

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

SMALL BUSINESS LOAN PROGRAM (SBLP)

GUIDELINES

Purpose

The City of Morganton Community Development Block Grant (CDBG) Small Business Loan Program (SBLP) is a competitive program offering both startup or expansion companies an opportunity within the City Limits of Morganton to obtain loan funds up to \$75,000 upon approval and in compliance with CDBG criteria. All businesses requesting funds between \$5,000 and \$30,000 must create at least one new job that meets the HUD income criteria. All businesses requesting greater than \$30,000 must be able to create a minimum of 10 new full time job positions within 1 year of funding. 51% of those jobs must be filled by individuals who fall within HUD Low to Moderate Income and Household Income criteria. (see criteria below)

Funding

The SBLP funds are derived from the City's CDBG Entitlement Program, which is provided by the U.S. Department of Housing and Urban Development (HUD). The loan will be set at a 4% interest rate for nine years with a monthly payment due by the first of each month to the City of Morganton. If the business maintains a good standing on the loan and completes its original business plan, 50% of the principal will be forgiven after 5 years/60 payments.

Eligibility

- Assisted business owners must show experience in similar business ventures or provide evidence that they have the capability to accomplish the goals set forth. Applicants can also provide evidence of certification through the community college or similar institutions.
- Only businesses that primarily employ people with low to moderate -incomes are eligible for funding. Low to moderate-incomes eligibility is determined by using household income guidelines established annually by HUD. (51% of the total new employees of the business must fall within the low to moderate-income range.
- Home-based businesses or occupations may be eligible for SBLP funding, as long as the activities of the business are eligible under existing city

ordinances and regulations and have potential to impact or benefit the entire city.

- SBLP funds are available to qualified businesses citywide, but priority will be given to businesses that comply with City Long term planning goals identified through the Adopted Mission 2030 plan, or located within target areas where other city programs are taking place such as redevelopment areas, downtown areas or areas in need of reinvestment such as DIG Zones or Urban Progress Zones.
- All Applicants must be a citizen of the United States and the proposed business must be located within the city limits of Morganton.

Eligible Uses

CDBG funds may be used for a variety of activities, some of which include:

- Purchase of land or buildings
- Building construction
- Building renovation
- Up-fit tenant improvements
- Purchase capital equipment to conduct the business
- Purchase of inventory necessary for project start-up
- Operating Capital

Ineligible Uses

The following activities may not be assisted with CDBG funds:

- Governmental uses or expenses
- Political activities
- Personal property

Application Process

Applicants must complete and submit a SBLP funding application to the City's Development and Design Department. Applications will be reviewed by the City's Small Business Loan Program Advisory Committee. The Advisory Committee will meet after the application is received and review the application. SBLP applicant finalist will be asked to present their request to the Advisory Committee prior to final award.

Review Process

The CDBG Advisory Committee will convene to make funding decisions within 30 days after reviewing the SBLP applications and hearing presentation, when appropriate. Applicants will be notified of their application's approval or rejection and funding amount, by the Development and Design staff. The terms of the CDBG SBLP grant and payment amounts will be determined on a case-by-case basis, in consultation with Development & Design staff. SBLP grants are paid out only after all criteria has been satisfied. If funded the business will be required to submit a quarterly report beginning the quarter after the business is open for a period of four quarters. During the second year a semi-annual report will be due in June and December. From the third year on an annual report will be due to the city. The report should contain financial information such as a profit and loss statement and the most recent NCUI 101.

HUD Income limits per household for Hickory, Morganton, Lenoir MSA: 2023 (income limits effective 6-15-23 through 6-15-24)

1 person = < \$39,940 2 persons = < \$45,650 3 persons = < \$51,350

4 persons = < \$57,050 5 persons = < \$61,650 6 person = < \$66,200

7 persons = < \$70,750 8 persons = < \$75,350

Applications should be submitted to:

City of Morganton Development & Design Department Office-
305 E. Union Street, Morganton, NC
Attention: Lisa Helton, Program Administrator 828-485-4281