



City of Hillsboro and Hillsboro Community Development Authority Economic Development Loan Program

Purpose Statement:

The purpose of the Economic Development Loan Program is to provide assistance to a new business to locate within the commercial (C1) district in the City of Hillsboro in order to enhance the overall business environment and vibrancy of the district. The CDA operates the program, including the approval process. The program is jointly funded by the CDA and City. The process is driven by the entrepreneurial spirit and provides a financial incentive for individuals with a comprehensive business plan that should have a positive impact on the current and future economic climate in the City. All applicants of the program must meet the following criteria to be considered for the review process.

Economic Development Goals and Objectives:

The Community Development Authority of the City of Hillsboro has developed the following set of goals and objectives regarding economic development.

- 1. Maintenance and Improvement of the Downtown Business District**
 - a. Encourage public and private efforts and partnerships to improve the downtown area.
 - b. Promote the attractiveness of Hillsboro as a location for new businesses.
 - c. Encourage the maintenance and expansion of existing downtown buildings.
 - d. Promote the downtown as a vital part of the City.
- 2. Promote the Development and Creation of Downtown Businesses**
 - a. Encourage the creation of employment opportunities.
 - b. Promote new downtown business development during start-up phase.

Eligibility Requirements:

- 1. New Business Location:** The new business applicant must locate to a space in the downtown business district, within the commercial district (C1) as defined by the Zoning Code.
- 2. New Businesses Eligible:** Any new commercial business, compliant with the rules and regulations as described in the Zoning Code, is eligible for the program. The business

must also be consistent with the goals of the CDA and City Council development initiatives.

3. Required Information:

- a. The applicant must submit an application which shall include the business type, business name, business address, purpose and/or mission of the business, projected impact on economic environment, personal qualifications (past experience, education/training, etc.), description of products and services, planned hours and days of operation, staffing plan and budget information.
- b. The applicant must provide a budget detailing the start-up costs of the business, including a list of items seeking financial assistance through the incentive program and their estimated cost.
- c. The applicant must provide all rental and/or lease agreements for the building the business will occupy, unless the applicant is the owner of the building.
- d. The applicant may chose to submit more detailed information, a business plan, or materials that provide greater detail for the CDA to review and consider.

Review Process:

Approval of a loan is not guaranteed even if all requirements are met by the applicant. Applicants must work and discuss their proposal with the City Administrator prior to submission to the CDA.

1. The City Administrator will be the contact for the applicant and will field all inquiries, questions, and concerns. Upon completion of all requirements, the City Administrator will forward the application and support materials to the CDA's Economic Development Subcommittee.
2. The CDA shall review the applicant's submitted materials and make a decision regarding the project request, including requests for more information and award approvals. The CDA requires that the applicant be present at the meeting the project request is being reviewed.
3. Upon approval of the project, the approved amount will be released to the applicant upon projected start date of the project, unless otherwise provided.

Award Details:

The following details the loan/grant that will be awarded to the applicant upon CDA approval.

1. **Loan:** The CDA may provide up to a \$15,000.00 loan to assist in the payment of start-up expenses for the new business.
2. **Required Match:** The applicant must provide a financial match of 25% for the allowable start-up expenses to be eligible for the loan. (Example: at a \$15,000.00 loan, must provide a match of \$3,750).
3. **Allowable Expenses:** Start-up expenses shall include labor or material costs for the improvement of the building façade and interior; purchase or rental of fixtures, equipment, or supplies; and purchase of inventory. In the event of any dispute between the parties as to whether an expense qualifies as a start-up expense to be paid or reimbursed, the determination of the CDA shall control.
4. **Terms of Loan:** The business owner agrees to repay the loan in accordance with the following terms:

- a. The interest rate for the loans awarded under this program shall be zero percent (0%).
 - b. The term of the loan shall be determined by the CDA, but shall not exceed a period of five (5) years.
 - c. If the applicant successfully pays off the loan in the agreed upon term, the CDA shall forgo the last ten percent (10%) of the loan payments by the applicant. If the applicant fails to pay the loan in the agreed upon term the applicant shall not receive the ten percent (10%) payback grant and shall be responsible to pay any required interest for breaking the terms of the loan agreement.
 - d. No interest shall accrue on the loan balance due before or during the repayment period, except that if the applicant shall fail to make any monthly payment within thirty (30) days of its due date, the entire loan balance shall immediately begin to accrue interest at a rate of twelve percent (12%) per annum and shall continue to accrue interest at that rate until paid in full.
 - e. The applicant shall grant a security interest to the CDA via a selective business security agreement and if the applicant is not an individual, the loan shall be personally guaranteed by the principals of the business.
 - f. Further terms and conditions of the loan shall be detailed in a formal Agreement and ancillary documents signed by both the CDA and business owner.
- 5. Disbursement:** The loan funds shall be disbursed either to pay an invoice for the façade improvement expenses or to reimburse the business owner for paid expenses upon furnishing of a receipt. The loan recipient shall deliver all related invoices and receipts for the expenses to the CDA Treasurer, and a corresponding portion of the loan funds shall be disbursed either to the creditor issuing the invoice or the business owner if a paid receipt is provided. Payment will be made within five (5) business days.

Transferability:

In the event that the business owner sells, transfers, leases, etc. the business with which this program has provided an incentive loan, the applicant shall not be permitted to assign the rights or obligations under the agreement without prior request and written consent of the CDA.