



# CDBG PROGRAM

## REVOLVING LOAN/MICROENTERPRISE LOAN

### MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

#### **PURPOSE**

The Community Development Block Grant Program (CDBG) offers grants to Missouri communities to improve local facilities, address health and safety concerns, and develop a greater capacity for growth. The key to the category is to promote the development of small businesses or facilitate other revitalization/redevelopment activities by providing funds to local governments (or sponsored eligible non-profit organization sub-applicants) to establish a revolving loan program. The applicant is encouraged to design their program in a manner to best meet the area's needs.

#### **AUTHORIZATION**

42 USC § 5301 et seq., 24 C.F.R. Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

#### **ELIGIBLE AREAS**

Missouri cities under 50,000 in population or Missouri counties under 200,000 in population.

#### **ELIGIBLE APPLICANTS**

State CDBG funds are only available to cities or counties in non-entitlement areas - a city under 50,000 in population or a county under 200,000 in population.

#### **PROGRAM BENEFITS/ELIGIBLE USES**

The Applicant and Sub-Applicant have the flexibility to design the revolving loan program to meet the needs of the service area. The program may include low interest loans, forgivable loans, and loan guarantees. The Applicant is responsible for developing the loan application process and loan requirements, such as terms, collateral, underwriting criteria, etc. The loan guidelines must be consistent and fairly implemented. For microenterprise loans, at least one job must be created or retained for every \$15,000 of loan proceeds. Funding may only be used for eligible expenses related to the project. Ineligible uses of CDBG funds include, but are not limited to, refinancing of existing debt, political or religious activities, or lobbying any governmental entity.

#### **FUNDING LIMITS**

Loans are limited to \$50,000 per loan or 70% of the Project, whichever is less (the local provider may choose a lesser maximum). The maximum amount any applicant can apply for is \$150,000 or \$15,000 per job.

#### **APPLICATION/APPROVAL PROCEDURE**

Communities interested in applying for grant assistance should complete a CDBG application. This category is on an open, year-round cycle and is based upon availability of funds. Applications are rated on need, project impact, local effort, and past efforts. Applicants must score a minimum of 65 points out of 100 to gain a recommendation for award.

Applicants must meet one of three national objectives to participate in the CDBG program. In the case of the "microenterprise" category, applicants usually meet this requirement by making sure the project beneficiaries are at least 51% low to moderate-income (LMI) persons, through job creation. Please contact the CDBG office for more information regarding the national objectives.

#### **SPECIAL PROGRAM REQUIREMENTS**

Funding is based on several factors, including the program design, training component and qualifications, level of local government support, area to be served, organization(s) involved in implementation, and timeframe for implementation.

#### **CONTACT**

**Missouri Department of Economic Development**

*Division of Business and Community Services • Compliance Team*

301 West High Street • Room 770 • P.O. Box 118

Jefferson City • MO • 65102

Phone: 573-751-3600 • Fax: 573-526-4157

**E-mail: [ecodev@ded.mo.gov](mailto:ecodev@ded.mo.gov) • Web: [www.MissouriDevelopment.org](http://www.MissouriDevelopment.org)**

