

Zero Percent Interest Loan Program



Economic and Workforce Development Committee
May 28, 2024
Presented By: Caitlin Cowart
Economic Development Manager

Background

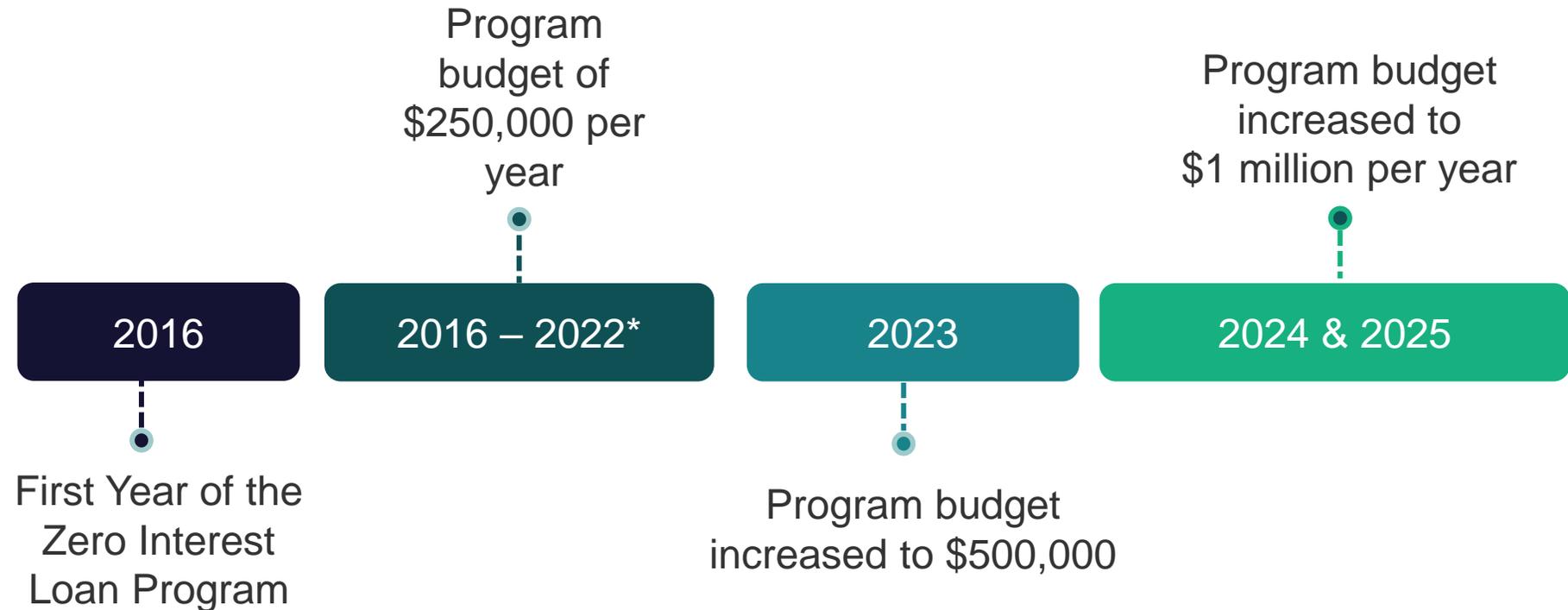
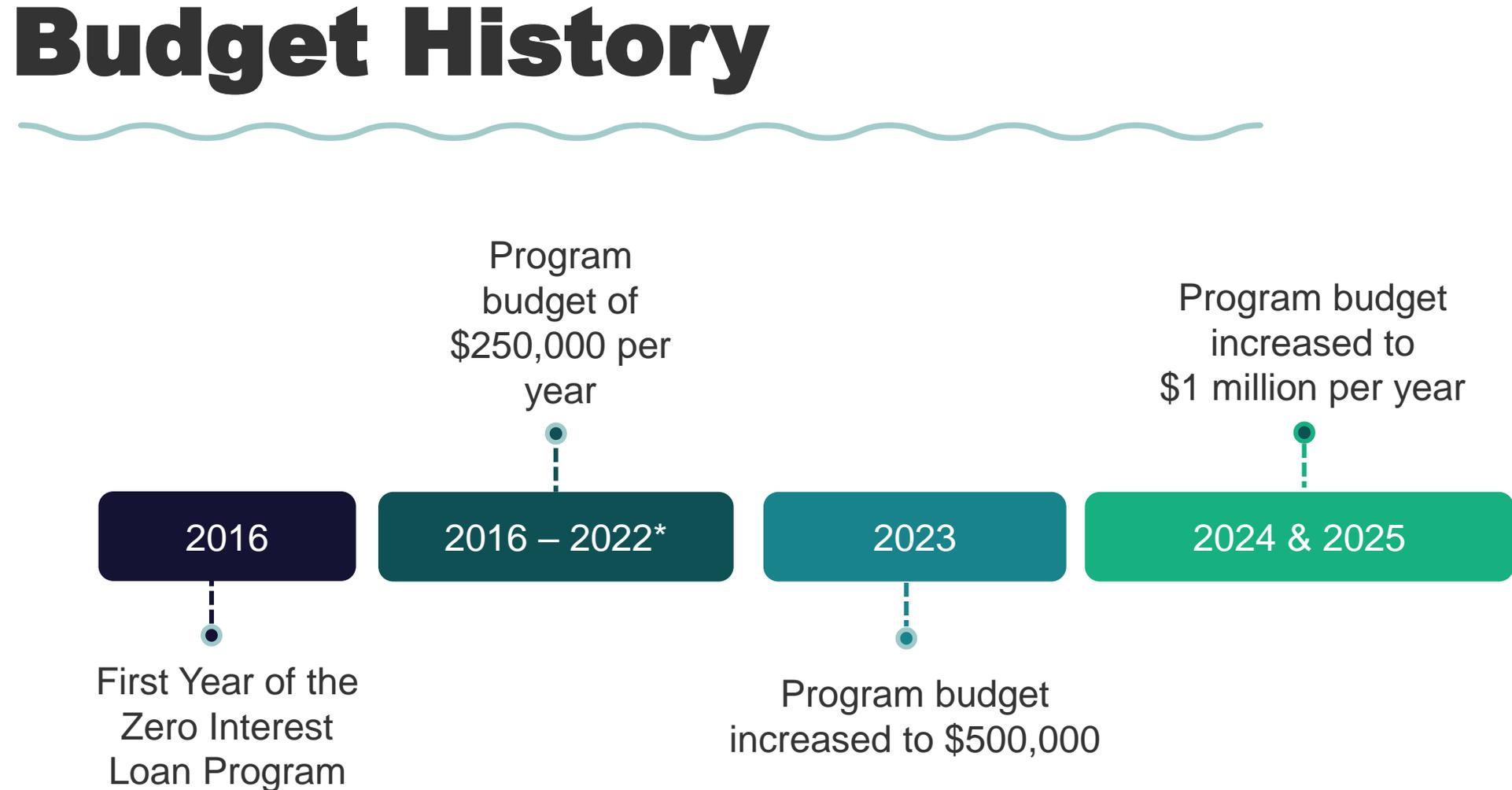
- Program funded by COSA since 2016
- Assists small businesses who are not eligible for traditional lending to:
 - Start or expand their business
 - Purchase property, inventory, equipment, or improve location

City of San Antonio's Zero Percent Interest Rate Loan Program

The City of San Antonio and LiftFund have partnered to support small business owners and aspiring entrepreneurs with funding to reach their business goals.



Budget History



* Program was not funded in FY 2017

Current Agreement



| | FY 2024 | FY 2025 | Total |
|-------------------------|-------------|-------------|-------------|
| COSA General Fund | \$250,000 | \$250,000 | \$500,000 |
| LiftFund Matching Funds | \$136,413 | \$311,582 | \$447,995 |
| COSA ARPA Funds | \$613,587 | \$438,418 | \$1,052,005 |
| Total Funding | \$1,000,000 | \$1,000,000 | \$2,000,000 |

- \$100,000 reserved exclusively for construction-impacted businesses
 - Six-month forbearance for these recipients

Program Overview

- Applications opened February 1, 2024
- Business loans from \$500 to \$100,000
- Fixed interest rate of 0%
- For small businesses located in San Antonio city limits
- Not eligible if received a loan through the program in the last two years

This program is subject to LiftFund's credit and lending guidelines, including inability to secure funding through traditional commercial sources.

Outreach

Outreach campaign coordinated between LiftFund and EDD prioritized targeted efforts:

- Two virtual informational sessions attended by 136 business owners
- EDD Business Outreach Team reached 906 business owners
- City Council Offices, Launch SA and partners
- Social media
- Press release
- Liftfund and EDD Newsletters



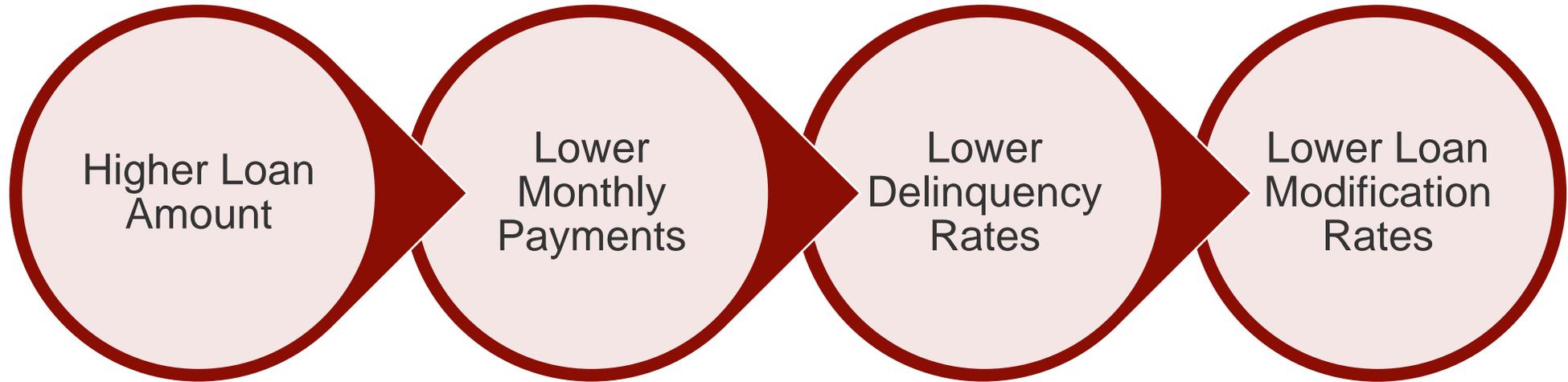
Program Performance

| 2016 - 2023 | 2024 Year-to-Date (April) | |
|-------------|---------------------------|----------------------|
| 247 | 46 | Total Loans |
| \$7.1M | \$1.8M | Total Loan Amount |
| \$2.0M | \$691,328 | Interest Bought Down |
| 464 | 237 | Jobs Created |
| 680.5 | 126 | Jobs Retained |

Note – Loan applicants report anticipated numbers of jobs created and retained



Benefits of a Zero Percent Interest Loan



Other Positive Outcomes

- Increased eligibility for traditional lending
- Increased credit score
- Increased revenue
- Jobs created & retained

Rooster Crow Baking Company

- Jennifer Riesman, Owner
- Connected to Zero Interest Loan Program through Launch SA
- Used loan funds to establish brick and mortar location in Council District 8

“Getting the loan with realistic terms – *that* bought me my freedom as a business owner.”



Sweat Equity



- Founded by Heather O’Neill
 - Located in Council District 1
- Opened just weeks before COVID-19 pandemic, had to close their doors
- Learned about LiftFund through a friend and client
- Loan funds used to stabilize and normalize operations

“I kept getting rejected, but LiftFund was so impactful in the way that they were working with me...”

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