

# CDC Small Business Finance Program Brings Business Banking Opportunities Directly to the People

BY DANNY J. BAKEWELL, JR.  
Executive Editor

Robert Villarreal is the Chief External Affairs Officer for the Los Angeles Branch of the CDC Small Business and Finance Program. Villarreal is unapologetic about



his passion for creating financial opportunities to local businesses and people in communities of color. He says that this pandemic has disproportionately affected Black and Brown people and as the organization's external affairs officer, he and his team are determined to help turn these disproportionate occurrences in to opportunities for local businesses to rebound.

"CDC Small Business Finance is committed to helping local and small businesses succeed. What makes us unique is we meet businesses and business people where they are and help their business get to where they want it to be," stated Villarreal.

CDC has been around for over 43 years and has provided local and small businesses with over \$18 billion of small business loans. But Villarreal is quick to explain that the focus of helping businesses in communities of color has not always been their focus. He explains that roughly four or five years ago, CDC had to take a step back and said "We need to do better. We need to be in lending to African American, Latino and communities of color business, because these are the busi-

ness that most need our support."

CDC immediately went to work and created the African American/Latino loan fund here in Los Angeles but soon took the program statewide. Along with the African American/Latino loan fund, CDC then began creating several other initiatives that pushed the lending forward to communities of color. He says that from 2015 through 2019, the CDC's loan fund grew by almost 450%. But he says that while this may sound impressive, "but our lending rates were so low when we started (around 23%) that such a large jump is not something me or our team celebrated. Today, we are much closer to where we should have always been

largest CFI in the country now that Maurice Wilson has left LISC Alliance. Ellis Carr, an African American, is the head of Capital Impact Partners and together, they went about putting together opportunities for real support and change for African American businesses. They formed this alliance and started off working in three places, based initiatives in Washington, D.C., Detroit and here in South Los Angeles. "With this alliance, we are going deep into these communities; we are going to create special programs to create meaningful opportunities. We are not looking to tell people how to run their business, but we see ourselves as an additive to these communities, a resource to help



Marsel Watts with Naleisha Webb of Nay's Tacos at a Los Angeles King Day parade.

offering products and services that truly make a difference.

Watts says she works tirelessly with programs like Urban League, Black

work of Villarreal, Watts and the CDC team, is Nay Nay Tacos. Nay Nay's is one of those success stories that CDC brags about. Nay says that when Marsel was first introduced to her and brought up the idea of working with CDC, it seemed like a really hard and complicated process. But eventually, Nay gave it a try and says, in fact, it was very easy. I already had a fairly successful business but I needed for it to grow, I wanted it to do and be more. CDC made that possible; Marsel made it work for Nay. "Since coming to CDC, I have expanded my food truck business; I was able to get more equipment. Now I am opening a sit-down restaurant (which has been delayed due to COVID)," she said.

"They helped me with PPP funding, they helped me to get a second truck. I have also recently opened a

ness experience was life changing for his dad and for his family, and affected his parents, him and future generations. There was not a CDC to advise him or help him or to advise him on long term business decisions. My dad didn't know about SBA or business financing. No one was prepared to guide him through the business process. No one was at his side to treat him fairly, correctly or even with dignity. That experience is what drives him to do the work he does on a daily basis.

If there are any businesses out there looking to grow, that have an idea that they think can turn into the next "Big Thing" Robert says "take a chance," he said. "At CDC, we hire people in the community, from the community, and who understand the community. We understand that it's all about building a



"Our listen-first approach will allow us to identify the unique needs of each community and then engage investors in the conversation to help support custom solutions that drive positive change."

- Ellis Carr  
President + CEO, Capital Impact Partners  
CEO, CDC Small Business Finance

Ellis Carr is the head of Capital Impact Partners and CEO of the CDC Small Business Finance Program.

which is in the high 40's, this is a lending rate we can be proud of," said Villarreal.

But Villarreal knew that the CDC couldn't make the kind of impacts that made real difference with forming alliances and spreading out. So, he says they formed a partnership, an African American alliance designed with a focus on supporting Black Businesses. "Our partner was Capital Impact Partners," which he says could now be the

these businesses grow," said Carr.

"Every day, we ask ourselves how can we be more supportive of the players and programs that already exist, how can we be the additive to take these businesses to another level?" In Los Angeles, this program is led by Marsel Watts, who has done an outstanding job of coming into the community, knowing the businesses, the business leaders and,

Business Women Rock, and Inclusive Action for the City. "We are partnering with these organizations and partnering with them and have even added a loan program that takes our regular 7A SBA program and makes it more flexible and really serve the entrepreneurs of color," said Watts.

Both Villarreal and Watts say that CDC is doing what traditional banks hate to do. They are funding business start-ups. They say they have created a niche for helping start-ups and so far, that niche has proven to be very successful. Villarreal says he knows exactly what he and CDC's goal is, and says "we want to try and bridge the racial wealth gap," a gap between our community and other communities for far too long.

Villarreal explains that this compassion for supporting businesses and communities of color, he says. "I am a living example of what can happen. My dad came to this country undocumented in 1948, and didn't know a lot about business, but he made a way and because of that, I was able to go to college."

Small business lending is a major key to our business. Ownership is powerful. We all know how powerful homeownership is for building wealth, but what about business? What about owning your business and your building? This is creating long term wealth and passing it on to your heirs. CDC is the largest SBA commercial real estate lender through their program IMPOWER, which is focused on communities of color, so Black and Brown businesses owners can also own their commercial real estate building and hold it. Owning your own business building is a fortress against gentrification and unfortunately, here in South Los Angeles, dealing with gentrification and an inability to actually own the brick and mortar we operate our businesses in, is a story we know far too well.

One of the businesses that has prospered from the



Robert Villarreal, Executive Vice President, CDC Small Business Finance, President, Small Business Finance Fund

hair salon. When I started, I had about five employees, now we are up to 17. My books are together my P&L is good. If I wanted to go to

level of trust. We need to perform and we need to be out in the community to build that confidence. We are part a lot of initiatives



Marsel Watts, Senior Business Advisor, CDC Small Business Finance

a traditional banking institution, I could, and all of this was made possible because of my own hard work and determination and the support and guidance I have been given by CDC. Originally, I was very hesitant, but Marsel kept coming back and encouraging me to try, to "take a chance" and I am certainly glad I did."

Villarreal was born and raised in Southern California and worked in the restaurant business. His father was the first Latino franchisee for Jack in the Box. But his father decided to leave Jack in the Box to start his own restaurant. Unfortunately, that restaurant venture failed and the fast-food franchise would not allow him to return.

Robert says that busi-

and collaboratives. We are part of California's State wide small business coalition for racial justice along with other organizations," he said.

"We try to be in the community and try to have the credibility that gives us access. If you are looking to be involved in some of these grant programs we've all been hearing about, if you are interested in finding out about these COVID Relief programs or having access to the states \$10 billion dollar state small business credit initiative, CDC is the vehicle for accessing these programs and so much more."

For more information please contact Marsel Watts CDC at (818) 402-2482 or email mwatts@cdclloans.com.

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