



Maumee River Bridge, Defiance, Ohio

CDBG Revolving Loan Fund Program Guidelines



OVERVIEW

Local governments can receive Community Development Block Grant (CDBG) Economic Development grants that generate program income. This program income is maintained in a separate account, a Revolving Loan Fund, that local governments administer.

The Revolving Loan Fund program's primary goal is to provide low-interest, fixed asset, gap financing to local businesses.

Revolving Loan Fund dollars can also be used to fund other local economic development projects, including:

- Public, off-site infrastructure improvements tied to job creation or retention
- Downtown façade improvements
- Historic preservation
- Any other CDBG-eligible activity

FIXED ASSET LOANS

Communities can use program income to make loans to local, for-profit businesses for fixed asset financing. Loan repayments return to the local Revolving Loan Fund and may be used to finance additional CDBG-eligible loan or grant projects in the community.

- **Low-and Moderate-Income Jobs:** At least 51% of full-time permanent jobs created or retained must be taken by or made available to low- to moderate-income individuals
- **Funding Per Job:** Assistance is limited to \$35,000 per job created

- **Leverage:** Communities can fund up to 50% of the total financing required for the project (\$1:\$1 leverage ratio)
- **Equity:** A borrower must invest at least 5% in cash equity toward the project's fixed asset cost
- **Private Financing:** At least 15% of the project's fixed asset cost must be privately financed
- **Gap Financing:** Loans are only available for projects that require gap financing. In all cases, private financing should be maximized before considering CDBG assistance

OFF-SITE INFRASTRUCTURE GRANTS

Communities can provide grants for publicly owned infrastructure improvements directly related to job creation or retention by a for-profit business.

- **Low-and Moderate-Income Jobs:** At least 51% of full-time permanent jobs created or retained must be taken by or made available to low-to moderate-income individuals
- **Funding Per Job:** Assistance is limited to \$9,999 per job created
- **Assistance Amount:** Limited to 50% of the total off-site infrastructure cost in most cases. Some distressed communities may qualify for up to 75% of the off-site infrastructure cost
- **Private investment:** Business must commit to on-site private investment
- **Private Financing:** At least 15% of the project's fixed asset cost must be privately financed