



Fact Sheet: Santa Cruz County, Arizona Forgivable Loan Program Award Selections Frequently Asked Questions – October 2022

The Santa Cruz County Board of Supervisors authorized \$1 million of their American Rescue Plan Act (ARPA) of 2021 Direct Assistance for Local Governments for **forgivable loans** to small businesses, artists and nonprofits impacted economically by the pandemic.

Why a Forgivable Loan Program?

The program supports Santa Cruz County, Arizona employers in addressing negative economic impacts experienced from the pandemic. It provides access to capital (up to \$25,000 for businesses and nonprofits, and up to \$2,500 for artists) combined with personalized bilingual business coaching in topics ranging from finances, strategic plans, marketing to increase sales and more.

What makes this program unique is that it asks those awarded to invest 10% of their loan amount in their own business skills or in their community as the condition of forgiveness. Prestamos CDFI, a division of Chicanos Por La Causa (CPLC), has been contracted by the county to meet quarterly with awardees to meet this requirement between October 2022 and October 2023.¹

Process for Forgivable Loans Outreach

Santa Cruz County invested in a 100-day outreach campaign to help the community learn about, and receive, one-on-one assistance. The outreach [campaign](#), which closed September 1, 2022, included community radio, print and social media outreach as well as community training and one-on-one consultations.

Applicants received extensive support in the application process and sufficient time to apply. This process was unlike many communities that distributed pandemic relief assistance on a first-come, first-serve basis to businesses; that approach has required businesses to have their tax and business paperwork ready in order to apply for funds.² CPLC responded to 208 inquiries and supported 131 of these applicants who responded in completing their applications.

Criteria for Awards Selection

Strong applicants were nonprofits, businesses and artists who completed the entire application process. Those awarded funds demonstrated how their uses of funds would counter negative economic impacts experienced as a result of the pandemic.

As a federally chartered Community Development Financial Institution with significant experience administering loan and grant programs, CPLC's Préstamos staff evaluated the merits of each application as they do a loan application. Award amounts were made through analysis of each applicant's justification for uses of funds.

Awards were identified based on the following criteria, with no one criteria weighted more than others:

- Employers with 50 or fewer employees (required)
- Loss of income as documented by decreased revenue or gross receipts
- Increased costs of goods or services
- Preference for individuals earning no more than 300% of federal poverty guidelines

¹ CPLC's Préstamos division was selected to administer the program in March 2022 through a competitive county RFP process.

² CPLC was able to provide each applicant with up to 5 hours of free assistance with their applications by leveraging support through its US SBA PRIME program. This enabled businesses to correctly classify their business losses, receive support in identifying business needs, and submit required paperwork, required so as to submit successful applications.

- Preference for businesses unable to qualify for, or unaware of, the US SBA's Paycheck Protection Program (PPP)
- Geography (countywide benefit)

Préstamos found most Santa Cruz County applicants sought funding to cover three months of basic operating expenses, such as for lease payments, insurance bills, utilities and similar expenses – either to catch up on or anticipate future needs. In meeting this three-month gap, Santa Cruz County is seeking to address the larger problem of asset poverty – defined as one's inability to cover three months of basic expenses. Nationally, asset poverty is 25%, or double the poverty rate. Thirty years of research validates that addressing asset poverty is effective in helping community members bridge financial emergencies and getting back on the road toward their financial goals.

Statistics on Awards

	Inquiries and partially completed applications	Completed applications	Selected for awards
Awards requested	208	131	76
Award request	\$7,044,790	\$2,847,295	\$1,445,795

The following successful applicants for forgivable loans were awarded funds:

	Successful recipients selected for awards
Industry types awarded:	Businesses (75%, or 57 recipients) Nonprofits (17%, or 13 recipients) Artists (8%, or 6 recipients)
Average award	\$13,158 Artists: \$2,500; Nonprofits: \$13,077; Businesses: \$14,298
Top industry sectors awarded:*	Professional, scientific, technical svcs (17%, or 11 recipients) Restaurants/food service (11%, or 7 recipients) Retail (11%, or 7 recipients) Independent artists (10%, or 6 recipients) Performing arts and recreation services (10%, or 6 recipients) Manufacturing (6%, or 4 recipients) Wholesalers (5%, or 3 recipients) Civic and social organizations (5%, or 3 recipients)
Awards by Geography	Nogales (46%, or 35 recipients) Patagonia (17%, or 13 recipients) Rio Rico (13%, or 10 recipients) Tubac, (13%, or 10 recipients) Elsewhere (5%, or 4 recipients)
Awards by type of applicant:	Within 300% federal poverty guidelines (55%, or 42 recipients).** PPP loan recipient (30%, or 23 recipients)

*NAICS industry classifications determined for 63 businesses, yet to be determined for remaining 13

**Income levels yet to be confirmed for 29%, or 22 recipients