



# OFFICE OF ECONOMIC & COMMUNITY DEVELOPMENT

City Hall | 340 North Washington Avenue | Scranton, PA 18503 | 570.348.4216

## Loan to Grant Program (HUD) Office of Economic and Community Development

This federally funded *gap* loan program was developed to enhance **job creation** by providing assistance to businesses looking to expand, for starting up a new business, or for businesses looking to relocate to Scranton. **Of the new jobs that are required to be created, 51% shall be from Low and Moderate Income (LMI) families.** 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. Minimum project cost for forgiveness is \$117,000, as outlined in the below table. Businesses can potentially access \$35,000 to \$140,000 of funding.

<u>No. of EE's</u>	<u>Forgiveness</u>	<u>Project Amount</u>	<u>Months to Create Job/s</u>	<u>EE's living wage/pay</u>
1 Employee	\$ 35,000	\$ 117,000	6	\$20.00 hr / \$41,600 yr
2 Employee	\$ 70,000	\$ 235,000	9	\$20.00 hr / \$41,600 yr
3 Employee	\$ 105,000	\$ 350,000	12	\$25.00hr/ \$52,000 yr
4 Employee	\$ 140,000	\$ 467,000	12	\$25.00hr/ \$52,000 yr

### 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

### Interested in Applying:

If you are interested in learning more and applying for this program, please email Tricia Zilaitis, [tzilaitis@scrantonpa.gov](mailto:tzilaitis@scrantonpa.gov) who will email you the application.