



## Business Funding Programs Office of Economic and Community Development

### Loan to Grant Program (HUD)

#### Overview:

This federally funded *gap* loan program was developed to enhance **job creation** by providing assistance to existing businesses looking to expand, for starting up a new business, or for businesses looking to relocate to Scranton. As per the U.S. Department of Housing and Urban Development (HUD) guidelines, borrowers must create one full time equivalent job for every \$35,000 borrowed. If job creation and guidelines are met, the loan can transfer to a grant, with no repayment necessary.

Any business located in the City of Scranton may qualify for a Small Business Loan. You can borrow up to 30% of total project costs. Therefore, you should speak to your lending institution first about financing options. Businesses can potentially access \$25,000 to \$250,000 of funding.

#### Eligible Uses of Funds

- Inventory
- Procurement of machinery, furniture, fixtures and equipment
- Working/Operating capital (not to include interest or finance charges)
  - Defined working/operating capital - Utilities, taxes, rent, employee payroll (owner's payroll is exempt)
  - Construction, building or other improvements when Davis Bacon and Related Acts must be applied (prevailing wage rate requirements for all construction employees)

#### Ineligible or Restricted Uses of Funds

- The repayment of existing debt
- Construction, building or other improvements when Davis Bacon and Related Acts are **not** applied to the project (prevailing wage rate requirements for all construction employees)
- Reimbursement of costs incurred prior to loan/grant award
- Reimbursement for interest charges or finance changes of any kind with no exceptions
- Political or religious activities
- Lobbying any governmental entity