

**City of Baraboo
Community Development Authority
Financial Assistance Programs**

The following is a brief summary of the financial Assistance Programs offered by or administered by the Baraboo Community Development Authority.

**Community Development Block Grants (CDBG)
Home Rehabilitation Loans**

This program is designed to allow home owners to complete housing repairs to maintain their home in a livable condition. The loan is limited to \$35,000 per unit and it is based upon the equity available in the home. The loan is a zero percentage loan and it is not due until the home is sold or changes ownership. No monthly payments are required.

The types of repairs are limited and it is required that all needed repairs be completed as part of the project. The CDA monitors the progress of the repairs and releases the funds as warranted. The program is regulated by the Wisconsin Department of Administration following the rules and procedures authorized by US Department of Housing and Urban Development (HUD).

**Community Development Block Grants (CDBG)
Economic Development Loans**

The loan program is designed to assist a business with the creation of and maintain full time jobs. Following the rules prescribed by HUD, the applicant must meet certain job requirements. As part of the program, a minimum of 51% of the jobs must be made available to Low to Moderate Income (LMI) individuals. Each applicant is required to complete a self reporting form to verify their income level. The newly created jobs must be maintained for a minimum period of three years.

The Baraboo CDA has established a limit of \$35,000 be made available for each full time job being created. In addition, the applicant may elect to defer any monthly payments for the initial twelve months and then be required to make an interest only payment at the end of the first year. The balance of the loan is then amortized over the remaining term. The interest rate for the loan is fixed throughout the life of the loan.

Capital Catalyst Fund

This program is a multi optional program under an agreement with the Wisconsin Economic Development Commission (WEDC). Under the terms of the program, matching funds from the WEDC and the City were combined to assist new and started businesses in their early stage development. Under the rules of the program, retail and hospitality industries are not eligible to participate in the program. The program is designed to help a start-up company with an infusion of working capital. The program awards are not based upon jobs being created.

- **Grants**

The CDA is required to award grants equal to 33% of the funds provide by WEDC. These grants do not require any repayment by the applicant.

- **Loan**

Loan made under this program are negotiated between the CDA and the applicant. The program would require periodic payments on the loan with a defined amortization schedule. The interest rate is set by the CDA.

- **Royalty Investment**

This is a five year note with the payments being based upon a percentage of annual sales rather than a set amount per month. Once the CDA received a pre determined return on its investment, the loan is considered paid in full.

- **Equity Ownership**

While not completely finalized at this point, under the Capital Catalyst Fund, the loan may be converted into an equity position in the business. As an equity owner, the CDA maintains its ownership position until it elects to sell its equity.

The terms of the equity conversion are established with the initial loan documents.

TIF #6

Based upon the location of the project, the CDA may authorize use of TIF funds to assist with a business. Established under the TIF Project Plan, the Economic Development incentives are negotiated as part of an overall Development Agreement. The Developer is usually required to guarantee certain milestones in new development increment in order to qualify for an incentive payment.

- **Cash Incentive**

These funds are awarded at the start of a project. The agreement is based upon the negotiated Development Agreement. Penalties are assessed if the developer fails to complete requirements as defined in the Development Agreement.

- **Pay Go Agreement**

For a pre determined period of time, based upon certain milestones being completed by the Developer, the CDA will pay the Developer an economic development incentive payment. Similar to the cash incentive options, these payments are negotiated as part of a Development Agreement.