

The Giving Guide 2007-2008

Small loans and education help finance big dreams

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Edward Charles Jenkins might know better than anyone how a little financial boost can turn lives around. With a recent \$10,000 loan from Lenders for Community Development in San Jose, he has expanded his small business and taken a new lease on life.

Lenders has used its financial education and micro loans for low-wage workers otherwise denied by conventional financial institutions to help Jenkins — and roughly 8,000 others like him — realize a better life.

For Jenkins, that meant realizing he could steer his future from living in homeless shelters and motel rooms to running his own business, Street Snacks, which makes and delivers food to local bars, clubs, and residencies.

His entrepreneurial ambition was originally sparked while living in a shelter and needing to borrow gas money to drive to his \$10 an hour job at Costco. He did what he saw many other non-college graduates doing: buying wholesale food and reselling it at retail prices.

With an ice chest and umbrella from the Salvation Army, he started selling chips and sodas on the street. Already, he felt more in control of his life and scored a \$1,300 loan from LCD for inventory.

From there, he branched out into preparing and selling hot foods — wings, tri-tip sandwiches, barbecue chicken — to the bar crowds and business grew. Three months ago, he leased his own commercial kitchen on Lincoln Street with the \$10,000 loan and business advice from LCD.

“We were literally doing business as homeless people,” says Jenkins of himself and business partner, who had been turned away by other lenders in the area. “And now with LCD, we can have this business and build our credit and we’re also talking about buying a home. We work all day and night and we’re fine with that.”

Founded in 1995, LCD’s mission is to invest in hard-working low-wage workers to build assets and invest for the future. Founder and executive director Eric Weaver originally developed a consortium of banks that needed to comply with the Community Reinvestment Act. That venture evolved to include other investors and turned nonprofit in 2000, focusing on business lending, financial education, and real estate finance for poor Silicon Valley residents.

To date, it has directed \$110 million and over 30,000 hours of financial assistance into poor neighborhoods, including \$8 million in financing to 600 Bay Area small business owners considered “unbankable” by most lenders.

“The vast majority of people do want to work and they want to work hard but there’s just not a path,” says Weaver.

LCD has carved out a niche of micro loans of \$1,000 and \$2,000 to low-income individuals with no credit history in fields like landscaping, trucking, and house-cleaning. For many, these small loans help a person keep business afloat while building credit history or allow a spouse to start a home-based business and supplement family income. These tiny loans are part of a micro financing movement gaining momentum in the U.S., of which LCD is quickly moving to the front.

“It’s very few who go on to run large businesses. This is more about people in Silicon Valley who can’t find good jobs because of language barriers, or education limitations, or other factors. This is the only viable option for them,” says Weaver.



Daniel Masters, left, and Charles Jenkins, co-owners of Street Snacks, expanded their business with a loan from LCD. Street Snacks supplies hot foods to bar crowds.

On average, recipients see a 33 percent boost in income within two years of receiving micro loans.

Meanwhile, LCD’s other signature service is Individual Development Accounts, or IDA, that help create long-term saving habits in individuals after steering them towards acquiring assets. An IDA is a grant program

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Eric Weaver, executive director

LCD invests in people who are working to build financial, personal and shared assets in low-income communities throughout the Bay Area.

that matches a person’s monthly savings by a ratio of 2 to 1, up to \$4,000 a year. The money never has to be repaid and can be used to acquire assets that build further credit, like real estate.

According to Gwendy Brown, IDA program manager at LCD, people only move out of poverty by developing good financial behavior and then gaining assets that help pull them out of their current status, like higher education, real estate, or business ventures.

“Once people get in the habit of savings, they stick with it,” says Brown. LCD’s IDA program currently has 700 people enrolled and many past participants have gone on to not only purchase real estate or start businesses but have maintained their saving habits, says Brown. One of the organization’s successful initiatives, Women Leading Change, helps single women in Santa Clara County gain self-sufficiency by 10 hours of financial literacy classes and six hours of goal training, in addition to the matched savings.

Participation has been so strong that the program now has a waiting list. As with this and other LCD services, there is no shortage of need for helping turn people’s financial lives around in Silicon Valley, says LCD business adviser Devin McAlpine. He helps clients bring goals into focus and then

seek the appropriate amount of funding. “Our program is 100 percent lending to people who can’t otherwise get funding,” says McAlpine.

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