

Disaster Recovery Initiative
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**Louisiana Office of Community Development,
Division of Administration**

Louisiana Recovery Authority

**Action Plan Amendment No. 40 (First Allocation) – Modifications to the *Small Firm
Recovery Loan and Grant and Bridge Loan Program***

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Action Plan Amendment to the Small Firm Loan and Grant Program and the Bridge Loan Program

This purpose of this non-substantial amendment is to add eligible activities to the Small Firm Loan and Grant program in order to implement a third phase of the Small Firm Loan and Grant program (dba Business Recovery Grant and Loan program). In addition, the state will combine use of used, repaid and recaptured funds from the Bridge Loan Program in order to provide guarantees as necessary to meet the needs of each project.

The amendment to add new eligible activities will enable the third phase of this program to meet the current needs for economic recovery.

While the state has made great strides in its recovery from the 2005 storms, the impacted parishes still have significant economic recovery needs. Many communities are still in need of service businesses such as grocery stores and laundries, while others are in need of significant project based economic development to anchor the recovery of key commercial corridors and ultimately neighborhoods. Additionally, the state, especially in the impacted regions, has seen a wave of new entrepreneurial activity that has spurred growth in our economy.

Currently, \$45 million remains in the Small Firm Loan and Grant program. Additionally, the state intends to use the unused funds and program income from the Bridge Loan program recaptured or repaid loans for the purposes of additional financing under the Small Firm Loan and Grant program.

Small Firm Recovery Loan and Grant Program

National Objective: Low to moderate income and urgent need Eligible Activity: Section 105 (a) 17 Activity Amount: \$209,032,465 (originally \$38,000,000 in Action Plan Amendment No. 2, increased by \$105 million via Action Plan Amendment No. 8, increased by \$68,000,000 via Action Plan Amendment No. 13, decreased \$1,425,000 via Action Plan Amendment No. 34)
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Bridge Loan Program

National Objective: Low to moderate income and urgent need Eligible Activity: Section 105 (a) 17 Activity Amount: \$95 million (decreased by Action Plan Amendment No. 8 by up to \$78 million)

Amended Program

National Objective: Elimination of slum/blight , low to moderate income and urgent need Eligible Activity: Section 105 (a) 8, 14, 15, 17, 19, 22 Activity Amount: \$58,000,000 (balance of Small Firm Loan and Grant, unused Bridge Loan, and current program income received under the Bridge Loan program. As outlined above, this amount may increase as program income is received from the Bridge Loan program.)

The purpose of this Amendment is to (a) add eligible activities and the national objective of elimination of slum and blight to the Small Firm Business Recovery Loan and Grant Program and (b) to combine the program income from the Bridge Loan Program. These programs were created in the State of Louisiana's original Action Plan for the Use of Disaster Recovery Funds and amended in Action Plan Amendments 2, 8, 13, 17, and 34. Additionally, the State is proposing a change in method of distribution of funds and grant and loan maximums.

Originally, these programs were developed to provide assistance to businesses struggling to reopen following Hurricanes Katrina and Rita. The program at the time was tailored to the working capital and inventory needs of many small businesses throughout the impacted parishes. The Louisiana Recovery Authority (LRA) continues to track, monitor and identify disaster-related gaps in community recovery and ways to address these gaps in order to revitalize and restore communities and neighborhoods. The State is amending these economic development programs to concentrate the remaining loans and grants on economic development projects that are intended to aid in the recovery of hurricane-impacted communities.

Grants and loans will range from \$50,000 to \$5,000,000 must meet the following criteria:

i. Eligibility

Non-profit organizations and businesses damaged by Hurricanes Katrina and/or Rita, and those that have started since the 2005 hurricanes and are willing to remain in and contribute to the economic recovery and revitalization of communities affected by the events, will be eligible to apply for loan/grant packages. Awards will be based on a mix of the following criteria: CDBG eligibility, business or project readiness, commitment of other sources of funds, and ability to maintain business in the community or implement the project in a timely manner. Applicants will be required to provide a plan detailing sources and uses of project funds, including demonstration of how the loan/grant package would be used.

ii. Project Criteria

Projects must have business and development plans, financial pro-forma, demonstrated ability to achieve the objectives proposed in the application (ability to obtain other financing, site control, etc.), supporting documentation, and provide evidence of commitment of private funds or in-kind contributions, if applicable.

iii. General Conditions

Loan/grant packages will be developed based on project needs and availability of funds.

Selected projects may involve aspects of one or all of the following eligible activities:

- Technical Assistance for general business management assistance, business plan development assistance, legal and or accounting management assistance, assistance directed at micro-enterprises and start-ups, and other technical assistance.
- Assistance for business planning, studies, and implementation strategies to more rationally and effectively meet the goals of the business or organization.
- Commercial exterior rehabilitation and code violation corrections.
- Acquisition, construction, rehabilitation, reconstruction, installation of commercial/industrial buildings.
- Purchase of inventory, equipment and/or working capital.

Method of Distribution

The state will administer the program through a partnership with the Office of Community Development – Disaster Recovery Unit (OCD-DRU) and Louisiana Economic Development (LED). The program will be competitive through a publicized application process.

Monitoring

This activity is considered to be a high risk activity. Monitoring will be performed by the Office of Community Development staff in accordance with the DRU Monitoring Plan.