

Childcare Business Assistance Program

PROGRAM GOAL

The goal of this program is to assist an established licensed childcare provider, assist a startup childcare business, or provide space for a cooperative program. Existing and startup childcare businesses may be eligible for funding to upgrade or expand building structures to meet building codes or expand capacity to provide services to more children.

FINANCING

The funding source for this program is City Economic Development funds. Funds are subject to availability of annual funding. This program can only provide funds for future work; not refinancing of completed work.

- Funds can be used for structural and aesthetic building improvements, and may include façade improvements. Structural improvements may include necessary building upgrades as required for commercial and residential childcare businesses such as installing residential sprinkler systems, water meter upgrades, and sink installation.
- Projects that do not comply with submitted plans will not qualify for 0% (zero percent) financing. They may be assessed the current prime rate of interest plus a two percent penalty.
- Childcare businesses applying for funding are strongly encouraged to become licensed with the State of Oregon, and maintain license for the duration of the loan repayment. Contact the State of Oregon Office of Child Care regarding day care licensing: http://www.oregon.gov/OCC/Pages/about_us.aspx

Financing for Property Owners

- Property owners must have 30% (thirty percent) equity interest in property
- \$150,000 maximum secured loan to property owners
- 0% (zero percent) interest rate
- Loan processing and closing costs paid by borrower
- 10 (ten)-year payback, fully amortized through monthly payments

Financing for Business Owners (with written permission from Property Owner)

- \$10,000 maximum secured loan to business owners
- 0% (zero percent) interest rate
- Loan processing and closing costs paid by borrower
- 5 (five)-year payback, fully amortized through monthly payments

ELIGIBILITY

- Eligible activities: including, but not limited to, rehabilitation of building facades, Americans with Disabilities Act compliance and improvements which enhance the pedestrian environment, fire suppression system installation, water meter upgrades, and/or bathroom and sink expansions required to increase capacity. A plan that includes façade improvements may be eligible for structural repairs, rot repair, roofing, sidewalks, walkways, public plaza, interior renovations of public space, lighting, and code compliance. Start-up Applicants may apply for assistance with any associated business license fees in Lincoln City for their *first year* of operations.
- Ineligible activities: including, but not limited to, working capital, refinancing of existing debt, security systems, personal property, furnishings, inventory, billboards or anything NOT required to operate a Childcare Business.

PROGRAM GUIDELINES

1. Funding can be available to residential and/or commercial childcare properties.
2. Minor addition(s) to an existing structure do not increase the square footage of the existing structure by more than 50% (fifty percent)
3. For projects involving façade improvements, exterior facades shall be updated and integrated into a design that complements adjacent structures to provide a harmonious composition of masses, materials, colors, and textures. Building components, such as windows, doors, eaves and parapets, shall have good proportions and relationship to one another. Design attention shall be given to mechanical equipment or other utility hardware so as to screen them from view to the extent feasible.
4. Applicants are strongly encouraged to maintain ongoing participation in SBDC programs. Childcare business startups are also encouraged to participate in the SBDC Childcare Business Startup workshops.

APPLICATION PROCESS

1. Forms are available online (www.LincolnCity.org) and in the Economic Development Office, City Hall, 801 SW Highway 101, Room 350. Submit completed pre-application form to the Economic Development Office. City staff will initially determine when a pre-application is substantially complete and meets the program objectives. Completed applications will include in part:
 - pre-application form
 - requested loan amount
 - evidence of property and/or business ownership
 - property equity information
 - preliminary design drawings for structural and façade improvements
 - itemized cost estimates from a licensed contractor
 - description of methods and materials to be used
 - estimated project completion time
2. Pre-application is forwarded to the Outside Loan Officer who will request preliminary title reports, credit reports, and appraisals or will perform alternative procedures to determine credit worthiness of the applicant for the proposed project. The applicant must demonstrate the ability to repay the loan in a timely manner and may be asked to provide the following information to the Outside Loan Officer:
 - Business Plan or detailed description of your business
 - Breakdown of use of funds for the project
 - Personal financial statements
 - Resumes of business owner
 - Business income statement and balance sheet for past 3 years
 - Projected Income Statements
3. Outside Loan Officer provides summarized financial information about the applicant's ability to repay the loan to City staff to include in the application packet for the City Loan and Grant Committee (Committee) to review.
4. Application packet is presented to the Committee to determine whether the project meets the mission and purpose of the Business Expansion Program and for tentative approval to process. The Committee, at its discretion, may consider other conditions or building appurtenances.
5. If the Committee recommends approval, the request is issued an anonymous loan number and sent to City Council for final approval. In certain circumstances, the City Council may authorize a higher loan amount or consider proportional-share loan forgiveness with public benefit. After project completion, the project may be made publicly known to help market the program.

CONDITIONS AND CONSIDERATION

1. City Council shall have the sole authority to approve an application to receive City Economic Development funds.
2. The borrower must demonstrate the ability to repay the loan in a timely manner. In cases where the property owner is able and demonstrates the skill to do the work themselves without using a licensed contractor (by applicable codes and ability), the City Council can consider disbursement of funds (for materials, not labor) similar to a line of credit with any added conditions to reduce risk on a case by case basis.
3. Processing and closing fees are paid by the borrower and not included in the loan amount, unless otherwise noted.
4. The bank loan is to be a construction-type loan. Funds are disbursed as work is completed and verified.
5. Equipment purchase or construction must begin within twelve months and completed within eighteen months of City Council approval.
6. Repayment begins after first draw request, with payments based on entire loan amount.
7. Loan cancellation and repayment occur if borrower fails to comply with the conditions of the loan. Penalties may apply.
8. Loan cancellation and repayment occur if borrower fails to obtain and maintain appropriate state daycare licenses.
9. Applicants must be current with all applicable taxes, licenses and fees.
10. For improvements to real property, where not currently available, the plan must meet American with Disabilities Act compliance for accessibility from at least one entrance at street level.
11. Note is due upon refinancing or sale of the business or property as applicable.
12. Before any funds are distributed, loan applicant must obtain all necessary approvals including those from Lincoln City Planning and Public Works Departments. The applicant must verify with the City Planning department that their business is compatible with the zoning of the property.

COLLECTION POLICY

Delinquencies, collection procedures, and foreclosures will be in accordance with procedures of all participating financial partners.



For more information, please contact the
Lincoln City Economic Development Office
at 541-996-1095