

## ARPA Small Business Lending Program [Round Two: 2022-23] Information + Frequently Asked Questions (FAQs)

Following an allocation from the City of Syracuse with funding from the American Rescue Plan Act (ARPA), the Syracuse Economic Development Corporation (SEDCO) has created lending programs designed to support small business development, assist in the ongoing recovery from the Covid-19 pandemic, and foster new growth. Please see information and instructions on how to apply below.

### GENERAL INFORMATION:

#### 1. What are the SEDCO ARPA Small Business Lending Programs?

In order to help address the economic challenges and hardship experienced by the small business community in Syracuse over the past 3 years since the beginning of the Covid-19 pandemic, SEDCO has established new funding programs to provide financial support to small businesses: Micro-enterprise Assistance, Small Business Assistance, and the Community Impact Fund. The table below provides a synopsis on the different funds including loan size, rate, and who is eligible. The programs will provide lending capital that will be borrowed, with a forgivable loan option for micro-enterprises (defined as businesses with 10 or less employees). The goals of this program are to enable Syracuse businesses to continue to operate and assist with pursuing new investment opportunities to adapt to the changing economic landscape. The program is designed to promote local economic recovery, and to encourage consumer confidence and access to local products and services provided by City businesses.

	<b>Micro-Enterprise Fund</b>	<b>Small Business Assistance Fund</b>	<b>Community Impact Fund</b>
<b>Applicant Criteria</b>	Business with 10 or fewer employees in an industry or location that has experienced economic hardship	Business with 50 or less employees, and experienced a decline in sales and/or located in a ARPA eligible census tract	Business or development entity making capital investment resulting in renovation or other physical real estate improvements
<b>Maximum Loan Size</b>	\$5,000.00	\$25,000.00	\$200,000.00
<b>Interest Rate</b>	2.0%	3.0 to 5.0%	3.0 to 5.0%
<b>Term</b>	2 Years	5 Years	Up to 15 Years
<b>Forgivable?</b>	Yes	No*	No

\*Qualified micro-enterprises seeking loan financing through the Small Business Assistance Fund may request forgiveness of up to \$5,000 of eligible expenses if they meet the criteria included in Question #6.

#### 2. Who is eligible?

Small businesses are eligible if they are physically located in the City of Syracuse and do not have more than 50 full-time equivalent or full-time contract employees; and have been negatively affected by the COVID-19 pandemic and have experienced a decrease in revenue/sales in 2020, 2021, and/or 2022. Real estate development entities will also be considered eligible through the Community Impact Fund. Under limited circumstances, 501c3 organizations may be considered eligible for capital investments through the Community Impact Fund if this is related to an economic development activity (e.g. job creation, improving commercial/storefront space, workforce training). Please note all real estate and capital upgrades may only include properties located within a qualified ARPA census tract ([see map here](#)).



**Please note:** Any business or non-profit entities previously assisted during round one of the SEDCO ARPA lending programs, when applications were accepted during December 2021, will not be considered eligible.

### 3. Are businesses outside of the City of Syracuse eligible?

No. SEDCO can only lend to organizations located within the City of Syracuse boundary. A map of the [City of Syracuse boundary can be found here](#).

### 4. Can new businesses that were established after the start of the Covid-19 pandemic apply?

Yes. **Businesses that were established after March 2020 will be considered eligible to apply if they have been in operation for a minimum of 6 months** and can provide interim financial documentation showing sales revenue and expenses over a 180-day period. **New businesses must also be located in a qualified ARPA census tract ([see map here](#)) in order to be considered eligible.**

**Please note:** the amount of SEDCO funds requested cannot exceed the amount of sales generated by the applicant during the past calendar year.

### 5. What uses qualify to receive SEDCO ARPA loan funds?

Qualifying expenses and purchases may include but are not limited to:

- **Capital upgrades** including structural improvements, interior and exterior renovations, HVAC upgrades, etc.;
- **Equipment or machinery** that is necessary in order to improve business operations or will empower to pursue new business expansion opportunities
- **Technology systems or vendor support services** to establish or upgrade e-commerce capabilities, including but not limited to websites and/or mobile applications for customers to order merchandise or food, online reservation management, electronic customer loyalty programs, subscriptions for 3rd party e-commerce services, etc.
- **Supplies and inventory** necessary to continue business operations. Please note that supplies and inventory cannot exceed more than 20% of the total request being made to SEDCO.
- **Pre-development expenses** (including but not limited to architectural plans, engineering reports, environmental assessments. Please note pre-development expenses cannot exceed more than 20% of the total funding request to SEDCO.\*
  - Under circumstances where the applicant is purchasing property from the Greater Syracuse Land Bank, up to 80% of a request may be used for pre-development expenses. The borrower must have the remaining 20% secured from another funding source (e.g. investor, personal equity, grant).\*

*\*Please note: pre-development expenses may only be funded through the Community Impact Fund*

### 6. Are the loans provided by SEDCO forgivable?

For loans provided through the Small Business Assistance Fund and Community Impact Fund, loans will not be forgiven and must be paid back. However, eligible micro-enterprise applicants seeking assistance through the Small Business Assistance Fund or the Micro-Enterprise Assistance Fund may be eligible for up to \$5,000 in loan forgiveness. Any eligible micro-enterprise applicant seeking to qualify for loan forgiveness must meet the following criteria/expectations of the borrower:

- All purchases and investments using SEDCO funds must be verified as eligible expenses such as receipts, vendor invoices, and/or copies of payments made by the borrower
- The business must remain in operation during the term of the agreement
- For borrowers that own property within the City of Syracuse, all taxes owed to the City must be current and no outstanding code violations must exist
- The borrower will retain the number of employees at the time of application or add employees during the term of the agreement

- Any borrower that was established after March 1, 2020 must receive technical assistance from a small business advising organization (e.g. SCORE, Onondaga SBDC, UpStart)
- Borrower must retain ownership of the entity and/or any affiliated property for the term of the agreement

## 7. How will the loan funds be disbursed if my business/organization is approved?

Loan proceeds will be disbursed following approval from the SEDCO Board of Directors, and execution of the necessary closing documents. Loan proceeds will be reimbursable under most circumstances, however SEDCO can also make payments directly to a 3<sup>rd</sup> party vendor when necessary. The expectation is that businesses or organizations will itemize expense(s) that SEDCO funds will be used for as a part of the loan application. Applicants are encouraged to collect and submit this documentation as part of the loan request, however this is not required unless specifically requested by SEDCO staff. **Following approval of a request, documentation of expenses including receipts, invoices, or other documentation from vendors will be required in order to complete disbursements through the ARPA program.** The Corporation may approve some requested expenses and disapprove others, providing a smaller loan amount than originally requested.

## 8. How can eligible businesses and organizations apply?

Funds are limited. Applications can be found online at [www.syr.gov/Boards-and-Commissions/SEDCO-Overview/SEDCO-Financing](http://www.syr.gov/Boards-and-Commissions/SEDCO-Overview/SEDCO-Financing). Fully completed applications and required supporting documentation can be submitted starting on **Wednesday, November 30, 2022**. Applications will be accepted **on a rolling basis**. Only fully completed applications with all supporting documentation will be considered ready to proceed.

## 9. Can an organization apply for multiple loans from the separate funds?

No. All applicants are encouraged to identify the fund that will best suit their financial needs and may only submit one loan request to SEDCO. Separate entities that have the same owner may be eligible however, as well as multiple businesses that are separate but located within the same property address. In these unique circumstances, requests will be reviewed and considered on a case-by-case basis.

## 10. Where do I submit the application and supporting documentation?

Applications can be submitted one of the following ways:

- A) Email electronically to [business@syr.gov](mailto:business@syr.gov)
- B) Applications can be dropped off physically or mailed to the following address: Syracuse Economic Development Corporation 201 East Washington Street, Suite 612, Syracuse, NY 13202

## 11. How will loan financing requests be reviewed?

Funding requests will be considered by a review committee, comprised of the SEDCO Board of Directors. The SEDCO Board will oversee the decision-making process of all completed applications received by the Corporation. The review committee will make recommendations to the full board for final determinations on all eligible applications. **Funding decisions will require a minimum of at least 60 to 90 days from the date that a complete submission is made to SEDCO**, and all required items have been received, and thereafter on a rolling basis depending on the availability of funds. In order for a request to be reviewed and considered for the soonest available meeting for a loan to be reviewed and considered for funding, **we recommend that all paperwork be submitted by the 15<sup>th</sup> of the month** in order to accommodate the soonest available timeline to arrive at a decision. For any applicant that has been approved to receive financing assistance, a loan agreement and other closing documents must be executed with approved applicants prior to disbursement of any funds.

## 12. What is the cost of applying for the program?

There is no cost to apply.

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## **APPLICATION INSTRUCTIONS + PROCEDURE:**

1. Determine specific fund preference and fill out and complete the corresponding SEDCO ARPA Fund Application. Applicant should choose from one of the following loan fund: The Micro-Enterprise Assistance Fund; the Small Business Assistance Fund, or the Community Impact Fund.
2. If necessary, work with a City of Syracuse staff member to determine the loan fund that is most appropriate based on your financial needs. SEDCO staff are available to answer questions or assist with completing the chosen fund application.
3. In addition to the completed application, the organization must provide the required supporting documentation items included in the application form (the item list varies depending on applicant and project type). Aside from the foregoing items, the Corporation reserves the right to request additional financial or other corporate governance or other materials or information it deems necessary to adequately review and assess the application.
4. Submit the completed application and supporting materials by email (preferred method) or by mail as noted above. Questions regarding this program should be directed to the SEDCO at [business@syr.gov](mailto:business@syr.gov). SEDCO shall have the right to request and consider additional information as deemed necessary.
5. Applicants shall cooperate with the Corporation to satisfy any State or Federal mandated reporting requirements.
6. For any applicant that has been approved to receive financing assistance, a loan agreement and other closing documents must be executed with approved applicants prior to disbursement of any funds.