



APPLICANT GUIDE
Economic Development CDBG Funds
(Loans up to \$25,000 at 0% interest)

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Note: Please be aware that the funds available are federal funds; as such various federal requirements may apply. Each applicant is encouraged to speak with Neighborhood Services staff about the requirements that will apply to your specific business prior to submitting an application.

Please contact City of Iowa City Neighborhood Services with any questions.

City of Iowa City, Neighborhood Services
410 E. Washington Street, Iowa City, IA 52240
319.356.5230 or neighborhoods@iowa-city.org

Applications available online at www.icgov.org/financialassistance

Iowa City CDBG Economic Development Fund

Purpose:

Stimulate private sector investment in Iowa City that results in the creation and/or retention of permanent, private sector jobs for low-to-moderate income persons.

Referral Sources:

Referrals accepted by private financial institutions, the Small Business Development Center, and the public.

If the applicant is referred by a financial institution or the Small Business Development Center, Neighborhood Services staff will work with the private lender or technical assistance provider to review the application, the underwriting analysis for the project, and work with the private lender on a financial package that makes the project viable.

All applicants are encouraged, however not required, to apply to a financial institution for financing. If applicant does not apply for funding through a financial institution, the applicant must explain why.

Process:

- 1) Referral received from a financial institution, SBDC, or directly from the business.
- 2) Applicant meets with staff. Staff completes a preliminary review. If referred by a private lender, staff contacts the lender to review the project.
- 3) City Council Economic Development Committee review and recommendation.
- 4) Council action.
- 5) CDBG agreement executed if approved by Council.
- 6) Recipients must receive pre- and post-award technical and management assistance from local non-profit providers such as the Small Business Development Center and/or from participating lenders. If necessary, assistance may be paid through loan proceeds. For applicants not working through a private lender, the process begins with the identification of a qualified technical assistance (T/A) provider approved by the City. The applicant and T/A provider or participating lender will complete an assessment of the applicant's management and business operations strengths and weaknesses. If weaknesses are identified as a result of that assessment, the participating lender and/or City shall document the T/A provider's recommendation and verify the applicant receives the technical assistance identified as a condition of the award.
- 7) City monitoring and compliance. At least one on-site monitoring visit will be scheduled during the compliance period.

Review Criteria:

Applications will be evaluated based on the City of Iowa City Financial Assistance Guidelines established on 9/24/1996, amended 2001, as applicable.

- 1) Meets all CDBG requirements and creates/retains employment opportunities for low-to-moderate income persons
- 2) Applicant's financial contribution to the project
- 3) Quality of jobs created
- 4) Economic Impact – potential for future growth
- 5) Consistency with the City's Comprehensive Plan
- 6) Environmental Impact

Business Plan (start-up businesses):

- Plan must demonstrate the feasibility of the business venture
- Creditworthiness of the business/applicant
- Reliability of the job creation and financial estimates
- All private financing options considered
- Business plan MUST be readable (font 11 or larger)

The City may verify the following (*to verify some of these items, the City may be required to ask the applicant's birth date and/or social security number*):

- Credit history – Applicant Credit Score
- Past employment
- Current references
- Financial institution – verify if assistance approved or denied. If denied, primary reasons the institution denied the request. If approved, review private lender's underwriting analysis.
- Any other information as supplied by the applicant on the application and business plan to assist in evaluating the proposal

Special considerations:

- The City will not shop banks.
- The City will encourage applicants to seek private financing, but will not recommend institutions.
- Job creation/retention by low-to-moderate income persons is a federal requirement for CDBG assistance. The City will take all enforcement measures for repayment if a business fails to create or retain the jobs required by the Agreement the applicant enters with the City.
- The CDBG Economic Development fund is not meant to compete with private lenders but to provide incentives that lower private sector risk and leverage private sector dollars in order to expand the amount of capital available to small businesses.

Open Records Policy - Economic Development Projects:

Most documents in the possession of the City are "open records" and available to the public for examination and review. The City may treat a record as a confidential record and withhold it from examination only to the extent that the City is authorized by Iowa Code section 22.7, another applicable provision of law, or a court order.

Any person who would be aggrieved or adversely affected by disclosure of a record and who asserts that Iowa Code section 22.7, another applicable provision of law, or a court order authorizes the City to treat the record as a confidential record may request the City to treat that record as a confidential record and to withhold it from public inspection.

A request that a record be treated as a confidential record and be withheld from public inspection shall be in writing and shall be filed with the City Neighborhood Services Department. If the original record is being submitted to the City by the person requesting such confidential treatment at the time the request is filed, the person shall indicate conspicuously on the original record that all or portions of it are confidential. The request for confidentiality must set forth the legal and factual basis justifying such confidential record treatment for that record, and the name, address, and telephone number of the person authorized to respond to any inquiry or action of the custodian concerning the request. A person requesting treatment of a record as a confidential record may also be required to sign a certified statement or affidavit enumerating the specific reasons justifying the treatment of that record as a confidential record and to provide any proof necessary to establish relevant facts. Requests for treatment of a record as such a confidential record for a limited time period shall also specify the precise period of time for which that treatment is requested.

If the request is denied, the City shall notify the requestor of the determination and the reasons therefore. On application by the requestor, the City may engage in a good faith, reasonable delay in allowing examination of the record so that the requestor may seek injunctive relief under Iowa Code section 22.8, or other applicable law. The City shall notify requestor in writing of the time period allowed to seek injunctive relief.

Failure of a person to request confidential record treatment for a record does not preclude the City from treating it as a confidential record. However, if a person who has submitted business information to the City does not request that it be withheld from public inspection under Iowa Code section 22.7, the City may proceed as if that person has no objection to its disclosure to members of the public.

**Non-Iowa Economic Development Authority Projects
(Includes Community Development Block Grant Applicants)**

The following records are considered confidential and will be withheld from public inspection:

1. Consumer credit reports (15 U.S.C. 1681b)
2. Income tax returns, employer's contribution and payroll report, and other "return information" (Iowa Code sections 422.20 and 422.72; 26 U.S.C. 6103(b); and 26 CFR 31.3406(f)-1(a))

The following records may be considered confidential and withheld from public inspection:

1. Trade secrets (Iowa Code section 22.7(3))
2. Reports which, if released, would give advantage to competitors and serve no public purpose (Iowa Code section 22.7(6))
 - Applications competing with other applications under a City-imposed deadline will be kept confidential until the deadline passes.

Unless confidential, in whole or part, pursuant to above, the following are not considered confidential and will be available to the public:

1. Business plan;
2. Profit/Loss Statement;
3. Balance Sheets;
4. Application for City Economic Development Funds

Although the document may be a public record, specific information in the document, if confidential, will be redacted, such as a social security number or a tax payer identification number.

Summary: Public Disclosure of CDBG Economic Development Applications & Required Documents per the Iowa Open Records Law

Item:	Online-Downloadable	Economic Dev. Committee & Staff	By Public Request	Considered Proprietary (not available to the public)*
Agenda Item	X	X	X	
Application (w/o attachments)	X	X	X	
Business Plan		X	X	
Balance Sheet		X	X	
Profit and Loss Statements		X	X	
Fringe Benefit Description		X	X	
Management's Background		X	X	
Social Security Number or Tax Payer Identification Number				X
Consumer Credit Score				X
Employer's Contribution & Payroll Report				X
Construction Cost Estimate		X	X	

- * The following records may also be considered confidential and withheld from public inspection:
3. Trade secrets (Iowa Code section 22.7(3))
 4. Reports which, if released, would give advantage to competitors and serve no public purpose (Iowa Code section 22.7(6))
(Applications competing with other applications under a City-imposed deadline will be kept confidential until the deadline passes.)

The applicant may request that a record be treated as a confidential record and be withheld from public inspection. Please see the Open Records policy to review when and how to request confidential treatment of a particular document or a portion of a required document.

Job Creation Requirements:

Job Activity

The use of Community Development Block Grant (CDBG) funds for an economic development loan requires that the activity funded is designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low-and moderate income persons. To qualify, the Company must document that at least 51 percent of the jobs will be held by low and moderate income persons.

Low to moderate income means a household annual income that does not exceed 80% of the area median income as defined by HUD (see page 9).

Documentation

Agreement

A written agreement is required with the Company in which that Company agrees to keep or create a specific number of jobs, identifies each such job by type and whether the job will be full or part time. The agreement must also specify the actions the Company and City will take to ensure that at least 51% of the jobs created will benefit low/moderate persons.

Records

To document that jobs will be held by low/moderate income persons, the records must show:

- A listing by job title of the specific jobs to be created
- A listing by job title of the jobs filled
- The name and income status of the person who filled each position, and
- The full-time equivalency status of the jobs

Document Income Status

Documentation is required that a particular applicant/employee has a household income which meets the low/moderate income guidelines shall include **any one** of the following:

- Written certification signed and dated by the employee/applicant indicating his/her family size and total income as necessary to determine whether the person is a member of a low/moderate income family at the time the certification is made. The form must include a statement that the person making the certification is aware that the information being provided is subject to verification by the local or Federal government.
- Evidence that the person is homeless

- Evidence that the employee/applicant was a referral from a state, county, or local employment agency or other entity that has agreed to refer individuals whom they have determined to be low/moderate income based on HUD's criteria.
- Evidence that the employee/applicant has qualified for assistance under another program with income qualification criteria at least as restrictive as those used by this program

Job Calculation

In counting the jobs to be used in the calculation for determining the percentage that benefit low/moderate income persons, the following policies apply;

- Part time jobs must be converted to full time equivalents (FTE)
- Only permanent jobs count; temporary jobs may not be included
- Seasonal jobs are considered to be permanent for this purpose only if the season is long enough for the job to be considered as the employee's principal occupation
- All permanent jobs created must be counted even if the activity has multiple sources of funds
- Jobs indirectly created by an assisted activity ("spin off" jobs) or jobs located outside the City of Iowa City may not be counted

Reporting

An Annual Employment Performance Report will need to be submitted for each year ending June 30th (July 1 to June 30) to the City of Iowa City, Neighborhood Services, 410 E. Washington St., Iowa City, IA 52240. Reports are due by July 16 for the previous fiscal year (July 1 to June 30).



TABLE OF INCOME GUIDELINES

Community Development Block Grant (CDBG)

Effective June 6, 2016

Household Size	80% Median Income (Considered Low-Mod. Income)
1	\$46,000
2	\$52,600
3	\$59,150
4	\$65,700
5	\$71,000
6	\$76,250
7	\$81,500
8	\$86,750

EMPLOYEE INCOME REPORT

Community Development Block Grant Program Low to Moderate Income Requirements

The U.S. Department of Housing and Urban Development (HUD) has asked that the following information be collected from those individuals employed and/or interviewed by _____ to verify that the company is achieving the goals of the Community Development Block Grant (CDBG) Loan Program. The information is confidential and will be used solely by HUD for the purposes of monitoring. If you have any questions regarding this form, please contact the Iowa City Neighborhood Services at (319) 356-5230.

INCOME VERIFICATION

1. Position interviewed or hired for: _____
2. Please **CIRCLE**, under Family Size on the chart below, the total number of related people living in your household, including yourself.
3. Look at the income ranges on the line for the Family Size you circled. **CIRCLE** the income range that includes your gross family income.

If your gross family income is greater than the amounts listed, check here.

Family Size	(Income Limits Effective 3/6/2015)		
	0-30% Median Income	31-50% Median Income	51-80% Median Income
1	\$0 - \$17,300	\$17,301 - \$28,850	\$28,851-\$46,100
2	\$0 - \$19,800	\$19,801 - \$32,950	\$32,951-\$52,650
3	\$0 - \$22,250	\$22,251 - \$37,050	\$37,051-\$59,250
4	\$0 - \$24,700	\$24,701 - \$41,150	\$41,151-\$65,800
5	\$0 - \$28,410	\$28,411 - \$44,450	\$44,451-\$71,100
6	\$0 - \$32,570	\$32,571 - \$47,750	\$47,751-\$76,350
7	\$0 - \$36,730	\$36,731 - \$51,050	\$51,051-\$81,600
8 or more	\$0 - \$40,890	\$40,891 - \$54,350	\$54,351-\$86,900

4. **Hispanic?** **Yes** **No**
5. **What is your ethnic origin? (Please check only one)**
 White Black/African American Asian American Indian/Alaskan native
 Native Hawaiian/Other Pacific Islander American Indian/Alaskan Native & White
 Asian & White Black/African American & White
 American Indian/Alaskan Native & Black/African American Other
6. **At the time of application, were you unemployed?** **Yes** **No**

I certify that the information above is, to the best of my knowledge and belief, true, correct and complete as of the date of application. I am aware that the information being provided is subject to verification by the local or Federal government.

Name (print) _____ Signature _____ Date

Address (street, city, state, zip)

Warning: Whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious or fraudulent statement or entry may be subject to federal prosecution.

Annual Employee Performance Report

For the Year Beginning July 1, 20__ and Ending June 30, 20__

Submit to: CITY OF IOWA CITY
 Neighborhood Services
 410 E. Washington Street
 Iowa City, IA 52240

NAME OF COMPANY: _____
 BASE EMPLOYMENT: _____
 NEW PERMANENT JOBS GOAL (FTE's): _____

SUBMITTAL DATE: _____
 LOW/MOD JOB GOAL¹ (FTE's): _____

JOB INFORMATION			JOB INFORMATION ON HIRES IN NEW POSITIONS											
			<i>Number of New Jobs Hires Meeting Low/Mod Income Status</i>											
Job Classification (Please list each separate position)	Total Number Employed	Low/Mod Income Persons Interviewed - Not Hired	Number of New Jobs ² Created	Wage Rate Range	Average Hours Per Week	Moderate Income (51-80%)	Low Income (31-50%)	Very Low Income (0-30%)	Employer Sponsored Health Care Benefits?	Unemployed at Time of Application?	Race of New Hires	Total	Hispanic Ethnicity	
												Total	Total	
											White, not Hispanic			
											Black or African American			
											Asian			
											American Indian or Alaska Native			
											Native Hawaiian or Other Pacific Islander			
											American Indian or Alaska Native and White			
											Asian White			
											Black or African American and White			
											Amer. Indian/Alaskan Native & Black/African Amer.			
											Other Multi-Racial			

¹ Low/Mod benefit is met when an employee is hired who has a household income of 80% or less of area median income at the time of application. To include individuals in this column, the Employee Report must be completed by each new employee and be retained in your files to verify income.

² New jobs are newly created positions that increase the total employment to meet the new permanent jobs goal. This does not include new hires for existing positions.

I certify that these numbers are true and accurate:

Signature: _____

Name (Typed): _____

Title: _____

Date: _____

For City Use Only:	
Date Received: _____	Received by: _____
Compliance: _____	Goal Met: Yes No