



CITY OF IOWA CITY

## **Small Business Resource Programs (SBRP) Matching Fund Loan Program and Technical Assistance Grant Program Guide**

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### **Introduction**

The City of Iowa City supports entrepreneurship, job creation and the revitalization of the City’s neighborhoods. We achieve these goals through the distribution of City and federal funds in our community. This program is supported by the U.S. Department of Housing and Urban Development with federal Community Development Block Grant (CDBG) funds.

The City commits to:

- Supporting women, persons of color, and veteran owned enterprises
- Supporting the creation of jobs and opportunities for low-moderate income households in Iowa City
- Collaborating with public, private and nonprofit partners to create shared opportunities
- Connecting business owners with technical assistance and key resources

### **Program Overview**

The SBRP provides matching loans up to \$10,000 (0% interest, 60-month term) to assist with working capital, startup costs, equipment purchases and business expansions. Technical assistance grants of up to \$5,000 are provided to approved loan applicants to fund website development, payroll services, and/or accounting and tax services to early stage businesses and entrepreneurs to support their establishment and growth in Iowa City.

<b>Household Size</b>	<b>Maximum Income (all adult members in household)</b>
1	\$55,850
2	\$63,800
3	\$71,800
4	\$79,750
5	\$86,150
6	\$92,550
<i>Effective 6/1/2021</i>	

**The business must match the City loan amount, up to \$10,000 with cash on hand, a commercial loan or a line of credit.**

Microenterprises must operate as a new or existing commercial business with five or fewer employees, with at least one being the owner of the business. The microenterprise owner(s) must qualify as low-to moderate income. Their gross, unadjusted annual household income must be less than 80% of the area’s median income (see attached table).

Funds are distributed in the form of expense reimbursement on a 50/50 prorated basis and must be drawn within the first twelve months of award. Technical assistance must be arranged, and approved by the City, before loan proceeds are drawn. All financing is subject to compliance with federal and City guidelines.

## Eligibility Criteria

Applicants must meet all of the following criteria to be considered for assistance:

- Be a new or existing commercial business
- Meet HUD's definition of a microenterprise: a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise
- Be owned by a person identified as low- to moderate-income which is less than 80% area median income based on household size.
- Be a private, for-profit entity (sole proprietorship, partnership, corporation, or LLC)
- Be able to provide proof of available matching funds for loan (cash on hand, commercial loan, line of credit or other)
- Have a physical establishment within the municipal boundaries of the City of Iowa City
- Be in good standing with the City and State (current on all taxes, active and valid licenses/registrations, not a part to litigation involving the State or City of Iowa City)
- Be able to match the City's loan amount with either cash on hand to invest in the business, a commercial loan/line of credit, or other grant/loan
- If a new business, complete a business plan and submit as part of the application

Excluded business types include:

- Cannabis-related businesses
- Real estate rentals/sales businesses
- Businesses owned by person under the age of 18
- Businesses that are franchises or chains
- Liquor stores
- Weapons/firearms dealers
- Lobbyists
- Persons operating as independent consultants/contractors and providing services to a single entity

## Available Funds:

Business loans can be \$5,000 to \$10,000. Grant funds for technical assistance are available up to \$5,000 for qualifying applicants. Funds are distributed in the form of expense reimbursement and must be drawn within the first twelve months after the award. Technical assistance must be arranged and approved by the City before loan proceeds are drawn. City staff has information regarding technical assistance resources if needed. All financing is subject to compliance with federal and City guidelines.

## Use of Funds

Funds are intended for working capital to cover business costs, such as rent, staffing, and utilities. Eligible expenses include:

- Operating capital for leasing space, insurance and/or utilities, staff salaries (barring owner salaries)
- Purchasing inventory, supplies, accounting and inventory software, furniture, fixtures, and equipment

- Professional services including engineering, architectural, local permits or fees, business consulting services as approved by staff

Funds may not be used for:

- Purchase of real property
- Lobbying
- Vehicle purchase or lease
- Outstanding debts
- Personal items, such as a new car or making repairs to a participant's home

## Applications

Applications are accepted on an ongoing basis until funds have been depleted. Applicants are available online at [www.icgov.org/financialassistance](http://www.icgov.org/financialassistance) or requests for hard copies can be made to staff at [neighborhoods@iowa-city.org](mailto:neighborhoods@iowa-city.org).

## Application Review

1. Determine preliminary eligibility. Staff will review the submission based on the questions below:
  - a. Is the application complete?
  - b. Can applicant provide verification of available matching funds for the loan program?
  - c. Is the business located within the City of Iowa City?
  - d. Does the business meet the definition of a microenterprise?
  - e. Does the type of business appear to be eligible?
  - f. Is the owner income-eligible based on the application?

Staff will request more information from the applicant, if needed, to perform the preliminary review.
2. Income Verification. Staff will reach out to the applicant for any additional information required.
3. Commitment of Matching Funds. Staff will review documentation showing commitment of loan matching funds and any other sources of project financing. Consideration will be given to whether City funds are replacing other available funding at similar terms.
4. Project Feasibility. Staff will evaluate the financial feasibility of the application and requested use of funds using the following questions. This may require additional financial documentation from the applicant such as a profit and loss statement, cash flow statement, and details regarding how loan funds will be used.
  - a. Are project costs reasonable?
  - b. Is the return on equity reasonable?
  - c. Is the project feasible? (Is the business likely to succeed and the forecasts appear reasonable/based on an assessment of reality)
  - d. Will the applicant be able to repay the loan? Are recurring expenses such as rent, utilities, etc. being paid on time?
5. Owner Commitment. Staff will evaluate the owner's commitment to the business and the extent owner has sought and received technical assistance to develop or grow their business. Applicants may be referred to area small business assistance organizations if applicants have questions or need additional guidance:

- a. [Small Business Development Center](#)
  - b. [East Central Iowa SCORE](#)
6. Technical Assistance. Applicant must submit a specific plan for use of the technical assistance grant funds. The proposed use of funds will be reviewed by staff for eligibility and reasonableness.
7. Funding Award. At this point staff will determine if the project is eligible for funding and the amount of the loan.
8. Additional Requirements. Applicants must obtain a DUNS number and CAGE code for federal reporting purposes prior to signing an agreement for funds.
  - a. For profit businesses can register for a DUNS number through the [Online DUNS Request Portal](#). This is a free service.
  - b. Applicants must also register their business in the [System for Award Management](#) (SAM) and follow the steps to obtain a CAGE code.
9. Execute Agreement. Once all previous steps are complete and approved, an agreement will be signed between the City and the applicant. The applicant must also sign a personal guarantee and fill out forms for loan repayment at this time.

### **Funding Disbursements**

- The applicant and any agency receiving technical assistance funds must fill out a [W-9](#) form to become a registered vendor with the City.
- The applicant can incur costs for loan or grant reimbursement once the agreement has been signed by all parties. Payment submissions must include a detailed summary of the costs and invoices or receipts. Loan funds will be reimbursed at 50% of the submission request. Payments will take approximately two to three weeks to process.
- Technical assistance must be arranged and approved by the City before loan proceeds are drawn.
- Once half of the loan has been disbursed staff will complete onsite monitoring of the business.
- Funds must be drawn within twelve months of the award. Loan payments will begin the month following the final disbursement of funds.

For more information about the Small Business Resource Program contact: Marcia Bollinger, Neighborhood Outreach Coordinator, at [Marcia-Bollinger@iowa-city.org](mailto:Marcia-Bollinger@iowa-city.org) or 319.356.5237.

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