



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** {{item.number}}

**Agenda Date:** January 11, 2022

**In Control:** Small Business Advisory Commission

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Briefing on Loan Interest Buydown Program.

**SUMMARY:**

Briefing on Loan Interest Buydown Program.

**BACKGROUND INFORMATION:**

On August 13, 2015, LiftFund Inc. submitted a proposal to the City's Economic Development Department to create a Loan Interest Loan Buy Down Program. This program was proposed to help small, minority and women business owners qualify for zero percent interest rate loans and contribute to the City's economic and community revitalization strategy. 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. The program strategically targets local small, minority, and women-owned businesses and entrepreneurs, with a particular emphasis on qualifying African American owned

Businesses and Women-owned Businesses, as well as those who are currently performing on a City of San Antonio contract, and result in the creation of new, full-time permanent jobs in the City. Program participants must be in the San Antonio city limits, with a specific focus on qualifying businesses located within geographical areas scoring higher on the City's Equity Atlas. For FY 2021, the Equity Atlas combined score assigns points to census blocks that have a higher than citywide average concentration of people of color and/or people below the average for median family income.

#### **ISSUE:**

Administered in partnership with LiftFund, the Loan Interest Buy Down Program provides zero interest loans from \$500 to \$50,000 for qualifying local small, minority, and women-owned businesses. Loans are available to help start-ups or existing businesses grow in a variety of ways. LiftFund assists emerging businesses seeking capital to grow their business. They review credit and capacity, and apply interest buy down funds to improve client cash flow. LiftFund provides loans with zero interest rate and manages the relationship. LiftFund estimates that for every dollar lent, fourteen dollars is generated in economic activity. This briefing will provide examples of business owners that have participated in the Loan Interest Buy Down Program to demonstrate the benefits to the community.

Since its inception in 2016, the Loan Interest Buy Down Program has resulted in 161 loans to small businesses securing a total of about \$3.7 million in business capital, while the City paid off approximately \$1.2 million worth of interest obligations to assist these small businesses. This program has also led to the creation of 288 full-time jobs and 232 part-time jobs and further retained 405 full-time jobs and 213 part-time jobs. Of the 161 businesses, 81% were minority-owned and 40% were women-owned businesses.

#### **FISCAL IMPACT:**

The FY 2022 Budget for this program is \$250,000. Funds are included within the EDD General Fund Budget.

#### **ALTERNATIVES:**

This item is for briefing purposes only.

#### **RECOMMENDATION:**

This item is for briefing purposes only.