



**FY21 Community Development Block Grant
Funding Request**

Organization	Lakewood Department of Planning & Development
Organization Type	Municipal Government
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Project/Program Name	Economic Development Revolving Loan Fund
Total FY21 Project Budget	\$250,000
FY21 CDBG Funding Request	\$90,000

Lakewood Department of Planning & Development

Economic Development Revolving Loan Fund

CDBG Eligibility Criteria

The Lakewood Department of Planning & Development's **Economic Development Revolving Loan Fund** satisfies the following eligibility criteria and is therefore suitable for CDBG funding consideration.

i. CDBG National Objective

Low-Moderate Income Jobs (LMJ): An activity designed to create or retain permanent jobs, at least 51 percent of which, computed on a full-time equivalent basis, are suitable for and will be made available to or held by low-moderate income persons.

ii. CDBG-Eligible Activity Category

Special Economic Development Activities: The provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project.

iii. HUD-Designated Performance Objective(s)

Create Economic Opportunities

iv. HUD-Designated Performance Outcome(s)

Availability/Accessibility
Sustainability



Western Reserve Distillers EDF Loan Recipient

The Department of Planning & Development requests \$90,000 in FY21 Community Development Block Grant funds to capitalize the City's CDBG Economic Development Revolving Loan Fund (EDF).

Critical to Lakewood's business attraction and retention efforts, the EDF offers low-interest loans capped at \$200,000 to for-profit businesses seeking to relocate to or expand their current operations in Lakewood. The EDF's primary objectives include:

- enhancing Lakewood's regional economic competitiveness and stimulating redevelopment and revitalization ;
- expanding existing businesses and attracting new businesses;
- creating and retaining permanent jobs appropriate to the skills and experience of the local labor force that provide a competitive wage with special emphasis on creating jobs for low-moderate income persons;
- generating income tax revenue and strengthening the City's tax base;
- leveraging significant private investments;
- fortifying the City's commercial and industrial corridors;
- perpetuating a positive and proactive business climate;
- maintaining and promoting a diverse mix of employment opportunities.

Participating businesses must create one (1) new payroll position for each \$25,000 in assistance within two (2) years of initiating the funded project. At least 51% of the jobs created must be suitable for and held by low-moderate-income (LMI) persons earning less than 80% of the Area Median Income (AMI), established annually by the U.S. Department of Housing Urban Development (HUD), prior to being hired. Failure to fulfill job creation requirements within the specified loan term constitutes loan default.

A “low-moderate income position” does not require special skills that can only be acquired with substantial training, work experience or education beyond high school as a prerequisite. However, the Borrower may hire unqualified persons and provide training necessary to perform the job.

Eligible uses of Lakewood EDF funds include leasehold improvements; the acquisition of major equipment; land acquisition; and commercial building acquisition, expansion, and rehabilitation. Other uses are considered on a project-specific basis.

EDF loan terms are established on a case-by-case basis according to the needs and economic impact of the project; the terms of other participating lender(s); and the useful life of the assets being financed.

EDF loans may either be repaid over 3 to 5 years or forgiven annually on a pro-rata basis over the loan term based on completion of the funded project and satisfaction of the program’s job creation and reporting requirements.

Since 2010, Lakewood’s CDBG Economic Development Fund has issued \$1,158,745 in low/no-interest loans and grants to 9 businesses, leveraged \$14,192,346 in private investments, and created 75 jobs, 42 of which are both suitable for and occupied by low-moderate income persons.

Lakewood EDF loan recipients include University Tees, Western Reserve Distillers, BP Investments, RAD-CON, the Bazetta Group, LLC, Cornucopia/Nature’s Bin, and OMNI Lakewood (Screw Factory).

The Department of Planning & Development anticipates issuing 1-2 EDF loans totaling approximately \$100,000 to \$250,000 in 2021.

FY21 CDBG Economic Development Revolving Loan Fund Budget			
Source	Requested	Committed	Total
Department Funds			
CDBG FY20-FY21 CDBG Carry Forward Funds (est)		\$160,000	\$160,000
Other (Non-CDBG) Federal			
State			
Local			
County			
Private (Foundations, Individuals, Other)			
Earned Revenue/Fees			
FY21 City of Lakewood CDBG Funding Request	\$90,000		\$90,000
Total Funding Sources	\$90,000	\$160,000	\$250,000