CITY OF AUBURN
SMALL BUSINESS ASSISTANCE PROGRAM

PROGRAM SUMMARY
The City of Auburn Small Business Assistance Program (SBAP) is designed to stimulate economic activity that would generally not occur in the absence of City assistance. Specifically, the program seeks to play a catalyst role in the business community by working cooperatively with lending institutions and providing “gap financing” as part of a comprehensive financial package for business start-up and expansion projects in the City.

PROGRAM OBJECTIVES
The objectives of the SBAP are to 1) encourage growth and expansion of businesses in the City; 2) stimulate the development of minority and women-owned businesses; 3) increase employment opportunities for low and moderate income residents; 4) expand the real estate tax base; 5) increase the communities export base; 6) diversify the local economy; 7) redevelop vacant or blighted facilities for productive use; and 8) stimulate investment from all private, not-for-profit and government agencies.

USE OF FUNDS
Funds may be used for 1) construction of new buildings*; 2) purchase of land or buildings; 3) renovation or expansion of existing buildings*; 4) purchase of machinery and equipment; and 5) permanent working capital. *Use of SBAP funds for construction/renovation will trigger Davis-Bacon legislation that requires prevailing wage rates to be paid to contractors executing the construction or rehabilitation.

LEVERAGING
The Loan Committee prefers to see the City’s loan leveraged by owner equity, investors, and/or other financing instruments.

ELIGIBLE BUSINESSES
There are no restrictions on the type of businesses that can participate.

LOAN LIMITS
While the City prefers to participate as a funding partner with loans above $75,000, loan amounts and terms are negotiable. The loan committee will consider the economic impacts of the project for larger projects as part of their review.

TERM
Terms are negotiable; typically 5-7 years for equipment and working capital, 15-20 years for real estate.

RATE
Negotiable. Typically lend at prime rate.
**JOB CREATION**
Due to source of funds (HUD Community Development Block Grant Program), 1 full time equivalent (FTE) job must be created and made available to low-moderate income (LMI) persons for every $25,000 borrowed. Low-moderate income limits are established by HUD.

**FEES**
1% administration fee due at closing, $50 application fee, borrower pays fees for credit check, and to record security instruments as needed (UCC-1s, mortgages).

**PROCESS**
Applications are reviewed and voted on by the City of Auburn SBAP Loan Committee, which meets as needed.