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# Revised City of San Diego Loan Program to Offer Small Businesses Increased Access to Capital

## CITY UPDATES TERMS OF BUSINESS FINANCE LOAN PROGRAM TO FOSTER INCLUSIVE ECONOMIC GROWTH

SAN DIEGO – Continuing its commitment to support the launch and expansion of local small businesses, the City of San Diego has revamped its Business Finance Loan Program to offer more business-friendly features, remove funding barriers and meet the changing needs of entrepreneurs.

The updated loan program, which is administered by the City's Economic Development Department, lends local businesses funding from \$10,000 to \$500,000. Interest rates range from 4% to 10%, and funding match requirements are now lower and more flexible, especially for very small businesses and startups. The previous program didn't offer funds less than \$25,000, its interest rate floor was 8% and its 2:1 matching requirement created a high barrier for young businesses not yet bankable to traditional lenders.

**"Smart businesses are the heart of our city's economy," said Christina Bibler, Director of the City's Economic Development Department. "We've been listening to the entrepreneurs we meet during our business walks, community events and through our extensive engagement with businesses. We're making it easier to grow a business in San Diego by giving business owners more flexible, relevant and streamlined tools they can use."**

Originally launched in the early 1990s, the City of San Diego Business Finance Program historically offered businesses a variety of funding mechanisms. In recent years, the program consisted of Small Business Micro Revolving Loans (\$25,000-\$150,000) and San Diego Regional Revolving Loans (\$150,000-\$500,000). The City has given 79 loans totaling \$8.9 million to support businesses, including \$250,000 to AleSmith Brewery Company of Mira Mesa and \$150,000 to Nomad Donuts of North Park.

The City's desire to increase the usage and effectiveness of the program, respond to business community feedback and incorporate a loan consultant's findings prompted the Economic Development Department to update the loan program's structure and terms. The revised Business Finance Loan Program was approved Oct. 16, 2019, by the U.S. Department of Commerce Economic Development Administration.

**“Our goal is to create a loan program that more startups can use to launch and more small businesses can leverage to expand operations and create at least middle-income jobs,” Bibler said. “The smaller loan amounts, lower interest rates and more flexible terms are designed to appeal to businesses in our underserved and older communities. These are our targeted businesses that can help activate and transform neighborhoods.”**

The revised Business Finance Loan Program will be concentrating outreach efforts in traditionally underserved priority areas such as Opportunity Zones, the San Diego Promise Zone or low- and moderate-income (LMI) communities. Should funds for lending become constrained, given comparably fundable loan applications, the applicants from businesses in the targeted regions would be funded first.

Eligible companies must be located in the city of San Diego and use loan funding for activities in the city. Such activities include the purchase of fixed machinery and equipment, working capital and the leveraged purchase of new and rehabilitative buildings.

For more information or to apply for the Business Finance Loan Program, please visit <https://www.sandiego.gov/economic-development/business/financing> or contact the Economic Development Department at 619-236-6700 and [sdbusiness@sandiego.gov](mailto:sdbusiness@sandiego.gov).

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