SF Lends Credit Referral Program

In partnership with Office of Small Business and City Administrator’s Contract Monitoring Division
Why is the program needed?

- Uplift racial equity in the small business space and enrich the overall ecosystem of small local businesses
- Enhance small business growth with solid financial instruments
- Evolve financial institutions' approach to small business lending and lending to people of color, immigrant and first-time owner businesses
- Recognize inherent challenges facing small businesses contracting with government institutions, including subcontracting
- Move small business financing on par with established businesses and away from self and family financing as the primary source of capital
Recent Positive Results

San Francisco has seen positive results from recent similar small business lending efforts.

- OEWD’s Business Assistance Loans - $55M+ across 841 loans
- 86-100% of loans are current in their active repayment or paid in full
- Loan Programs:
  - Small Business Revolving Loan Fund (2017 – present)
  - Emerging Business Loan Fund (2014 – present)
  - African American Revolving Loan Fund (2020)
  - SF Hardship Emergency Loan Program (2020-2021)
  - Latino Small Business Relief Fund (2020-2021)
  - California Rebuilding Fund (2020 – present)
Requirements

SF Lends will focus on certified LBEs that meet specific requirements.

- Headquarters in San Francisco or Regional Service Area
- 6 months in San Francisco
- Operational Independence
- Proof of Experience
- Owner License (if license is required)
- Business Tax returns for five years
- Site Visit
Current LBE Demographics

Number of Firms by Industry

- PUC Specific: 975 firms
- General Services: 277 firms
- Commodity Suppliers: 107 firms
- Professional Services/Licensed Engineering: 464 firms
- Construction/Trucking: 377 firms
Current LBE Demographics

Number of Firms by Gross Receipts

- Less than $500,000: 359
- $500,000 to $1M: 135
- $1M to $2M: 178
- $2M to $5M: 184
- $5M or more: 115
Current LBE Demographics

Number of Firms by Ethnicity

- Latinx: 105 firms
- Asian American: 165 firms
- African American: 99 firms

Percentage of Firms by:
- 41% - BIPOC
- 20% - Women Owned
- 20% - Neither BIPOC nor Women Owner/Decline to State
Current Benefits of the LBE Program

- Prime Contractor: Bid Discounts/Rating Bonus
- Micro Set-Aside Contract Opportunities
- Subcontractor: Small Business Inclusion requirements
- Opportunities on Private Public Projects with small business inclusion programs
- Contractor Development Program for Technical Assistance
- Mentor Protegee Program
- Bond Guarantee Program
Engagements with the City & County

• Direct Contract with City & County
• Listed Subcontractor for City & County
• Unlisted Subcontractor for City & County-related to development agencies
• Property leaseholder for City-owned property
SF Lends Focus

• CCSF-certified LBE and Micro LBEs

SF Lends is a credit capacity referral program:

• Office of Contract Monitoring Division communicates to all certified businesses
• City agencies refer certified LBEs to pre-qualified bank product(s)
• SBDC and TTX offer certified LBEs technical assistance as needed
## About Our Partners

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<th>SF Small Business Development Center</th>
<th>Mission</th>
<th>Program Role</th>
<th>Website</th>
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<tr>
<td><strong>Mission</strong></td>
<td>Empower now and next-generation entrepreneurs with a prepared, growth mindset - through transformative insights, resources, and guidance.</td>
<td>Business intake and technical assistance, including loan packaging</td>
<td><a href="https://www.sfsbdc.org/">https://www.sfsbdc.org/</a></td>
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<th>SF Office of Financial Empowerment (TTX)</th>
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<td><strong>Mission</strong></td>
<td>Convene, innovate, and advocate to strengthen the economic security and mobility of all San Franciscans.</td>
<td>One-on-one credit counseling for business owners</td>
<td><a href="https://sfgov.org/ofe/">https://sfgov.org/ofe/</a></td>
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<td><strong>Mission</strong></td>
<td>Enforce programs promoting diversity and equality on contracts for the City and County of San Francisco.</td>
<td>Coordinating Local Business information for program referral</td>
<td><a href="https://sf.gov/departments/contract-monitoring-division">https://sf.gov/departments/contract-monitoring-division</a></td>
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Initial List of Participating City Agencies

Port of San Francisco
Public Works
San Francisco International Airport
San Francisco Public Library
Recreation and Parks Department
How does the program work?

Small Business Completes LBE Certification with CMD
Business owner receives letter of certification

CMD and contracting city agencies share SF Lends referral list with certified LBE
LBE may access technical assistance from SBDC and/or OFE

LBE applies for credit product from SF Lends referral list
FI reviews application and approves or denies (may refer for technical assistance)

Quarterly check-in to share aggregate referrals outcomes, anticipated volume, areas for improvement (TTX, SBDC, FI(s), CMD)
Desirable Product Features

To best meet the needs of the small businesses, CCSF is seeking to qualify financial products with flexible and competitive terms, matching or demonstrating the ability to closely meet much of the following criteria:

- Qualified applicants with annual gross receipts as low as $1.25M (depending on industry);
- As few as 3 years in business;
- Minimum debt to service ratio coverage 1.20;
- Owner FICO score 640;
- Loan or line of credit amount available approximately $50,000-$100,000;
- Does not restrict use of funds for specific purposes (i.e. provides broad working capital versus a loan for single, dedicated use);
- Competitive interest and fees; and
- User friendly features, such as an online application process, key point of contact for this type of customer.
CCSF & Bank Relationship

• Regular meetings to review utilization
  • Feedback on quality
  • Feedback on experience – servicing, usability
  • Feedback/discussion on deeper capacity building

• Aggregate data – number of applicants; number successful with product, etc

• Promotion of SF Lends

• Opportunity and roadblocks to deepen businesses relationships with the bank
Next Steps

**June 2023**
Request for Information (RFI) released

*Due: July 2023*

**Late Summer 2023**
Referral Program Kick-Off with CCSF agencies and FI(s)
Marketing collateral produced by CCSF

**Fall 2023**
Questions?