

Federal Funding Pulled from Local Control

The Community Development Block Grant Revolving Loan Fund (CDBG RLF) is a federal grant program that started in Berlin in 1986 to assist the Berlin Foundry. Over the last 33 years, the City assisted over 30 businesses with expansion or retention of their Berlin based company. Berlin Community Development Corporation reviewed the applications and recommended the terms of the loan to the City of Berlin. Berlin Community Development Corporation is an organization that works in conjunction with the City to facilitate community growth and revitalization through enhanced economic and social development. The loans were eligible for acquisition of land, buildings, fixed equipment, site preparation, construction of building, reconstruction of a building, demolition, removal of structures, rehabilitation of structures, and working capital. The CDBG RLF offered businesses an interest rate from 1 to 5%, which made the program very attractive to local companies in need of financial assistance. The CDBG RLF program required a one to one match of private investment and one new job created for every \$20,000 loaned out.

As of February 1st, 2019, the City of Berlin is unable to approve any new revolving loans from the Community Development Block Grant (CDBG) funds. Currently the Department of Administration (DOA) oversees the local CDBG RLF program and was forced to make changes to the current program from Housing and Urban Development (HUD) agency. The DOA proposed the CDBG Close Program that allows municipalities to purchase the outstanding loans and continue their RLF program or return all the loans and funds to the DOA. The City of Berlin currently has over one million dollars in outstanding loans, which makes it very difficult for the City to buy out. If a Berlin company is looking for financial assistance after February 1st, 2019, they can work in conjunction the City to apply for a loan from the DOA. Previously the loan process was about a month, going forward the loan process will take at least 120 days due to a required public hearing. Due to the federal funding being pulled from local funding the loan process will be more competitive and timely process.

Berlin Community Development Corporation (BCDC) is fortunate to be able to offer the United State Department of Agriculture (USDA) Revolving Loan Fund (RLF). The USDA RLF program is very similar to the CDBG RLF program but, is limited to assist companies that have fewer than 50 employees and less than one million in gross revenue yearly. The USDA RLF program only requires 20% private investment match rather than one to one. This past year, the Berlin Community Development Corporation approved three USDA RLF loans. The City of Berlin and the BCDC are actively pursuing other funding programs to help assist local businesses with future expansions. We recognize the importance of helping out our existing companies with expansion and retention efforts.