

2013 CDBG APPLICATION
Enterprise Fund Activity – Business Assistance (BA) –
Instructions

Business Assistance Program

Maximum Award:

Up to \$300,000 for Business Assistance

Or,

**Up to \$500,000 for a Combination Program of
Business Assistance and Microenterprise
Assistance**

Business Assistance Program

Loans for:

- **Construction of Tenant Improvements**
- **Construction of On-site Improvements**
- **Furniture, Fixtures and Equipment (FF&E)**
 - **Working Capital**

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TABLE OF CONTENTS

Each activity section begins with an activity-specific Table of Contents, which:

- Provides the order in which this activity section must be organized and submitted.
- Provides a checklist to ensure that all required activity-specific documentation is included in the application.
- Must be completed and submitted as the first page of the Business Assistance application.

>>Refer to **NOFA** for additional information on eligible activities and scoring<<

A. Activity Information:

1. **Description of Activity:** Provide a brief description of the proposed activity.

B. Need for Activity:

In this part of the application, the Applicant must complete the following items:

1. **Average Unemployment Rate:** Percentage rates for unemployment will be from the American Community Survey (ASC) 5-year dataset, found in **Appendix O**. Since the Applicant pool sets the scoring range for all data driven criteria, during rating and ranking the Department will use the Jurisdiction's average annual unemployment rate listed in **Appendix O**.
2. **Market Analysis:** The Applicant must develop a jurisdiction specific local market analysis report covering the previous 3 years, supporting the Applicant's proposed activity. The Applicant must use the outline below to develop the market analysis supporting the Applicant's loan activity. Some reference sources have been provided to the Applicant at the end of the outline that can be used to develop the market analysis.
 - a) **Understanding Market Conditions – Identifying/Analyzing Market Opportunities by Segment**
 - 1) **Level of most recent business activity:**
 - Comparative analysis with previous 3 years (2009, 2008 and 2007) of the number of establishments by employment/size class.

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- Determination of number of businesses by industry category using 2 digit North American Industry Classification System (NAICS) code level breakdown <http://www.census.gov/eos/www/naics/>.
 - Determination of targeted lending activity by standard Census Bureau's employment categories (i.e., 1 to 4, 5 to 9, etc.).
 - Analysis of business segment for most recent year and 3 year change, including increases, decreases or stability in number of businesses by segment and employment category (i.e., 1 to 4, 5 to 9, etc.).
 - Local businesses surveyed to determine demand.
- b) Identifying/Analyzing Lending Opportunities and Competitors
- 1) Identify all private and public lending sources (other than CDBG) serving the market area to determine:
- Types of lending products offered (term loans, line of credit (LOC), factoring, etc.);
 - Types of businesses inquiring and obtaining financing;
 - Types of businesses not meeting lender requirements;
 - Minimum and maximum Loan amounts;
 - Typical loan terms and interest rates;
 - Allowable uses of funds (i.e., real estate, FF&E, construction, working capital, etc.);
 - Collateral requirements; and,
 - Level of equity contribution requirements loan to value (LTV).
- 2) Determine that the proposed loan program fits to fill the gap in loan funding in the market area.
- c) Demand Projections
- 1) Based on the level of business activity identified and the competitive environment:
- Determine how many loans will be made annually over the term of the grant;

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- Determine and validate the average dollar amount of loans;
- Outline and create strategy/plan for marketing the loan program (i.e., SBDC, lenders, businesses, chambers, etc.);
- Determine and validate number of inquiries which may be generated;
- Determine and validate the number of applications generated from these inquiries; and,
- Determine and validate number of applications likely to be approved. For example, approximately 1 out of 10 loan inquiries result in a loan inquiry moving forward to the underwriting stage by a financial institution.

d) Conclusions

Determine amount of grant funds in the application submittal based on the number of loans and the average loan amount.

Data Sources:

The Applicant can use the following online references to develop the market analysis. Please note the references provided below are not exhaustive and it is the Applicant's responsibility to collect all the necessary data and information to support the Applicant's market analysis:

- [U.S. Census - County Business Pattern \(CBP\)](#) (free source)

Instructions to determine businesses with employees:

- 1) Determine loan program market area; then,
- 2) Use appropriate search category to collect data that best represents the current level of business activity (and historic trends) in the market area (i.e., County level, Metropolitan Statistical Area, Micropolitan Statistical Area, zip codes).

- [U.S. Census – Non-employer Statistics](#) (free source)

Instructions to determine non-employer businesses (sole operators – no employees):

- 1) Determine loan program market area and then use appropriate search category to collect data (i.e., County level, Metropolitan

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Statistical Area, Micropolitan Statistical Area. Not currently available by zip code).

- [Dun and Bradstreet Hoovers](#) (paid source at Dun and Bradstreet Hoovers that allows for more refined search by zip codes):
 - 1) Determine loan program market area; then,
 - 2) Use appropriate search category to collect data that best represents the current level of business activity in the market area (zip codes).

Failure to provide documentation to support these need indicators with the application may result in no points being awarded in this section.

C. Benefit:

In this part of the application, the Applicant must provide the following information:

1. **Poverty Rate:** Since the Applicant pool sets the scoring range for all data driven criteria, during rating and ranking the Department will use the Jurisdiction's average annual poverty rate listed in **Appendix A**.
2. **Proposed Activity and Beneficiaries:** The Applicant must complete the Proposed Activity and Beneficiaries table to indicate the estimated number of beneficiaries assisted under the Business Assistance Activity. *This item not scored. The data is a HUD reporting requirement for the State CDBG Program.*

D. Readiness:

In this part of the application, the Applicant demonstrates readiness to carry out the activity by addressing the following three (3) criteria below, by checking the appropriate boxes in each of the items in Section D of the application.

1. **Program Description:** In this part of the application, the Applicant must provide the following information to describe how the program organization and activity structure effectively and efficiently carry out the tasks:
 - a) **Program Organization Chart and Activity Flow Chart:** The Applicant must provide a program organization chart and activity flow chart identifying the program operators and all individuals responsible

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for the work performed under this activity. (See **Appendix S** for sample organization and activity flow charts.)

- b) **Business Assistance Task Matrix Form:** The Applicant must complete the Business Assistance Task Matrix Form in the application to indicate who (city/county staff or program operator) will be responsible for performing the specific tasks indicated on the matrix form. The Applicant has the option to add additional tasks to the matrix as deemed appropriate to the Applicant's Business Assistance activity. The Applicant should place an "X" next to the each appropriate Task item in the column designated Program Operator and/or City/County. This will identify whether the Program Operator or the City/County will be responsible for task on the matrix below. In some cases, if the task is shared by both the Program Operator and the City/County, then each should be marked with an "X".
- c) **Description of the Organization and Structure of the Activity:** The Applicant must provide a narrative description of how the proposed design, organization and structure will effectively and efficiently carry out and achieve the stated goals of the need for this activity.
2. **Program Operators Status:** The Applicant should provide the procurement status of the program operator, and document the relevant expertise and experience of the individuals performing work under this activity along with evidence supporting that the Applicant is ready to proceed with the activity. The Applicant should select one of the check box options when completing Readiness Item 2 in the Forms, and provide the appropriate corresponding documentation.
3. **Program Operator Qualification Documentation:** In this part of the application, the Applicant must describe and provide complete documentation of the program operator and staff responsible for conducting the activity and/or work. This also includes all private consultants, subrecipients and non-profit organizations performing work for the program operator.