

Louisiana Office of Community Development
Disaster Recovery Unit
Business Flood Recovery Programs

Total Allocation: \$12,000,000 for all three programs described below, including administration and program delivery costs (initial allocation); additional funds will be added in the event of a future CDBG-DR allocation, in line with the results of the unmet needs assessment carried out by the state

A. Small Business Loan and Grant Program

Summary: The state would enter into contracts with local community development organizations to implement and administer a lending program for disaster-impacted small businesses for non-construction related expenses.

Administering Agency: Louisiana Office of Community Development, Disaster Recovery Unit (OCD-DRU) in close consultation with Louisiana Economic Development (LED)

Implementation Agencies: Local community development organizations (non-profit organizations, community development financial institutions, local credit unions, etc.) performing application intake, underwriting, eligibility determinations and award distribution

National Objective(s): LMI Job Creation and/or Retention, LMI Area Wide Benefit, LMI Limited Clientele, Urgent Need

Eligible Activities: Provides assistance to private, for-profit entities 105(a)17 and provides assistance including loans for activities which are carried out by public or private nonprofit entities 105(a)14 or provides assistance to neighborhood-based nonprofit organizations 105(a)15

Prioritized Businesses for Current Allocation: Small for-profit businesses and private non-profit organizations located in the parishes impacted by the 2016 federally-declared severe storms and flooding events. First allocation will be used to prioritize assistance to businesses that:

- were operating prior to the respective flood events (March or August)
- have 50 or less employees, a minimum \$25,000 annual revenue and a minimum of 1 full time equivalent employee
- were directly impacted by the floods, as documented physical or financial loss
- are located in the six most impacted parishes – East Baton Rouge, Livingston, Ascension, Tangipahoa, Ouachita and Lafayette (*80% of allocation will be dedicated to these parishes and 20% to remaining affected parishes)
- provide essential goods or services*

*Essential goods or services include, but are not limited to, grocery stores, pharmacies, health clinics and offices, gas stations, residential construction-related companies, child care providers, locally-owned restaurants

Exceptions Policy: There will be an exceptions policy that can be used for businesses that may not meet all eligibility requirements, but there is a case to be made that the need for the award is critical to the community's long term recovery.

Eligible Use of Funds: Operating expenses (rent/mortgage, insurance, utilities, non-owner employee wages); replacement of lost or damaged movable equipment or inventory

Assistance type: Grant (20%) and Loan (80%) or Partially forgivable loan (20% forgiven, 80% repayable)

Award Levels: Minimum \$20,000, Maximum \$50,000

Loan Interest Rate: 1% interest rate

Loan Term: Amortized and repaid over a maximum of seven years

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B. Small Business Technical Assistance Program

Summary: Either separate technical assistance providers or the entities implementing the loan and grant program will provide business technical assistance services as part of the loan underwriting and loan servicing processes. Technical assistance activities include: development of business plans; financial management guidance; long-term recovery and sustainability plans; specialized training; etc.

Business Technical Assistance: \$500,000 of initial allocation, including administration and program delivery expenses

National Objective(s): LMI Limited Clientele, Urgent Need

Eligible Activities: Public Services 105(a)8 or 105(a)17

C. Small Business Bridge Loan Program

Summary: The Louisiana Flood Bridge Loan Program provides banks a guarantee against losses for short term bridge loans to assist businesses with immediate capital while they seek flood insurance, SBA assistance or other longer-term recovery assistance. The program will be designed to provide immediate, rapid financial assistance using existing banks as the conduit for businesses to gain access to the resources, and immediately useful in the short term of the first 12-18 months after the disaster.

Administering Agency: Louisiana Office of Community Development, Disaster Recovery Unit (OCD-DRU) and banks

Eligible Activities: Provides assistance to private, for-profit entities 105(a)17 and provides assistance including loans for activities which are carried out by public or private nonprofit entities 105(a)14

Eligible Applicants: Small for-profit businesses and private non-profit organizations located in the parishes impacted by the 2016 flood. First allocation will be used to prioritize assistance to businesses that:

- were operating prior to the respective flood events (March or August)
- have 50 or less employees, a minimum \$25,000 annual revenue and a minimum of one (1) full time equivalent employee
- were directly impacted by the floods, as adocumented physical or financial loss
- are located in the six most impacted parishes – East Baton Rouge, Livingston, Ascension, Tangipahoa, Ouachita and Lafayette (*80% of allocation will be dedicated to these parishes and 20% to remaining affected parishes)
- provide essential goods or services*

*Essential goods or services include, but are not limited to, grocery stores, pharmacies, health clinics and offices, gas stations, residential construction-related companies, child care providers, locally-owned restaurants

Eligible Use of Funds: Operating expenses (rent, insurance, utilities, non-owner employee wages); replacement of lost or damaged movable equipment or inventory (support documentation is required)

Award Levels: \$20,000 to \$50,000

Loan Interest Rate: 4%

Loan Term: Six (6) Months with the possibility to extend to eighteen (18) months