

Anoka County Revolving Loan Fund



About the Anoka County Revolving Loan Fund

The Anoka County Revolving Loan Fund ("the Fund") will utilize County Community Development Block Grant Funds (CDBG), and will be operated in partnership with the Metropolitan Consortium of Community Developers (MCCD) "Open to Business" program for the purpose of encouraging economic development, redevelopment, job creation and job retention, housing development to meet business needs, and preservation of business districts in the County.

Who May Apply for the Revolving Loan Fund?

Private, for-profit businesses located in Anoka County that intend to create or retain permanent jobs. The fund provides loans to qualified businesses to create jobs primarily to employ low and moderate-income individuals.

How May the Funds be Used?

Loan funds may be used to assist small business primarily by providing financial assistance for the following types of activities: retention, growth and expansion, rehabilitation, redevelopment to prevent or eliminate blight, code compliance, employee recruitment and retention through housing initiatives, and façade enhancement.

How May the Funds be Used?

Eligible costs may include the following:

- **Land Improvements** Improvements to the land which are a portion of the project cost including, but not limited to: grading, new streets or street improvements, parking lots, utilities, and landscaping.
- **Purchase of Land for Development** Purchase and, if necessary, renovation and/or removal of an existing industrial or commercial facility is permitted.
- **Purchase Machinery or Equipment** Purchase of major items of machinery and equipment independent of land and buildings. These items must be defined to have a useful life of at least 5 years and the term of the loan shall not exceed the useful life of the equipment purchased.
- **Building Construction** Construction of a new building and/or a major addition to an existing building.
- **Leasehold Improvements** Revolving loan funds may be used for certain leasehold improvements provided the lease is equal to or greater than the term of the loan and the County secures a lien on the land or building, and improvements.
- **Affordable Housing** Because affordable housing development is tied to business needs, revolving loan funds may be used to: i. Leverage the public and private funds and shall not be used as a primary funding source;
- **Purchase Residential Property** for development and redevelopment of affordable housing.
- **Micro-Enterprise** Micro-enterprise activities are eligible for revolving loan funds. i. Definition. A micro-enterprise is defined as a commercial enterprise that has five (5) or fewer employees, one or more of whom owns the enterprise.

Funds **may not** be used for retail business, nonprofit institutions, gambling organizations, lending or investment organizations, land speculation, or any activity deemed illegal by federal, state, or local law or ordinance.

Ineligible costs include but are not limited to: management fees, financing costs, franchise fees, debt repayment or consolidation, moving costs, refinancing, and operating cost or working capital.

How Much May I Borrow?

The maximum loan available from the revolving loan fund for each eligible project is limited to \$175,000. The minimum loan amount available from the revolving loan fund for each eligible project is \$35,000. The maximum amount of a micro-enterprise loan shall be \$5,000 and the minimum loan amount shall be \$2,000.

The term of the loan will be tied to the useful life of the assets being financed.

The following general terms apply:

- **Machinery/equipment** The term of the loan for machinery/equipment shall not exceed 7 years.
- **Land/building acquisitions** The term of the loan for land/building shall not exceed 15 years.
- The term for the loan for new construction/renovation shall not exceed 15 years, though longer amortizations 20 years may be available.

The revolving fund may take a subordinate position to the primary lender on the assets financed

The interest rate shall be a fixed-rate established by MCCD based on its analysis of the loan application.

How Do I Apply?

Please contact Open to Business advisor
Carrie Mikkonen to apply or for any questions about the fund.

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