

MOTION ECONOMIC DEVELOPMENT

The City of Los Angeles has been at the forefront of establishing policies that promote small business development. Over the last few years, the City has passed a number of initiatives that are aimed at making Los Angeles more business-friendly. Recognizing that small businesses are the backbone of our society, the City has made it a priority to provide resources to existing businesses and offer opportunities to new ones, in alignment with the City's recent "Open for Business Initiatives."

The City has established a Small Business Loan Program in the Economic and Workforce Development Department to provide financing assistance to businesses that wish to start-up, expand or relocate to the City. While these resources are now in existence, there is concern that the small business community may not be aware or may have limited access to the program. Businesses can borrow between \$50,000 and \$500,000 if they meet certain qualifying criteria. However, the qualifying criteria required for small businesses may preclude microenterprises from accessing such loan funds.

On April 28, 2016, the City Council approved \$250,000 for a Microloan Program as part of the 42nd Program Year Housing and Community Development Consolidated Plan. Businesses can borrow between \$10,000 and \$50,000 to support a Microenterprise. This program will target businesses with five employees or less that lack access to conventional loans such as the Small Business Loan Program.

One of the most pressing concerns that has been expressed by the business community is the lack of marketing or promotion of City loan programs. To ensure success of the programs, a marketing plan to effectively inform the community in addition to a simplified loan application process must be created. As an example, the City should explore how other cities are promoting their Small Business Loan programs, the benefits of partnering with other stakeholders, and the use of technology to promote City programs.

In terms of technology, the City should study the online Small Business Loan application program created by the California Association for Micro Enterprise Opportunity (CAMEO) in San Francisco and other similar programs. This online loan application process reportedly reduces the costs of underwriting, increases volume and reduces default rates. The City has already developed the technological infrastructure to allow individuals to apply online for social services through the development of One-E-App which is now administered by the Housing, Community and Innovation Department.

The Council should direct the development of a marketing plan to improve accessibility and visibility of Small Business and Micro Loans and explore the possibility of creating an online loan application process.

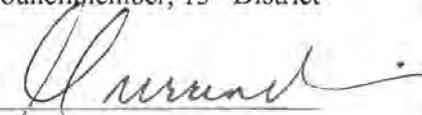
I THEREFORE MOVE that the City Council instruct the Economic and Workforce Development Department, with the assistance of the Information Technology Agency and the City Administrative Officer, to report on a marketing plan to increase accessibility and visibility for Small Business and Micro Loans and report on the following: 1) current City practices to promote Small Business and Micro Loans, including the amounts that have been issued by the City in the last three years; 2) best practices by other cities to promote and provide access to Small Business and Micro Loan programs; 3) a marketing strategy to ensure that all City businesses receive information about Small Business and Micro Loan programs; and, 4) the feasibility and resources required to develop an online Micro Loan Program similar to the CAMEO Program in San Francisco, to allow business owners or potential business owners to apply online for Small Business and Micro Loans.

PRESENTED BY



MITCH O'FARRELL
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SECONDED BY



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