

City of Davenport Business Development CDBG Guidebook



**CITY OF DAVENPORT
COMMUNITY PLANNING
& ECONOMIC DEVELOPMENT**

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ECONOMIC DEVELOPMENT PROGRAM

The Economic Development Team (EDT) promotes the economic growth of the City by assisting new and existing businesses with expansion efforts and job retention. In addition, EDT also administers programs that encourage revitalization of neighborhoods and corridors.

The EDT is excited about the future as we look for additional resources to grow our local economy, revitalize neighborhoods, and help to make Davenport a preferred place to live.

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1. OVERVIEW OF ECONOMIC DEVELOPMENT PROGRAMS

SMALL BUSINESS LOAN PROGRAM

The Small Business Loan Program (SBLP) is designed to assist businesses either owned by a low to moderate income individual (LMI) or that is employing low to moderate income people. This program offers loans of up to \$20,000 at 2% interest for 5 years.

Loan are capped at \$10,000 if the applicant does not have substantial matching funds to put towards the project. If the applicant has at least 25% of the project in matching funds they can apply for up to \$20,000. The maximum amount of loan funds are not guaranteed for projects, rather each project is subject to financial analysis and approval by City staff.

DOWNTOWN DAVENPORT JOBS PROGRAM

The Downtown Davenport Jobs Program (DDJ) is designed to encourage business development in the downtown core. This program offers up to \$20,000 per new full time or full time equivalent job created. Loans amounts range from \$20,000 to \$60,000 and are repayable over 5 years at 2% interest. All loans require the applicant to provide matching funds via proven cash or a traditional financing. The maximum amount of loan funds are not guaranteed for projects, rather each project is subject to financial analysis and approval by City staff.

ECONOMIC DEVELOPMENT LOANS

For larger projects that will be creating new jobs in our community, the City can offer a general Economic Development loan through Community Development Block Grant (CDBG) funding. Interest rates are variable and loan amount is dependant upon the scope of the project.

2. ELIGIBILITY REQUIREMENTS

Economic Development Programs are federally funded via the City's Community Development Block Grant funds. In order to qualify for these funds, projects must meet at least one national objective set up by the CDBG program. The national objective that we are seeking to meet is: Activities Benefiting Low to Moderate Income Persons. Applicants can qualify in one of the following ways:

- ◆ **The owner of the company must be a low to moderate income person (see page 6 for more info).**
- ◆ **The business must be creating jobs for low to moderate income persons.** This means that at least 51% of all newly created positions must be held by low to moderate income persons.
- ◆ **Your business must be retaining jobs for low to moderate income persons that would be lost if project and loan did not go forward. Substantial proof is required to document potential job loss.** If you are seeking qualification through retained jobs, 51% of your current employees must be low to moderate income.
- ◆ **A business with an existing loan with the City must have at least one-year of on-time loan payments.**



2. ELIGIBILITY REQUIREMENTS cont.

◆ Complete Applications

- ◆ Review of your application will not begin until all components have been turned in. This includes successful completion of your credit check.

◆ Business Financial Projections

- ◆ All applications must contain well thought out financial projections. If your projections are not realistic, you will be asked to resubmit or contact the Small Business Development Center for business planning assistance. Applicants are strongly encouraged to meet with the local SBDC office in advance of turning in an application.

◆ Low-to-Moderate Income Ranges (effective 7-1-19)

Family Size	Annual Family/Household Income
1	\$40,750 or less
2	\$46,550 or less
3	\$52,350 or less
4	\$58,150 or less
5	\$62,850 or less
6	\$67,500 or less
7	\$72,150 or less
8	\$76,800 or less

◆ **Good Credit Standing**

- ◆ Applicants must be in good credit standing on all City accounts and per their credit report, have no outstanding judgments, collections or late fees. If any issues are found, the applicant has 30 days in which to rectify and provide written proof that all accounts are up to date.
- ◆ If applicants are not able to bring all accounts up to date, within 30 days, they must wait a minimum of six months after denial to reapply for loan funds.

◆ **Bankruptcy**

- ◆ If you have filed for bankruptcy the following guidelines must be adhered to prior to submitting an application.
- ◆ **Chapter 7 Bankruptcy:** Applicant must wait five years after discharge prior to applying for assistance.
- ◆ **Chapter 13 Bankruptcy:** Applicant must have completed their payment plan and show proof of discharge. Applicant must wait one year after discharge prior to applying for assistance.



3. ELIGIBLE PROGRAM ACTIVITIES

ELIGIBLE ACTIVITIES

Funds under this program are restricted to certain eligible costs. Some common eligible costs are:

- ◆ Operating capital (such as payroll, rent, utility fees)
- ◆ Purchase of inventory
- ◆ Purchase of furniture, fixtures
- ◆ Purchase of building or equipment
- ◆ Rehabilitation of internal or external leased space or owned buildings (subject to Davis Bacon construction wages)

INELIGIBLE ACTIVITIES

Funds under this program will not pay for:

- ◆ Reimbursement of expenses incurred prior to the City of Davenport's formal loan approval and/or completion of project's environmental review
- ◆ Projects that do not create permanent jobs
- ◆ Projects that are for housing construction
- ◆ Projects not meeting a CDBG national objective or public benefit or federal CDBG underwriting standards
- ◆ Projects not located within the City of Davenport limits
- ◆ Subsidy of interest payment on existing loans
- ◆ Refinancing of existing debt



4. LOAN TERMS, PAYMENTS AND CONDITIONS

FAIR LENDING COMPLIANCE

Economic Development Programs will be implemented consistent with fair lending laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with Program funds on the basis of his or her religion or religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status, physical or mental disability, sexual orientation, or other arbitrary cause. All personal information of loan applicants will be kept confidential.

LOAN TERMS

SBLP & DDJ, loans carry a 2% interest on loans for up to 60 months (5 years). Loans will be paid back on a monthly basis through automatic electronic funds withdrawal after all funds have been dispersed. ***All funds are paid out on a reimbursement basis once eligible receipts have been turned into the City.***

COLLATERAL REQUIREMENTS

All loans under this program will be collateralized using normal commercial lending standards. CDBG funding is typically in a subordinate position to banks and other lenders. It is the goal of the program to get the best lien position possible to ensure loan repayments and permanent job creation. Types of collateral may include:

- ◆ Secured liens on real property
- ◆ UCC liens on vehicles, machinery, equipment, inventory, or other fixtures.
- ◆ Personal or corporate guarantees, as appropriate

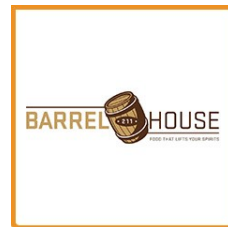
5. OBLIGATION OF THE LOAN RECIPIENT

In addition to the terms and conditions of the loan, all borrowers shall agree to comply with the following:

- ◆ The creation and/or retention of the agreed upon number of jobs within 12 months of the date of the execution of the loan agreement with the City.
- ◆ To maintain records on the project that is necessary for the City to determine if the performance of the business complies with the terms of the loan agreement.
- ◆ To submit the following documentation during the outstanding term of the CDBG loan: a) receipts documenting eligible expenses b) quarterly Iowa Employer Contribution report c) completed income verification sheets for each new employee



Stone Medical Corporation



6. OTHER RESOURCES

Below is a list of other resources in the community that may also be able to assist your small business.

- ◆ **Small Business Development Center** offers one-on-one business counseling, variety of educational opportunities and connection to service providers. www.iowasbdc.org or 563-336-3401
Office: 101 W 3rd St, Suite 161, Davenport, IA

- ◆ **SCORE** provides free and confidential business counseling with business mentors www.quadcities.score.org or 309-797-0082
Office: 1601 River Drive, Moline, IL

- ◆ **Quad Cities Chamber** works with local businesses to identify business needs, obstacles and opportunities and connect them with the proper resource to meet their goals. www.quadcitieschamber.com
Office 331 W 3rd St, Davenport, IA 563-322-1706

- ◆ **Davenport Downtown Partnership** provides leadership and advocacy for downtown economic development and might have other assistance programs to offer businesses locating in the immediate downtown. www.downtowndavenport.com
Office 331 W 3rd St, Davenport, IA 563-322-1706

APPLICATIONS AVAILABLE NOW

Pick up an application from Community Planning &
Economic Development at City Hall

Hours: 8am-5pm
Monday-Friday

Applications are also online at:
www.cityofdavenportiowa.com

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