



REQUEST FOR INFORMATION

VENTURE LOAN FUND ADMINISTRATION

**City of Somerville, MA
Office of Strategic Planning & Community Development**

Description

The City of Somerville is seeking information from organizations, particularly community development financial institutions (CDFIs) and other local community-based lending organizations, which would be interested and capable of administering a Venture Loan Fund for small businesses.

The City of Somerville, in conjunction with local partners, is in the process of determining an effective model for a Venture Loan Fund. The intention is to generate a self-sufficient, revolving loan fund that can provide gap financing to small businesses and startups. Priority would be given to businesses which are worker-owned cooperatives or managed by women, minorities, or immigrants. Ideally, the fund would provide unsecured microloans of up to \$25,000 as well as secured loans at higher amounts.

This request for information (RFI) does not commit the City to contract for any supply or service whatsoever.

Background

Many entrepreneurs are unable to access adequate financing for their startups or existing businesses. People of color, immigrants, and worker-owned cooperatives can face particular barriers because of lack of collateral, poor credit history and historic disenfranchisement. From a typical bank's perspective, a loan of \$10,000 is just as expensive to manage as one for \$1M, so there is little incentive to provide microloans to businesses who seek a small amount of funding. In addition, banks struggle with providing loans to startups with no demonstrable cash flow, to worker-owned cooperatives with no majority owner, and to populations with poor access to capital or good credit. These dynamics have been exacerbated by COVID-19, as businesses throughout the country struggle to stay afloat amid economic turmoil.

Through the end of 2020, Mayor Joseph A. Curtatone is meeting with local banks and community partners to put together a Venture Loan Fund to provide microloans and gap

financing to existing businesses and new startups in the community. The City and its partners will seek to raise funding for the loan fund as well as a loan loss reserve fund.

A partner, likely a CDFI or other local community-based lending organization, would be needed to manage and administer such a fund. This RFI seeks responses from parties who would be interested in playing this role.

Requested Information

The City is interested in receiving information from offerors that can provide:

- Information about the respondent and any relevant experience managing similar loan funds.
- Demonstrated understanding of the challenges small businesses face in accessing capital.
- Familiarity with the Greater Boston or Somerville area.
- Willingness and capacity to help create a Venture Loan Fund successfully and on an ambitious timeline.

Responses

The City welcomes information from interested parties on any of the areas listed above. The optimal goal of this RFI process is to use this information provided to design and implement a Venture Loan Fund as soon as possible.

Responses shall be submitted via e-mail to economicdevelopment@somervillema.gov.

Questions

Questions can be submitted to economicdevelopment@somervillema.gov at any time. In addition, the Economic Development team will host an info session for interested parties about the Venture Loan Fund and this RFI on Thursday, November 12, at 2pm. [Registration for this info session can be found at this link.](#)