Action joined the Immigrants are Los Angeles campaign, a new effort to ensure that public resources support the one million immigrants in Los Angeles.

To date, the campaign has begun to work with local leaders to highlight the disparities in service to immigrants, and to advocate that relief dollars from the American Rescue Plan are dedicated equitably to immigrant families in Los Angeles.



LA SMALL BUSINESS ALLIANCE FOR EQUITABLE COMMUNITIES

Small businesses throughout Los Angeles faced mounting rent debts and other challenges resulting from the economic impacts of the COVID-19 pandemic throughout 2021. Traditional business advocacy groups often overlook the needs of the smallest of small businesses, especially BIPOC-owned and/or located in non-white and low-to-moderate income areas. To advocate for the immense needs of small businesses in the region, especially those owned by BIPOC entrepreneurs, Inclusive Action and its partners created the LA Small Business Alliance for Equitable Communities.

One of the most significant accomplishments for this coalition was successfully advocating the County of Los Angeles to alleviate the growing burden of commercial rent debt small business owners are carrying. The result of this advocacy was a [commercial rent relief program](#) that unanimously passed at the County, June 22, 2021, to support micro-entrepreneurs in Unincorporated LA County. This program launched quickly and is set to deploy \$7.5 million to entrepreneurs who have amassed rent debt for their small businesses.

COALITION PARTNERS

- Public Counsel
- Asian Pacific-Islander Small Business Program
- CD Tech
- Little Tokyo Service Center
- LA Coop Lab
- Collective Remake
- Destination Crenshaw
- Vermont Slauson EDC
- Solidarity Research Center

RESEARCH SUPPORTING COMMUNITY INVESTMENT

PUBLIC BANKS REPORT

In October 2021, the City of Los Angeles’ City Council voted to begin outlining the infrastructure needed to develop a public bank with an RFP to seek input from a consultant to formulate a business plan for a public bank. As cities like Los Angeles move to establish a public bank, it’s essential for the public at large, especially small business owners and community development advocates, to ask the following: how can a public bank better support small businesses and local economic development? Inclusive Action wrote this Public Banks Report to answer this question and provide an overview of public banks, the economic development benefits of a public bank, and how Los Angeles can utilize public banks to prioritize communities and local small businesses.

ADOPT-A-LOT

Adopt-A-Lot is a pilot program that enables community groups in park-poor neighborhoods to “adopt” city-owned vacant lots and transform them into community-serving public spaces. The program is a collaboration between the City of LA and the Free Lots Angeles collective, led by Kounkuey Design Initiative and Inclusive Action for the City.

Due to the COVID-19 pandemic, Adopt-A-Lot postponed all planned park transformations for most of the year, one park activation in the El Sereno neighborhood of Los Angeles took place in mid-December 2021.





LEADERSHIP AND COALITIONS

Inclusive Action believes that we can be much more impactful when we work together. While Inclusive Action has developed a particular expertise in micro-finance and economic justice, we recognize our clients face challenges that exist beyond our expertise and “our lane.” With this belief in mind, Inclusive Action staff participate in a number of coalition spaces that advocate for a number of systems changes that support the communities we work in, these include:

- Re-Imagine LA - Budget Sub-Committee
- Good Food Economy Working Group - Co-Chair
- Our Future LA - Steering Committee
- Equitable Food Oriented Development Working Group (EFOD) - Steering Committee
- Los Angeles Regional Open Space and Affordable Housing (LA ROSAH) - Collaborative Member
- Strong, Prosperous, And Resilient Communities Challenge (SPARCC) - Site Lead
- Small Business Anti-Displacement Network
- California Coalition for Community Investment



LOOKING AHEAD TO 2022

The COVID-19 pandemic has changed our work for the foreseeable future. Much of the inequalities we fight against are much more entrenched. But despite the economic turmoil in our communities, we remain optimistic about the potential for transformative community development that not only lifts families out of poverty, but changes the systems that perpetuated poverty to begin with.

We believe there is room for hope. Arguably as a result of the pandemic, we've seen a willingness to be open to "new" ideas that support low-income communities: guaranteed income pilots, statewide grant programs, low-interest lending for micro-entrepreneurs, relaxed land-use policies that support "open air" commerce, and even the use of public facilities to support housed and unhoused neighbors.

The future requires us to not forget how some of us worked during the pandemic: with urgency, creativity, and with mutual aid. Inclusive Action is excited about approaching our work with these values in mind. In 2022, we expect our organization to continue to grow its capacity to be a financial intermediary for small businesses through low-interest loans and maybe even grants, but we also intend to build our capacity to inform local leaders on how we can design systems that can institutionalize the programs we know work.



OUR TEAM

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Sr. Underwriting Associate

MARCO COVARRUBIAS
Development and Communications
Manager Director

RUDY ESPINOZA
Executive Director

MARIBEL GARCIA
Lending Director

KARINA GUZMAN
Technical Assistance Coordinator

JULIE JUNG
Operations and Finance Director

LYRIC KELKAR
Policy Director

ALYSSA LOPEZ
Underwriting Coordinator

PRINCE OSEMWENGIE
Policy Associate

BRIANA TETSCH
Operations Coordinator

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Principal, Roschen Van Cleve Architects

VERONICA SALDAÑA
Senior Business Development Officer,
Self-Help Federal Credit Union

AMI PASCUAL
Regional Director of Philanthropy of Southern
California, Mercy Housing California

OUR VOLUNTEERS

We are so grateful for the dozens of amazing volunteers who volunteered their time and expertise in support of our work this year. Thank you for being part of our community!



- Alfonso Toxqui
- Angelica Gil
- Brisa Aviles
- Crystal Owings
- Evelyn Zamora
- Isabel Casas
- Victor Diaz
- Joel Salas
- Karla Lizárraga
- Pablo Estrada
- Teresa Lara
- Vicky Silva
- Noel Covarrubias
- Damyana Stoyanova
- James Wakefield
- Heidi Hernandez

OUR FUNDERS

We're grateful to our funders who support our organization and the work we do to help fulfill our vision for a more equitable economy. Thank you to all our funders!

- Ally Bank
- Amazon
- Annenberg Foundation
- BBVA Foundation
- California Community Foundation
- Capital One Bank
- Cedars Sinai
- Center for Community Investment at Lincoln Land Institute
- CIT Bank
- Citi Community Development
- Citi Foundation
- Citizens Business Bank
- City National Bank
- Comerica Bank
- Conrad N. Hilton Foundation
- Durfee Foundation
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- FHL Bank San Francisco
- Genesis LA
- Golden Road Brewing
- JP Morgan Chase Bank
- Kaiser Permanente
- Kresge Foundation
- LA CARE
- Liberty Hill Foundation
- MUFG Union Bank
- National Association for Latino Community Asset Builders (NALCAB)
- Nielsen Foundation
- Oscar & Elsa Mayer Foundation
- Public Health Institute
- Rosenthal Family Foundation
- Roy and Patricia Disney Family Foundation
- Self-Help Federal Credit Union
- Snap, Inc.
- Tarsadia Foundation
- The California Endowment
- The United States Community Development Financial Institutions Fund
- Weingart Foundation
- Wells Fargo
- Wes Mariam Assefa Fund
- Wurwand Foundation

INCLUSIVE
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ALL PHOTOS BY JON ENDOW AND THE INCLUSIVE ACTION TEAM
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