



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 2

Agenda Date: May 28, 2024

In Control: Economic and Workforce Development Committee Meeting

DEPARTMENT: Economic Development Department

DEPARTMENT HEAD: Brenda Hicks-Sorensen

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the Zero Percent Interest Loan Program partnership with LiftFund

SUMMARY:

The briefing will provide an overview of the Zero Percent Interest Loan Program. Since 2016, this Program has offered easy-accessible, flexible capital to San Antonio small businesses. Offered in partnership with LiftFund, this Program will utilize \$2 million from a combination of funds over the course of a two-year agreement.

BACKGROUND INFORMATION:

The Zero Percent Interest Loan Program, which began in 2016, is a partnership between the City and LiftFund to offer zero percent interest loans to qualifying small business owners in San Antonio. This program specifically addresses one of the biggest challenges faced by small, minority, and women-owned businesses according to the 2020 San Antonio Small Business Ecosystem Assessment, which is access to flexible capital. Only businesses that would not qualify

for traditional loans are eligible to receive an interest-free loan, allowing the program to strategically target the most underserved businesses.

Program beneficiaries must be in the San Antonio city limits. The program offers loans ranging from \$500 to \$100,000 and loan funds may be used for a variety of expenses including, but not limited to, payroll, working capital, and equipment/machinery. From 2016-2023, the program has facilitated 247 loans for a total of \$7.1 M in loan principal, creating 464 jobs and retaining 680 jobs.

ISSUE:

The current two-year agreement with LiftFund provides \$1M in funding in each FY 2024 and FY 2025 and aims to administer a minimum of 140 loans with a minimum of \$2M in loan principal provided. The FY 2024 program is funded using \$250,000 in COSA General Funds, \$613,587 in ARPA funds, and \$136,413 in LiftFund matching dollars.

	FY 2024	FY 2025	Total
COSA General Fund	\$250,000	\$250,000	\$500,000
LiftFund Matching Funds	\$136,413	\$311,582	\$447,995
COSA American Rescue Plan Act Funds	\$613,587	\$438,418	\$1,052,005
Program Total	\$1,000,000	\$1,000,000	\$2,000,000

As of April 30, 2024, the program has facilitated 46 loans with a total loan principal of \$1.8M, created 237 jobs, and retained 126 additional jobs. Seventy-four percent of those loans have been provided to minority-owned businesses, and 43% to women-owned businesses. LiftFund has an aspirational goal of providing 70% of loans to local small businesses located in low-to-moderate income areas, with a score of between six and ten on the City's Equity Atlas. Of the 46 loans administered through April 30, 43% of those have an equity atlas score between six and ten.

Additionally, \$100,000 per year in funding is reserved to provide loans exclusively to businesses affected by City initiated construction projects, and LiftFund will defer payments on those loans for up to six months.

FISCAL IMPACT:

This item is for briefing purposes only.

ALTERNATIVES:

This item is for briefing purposes only.

RECOMMENDATION:

This item is for briefing purposes only.