

## **City of Columbia Small Business Disaster Recovery Program**

**Eligible Activity:** Special Economic Development, 24 CFR 570.203

**National Objective:** Low-to Moderate Income Area

**Activity Allocation:** \$115,000

### **Overview and Delivery**

The Small Business Disaster Recovery (SBDR) Program will provide financial assistance in the form of forgivable loans up to \$20,000 to businesses affected by the October 2015 Flood that continue to experience challenges to their recovery. Applicants may use funds as working capital to purchase inventory, furnishings and equipment, and for cleanup and repairs. Loans will be forgiven over a period of two years with 50% forgiven each year on the anniversary of the loan closing. All forgivable loans require a personal property guarantee from the borrower. While the forgivable loan is outstanding, the borrower agrees to supply the lender, CDBG Disaster Recovery Program, with annual proof of good standing:

- Copy of valid business license
- Current paid property tax receipt showing no balance
- Current property and liability insurance for premises
- Copy of most recent water and sewer bill showing no balance

The forgivable loan shall be considered in default and repaid only if the borrower closes, sells, relocates outside the city limits, or has a significant change in ownership for any reason, to include foreclosure and/or any other legal action, prior to the two-year maturity date. If default occurs, borrower will be issued a notice requesting immediate repayment of the pro-rated amount remaining on the loan.

### **Connection to Disaster and Unmet Need**

The extensive rainfall and flooding of early October 2015 severely damaged Columbia businesses. Many experienced damages to their facilities, stock, and equipment and some businesses were totally destroyed. Even businesses that did not have physical damage from the storms were closed for an extended period causing significant losses in revenue.

The City has assisted four businesses that serve LMI residents within a half mile service area. The SBDR is expected to provide sustainability to local small businesses and economic revitalization to commercial corridors affected by the 2015 storm and resulting flood.

### **Eligible Applicants**

Eligibility requirements for participants in this program are:

- Businesses must be located in an eligible census tract in a commercial corridor within the city limits.
- Businesses must have applied to SBA for disaster assistance. These funds may be used by those who were denied funding by SBA or used as gap financing for those who have needs in excess of the amount received from other sources.
- Applicants must qualify as a Small Business with less than 50 employees.
- Business Owners must have owned and operated the business as of and prior to the date of the storm event (October 2015).

- Businesses must be located in a low-to-moderate income census tract where 20% of residents are at or below the poverty level.
- Priority will be given to businesses located in the most heavily impacted areas.
- Businesses must provide financial statements, tax returns or other documentation to demonstrate continuing unmet need.

### **Ineligible Applicants**

Ineligibility criteria for this program are:

- Businesses located outside of Columbia city limits.
- Business started after the October 2015 flood event.
- Businesses that have not applied for or SBA assistance.
- Businesses with more than 50 employees.

### **Prioritization of Applicants**

Applicants will be considered on a first come, first serve basis determined by the date on which the City receives a completed application. In evaluating applications, priority will be given to those businesses located in the most severely impacted areas.

### **Use of Funds**

The Small Business Disaster Recovery (SBDR) Program will provide forgivable loans up to \$20,000 to businesses affected by the October 2015 Flood that continue to experience challenges to their recovery. Applicants may use funds as working capital to purchase inventory, furnishings, and equipment as well as cleanup and repair. Loans will be forgiven over a two-year period with 50% forgiven each year on the anniversary of the loan closing. All forgivable loans require a personal property guarantee from the borrower.

### **Monitoring**

Monitoring of program compliance will be performed by City's Community Development compliance staff and internal auditor ~~Department~~ in accordance with executed loan agreements, program covenants and subrogation requirements, program policies and procedures, and the City of Columbia CDBG-DR Monitoring Plan.

**Start and End Date:** April 2018 – June 2019