Ithaca Anchor Storefront Recovery Fund

PROGRAM DESCRIPTION

The Ithaca Anchor Storefront Recovery Fund will provide low-cost economic development loans of between $8,000 and $50,000 to key commercial storefront businesses in the City of Ithaca, NY including restaurants and retail businesses, to assist with recovery from the impacts of the COVID-19 crisis.

| Eligibility                                                                 | Must meet the following to apply: 1) be a food, beverage or retail business operating in a storefront in an established commercial district in the City of Ithaca, 2) be an "anchor" business, 3) have been financially harmed by COVID-19, and 4) have had annual gross receipts of less than $3.0 million and have between one and 25 FTE employees. Franchises and national chains are not eligible. Cannot have received a NY Forward Loan. Certain not-for-profits may be eligible. |
| "Anchor" Definition                                                         | Must be an “anchor” business by meeting TWO OR MORE of the following four tests: 1) Provides a unique service that would be difficult to replace if the business were to permanently close 2) Has a sizeable footprint (1,200 sq ft or more) and highly visible “anchor” location (corner, prominent storefront in a facility with other smaller tenants, etc.) 3) Is a traffic generator - attracts people to the commercial district 4) Has been in business for five+ years and is viewed as a community “institution” |
| Funding                                                                    | $8,000 minimum loan. $25,000 maximum loan for businesses with up to $1.5 million in gross annual revenues, or up to $50,000 for businesses with up to $3 million in gross annual revenues. |
| Terms                                                                      | One year of interest only payments, then converts to a 5-year loan with 60 equal monthly payments. 12-month draw-down period. $150 application fee. |
| Interest                                                                   | 1.25% |
| Use of Funds                                                               | Working capital. Cannot be used to repay/refinance existing loans or start or acquire a business. |
| To Apply:                                                                  | Visit: [www.ithacanhs.org/anchorstorefront](http://www.ithacanhs.org/anchorstorefront) |

Some storefront businesses, because of the unique service that they provide, because of their longevity, because they draw people to the area, or simply because of their large footprint or critical location, carry particular importance to Ithaca’s overall economic recovery and the maintenance of a positive community identity. This targeted loan program will provide financial assistance to help ensure that the re-opening process proceeds successfully for “anchor” storefront businesses in Ithaca. The initiative to establish this fund is a collaborative effort among economic development agencies in Ithaca and Tompkins County including the City of Ithaca, DIA, Tompkins Chamber and SBDC. Community Foundation of Tompkins County has provided consultation to a number of private individuals interested in investing in the fund and they have done so from their own assets. In addition, Community Foundation itself has received a designated gift to be used to invest in the fund as a form of impact investing. Ithaca Neighborhood Housing Services (INHS), a local CDFI, will service the loans.
**Fund Purpose**

- To provide targeted support to anchor storefront businesses in the City of Ithaca
- To help cover the ramp up period between when employees get added and revenues return to a sustainable level
- To help businesses make any necessary physical changes to address a post-pandemic world and to help businesses acquire any needed PPE and other fixtures or equipment (sneeze guards, touchless equipment, etc.) that will help with meeting public health requirements
- For working capital for a business, to assist with payroll, with re-starting costs, to cover inventory re-stocking, or other working capital needs
- To support a more rapid and confident return to business

**Eligibility**

- Must be a food, beverage or retail business operating in a commercial storefront in an established commercial district in the City of Ithaca (Downtown, West End/West State Street, Collegetown, Southwest, Waterfront/Inlet Island)
- Must be an “anchor” business by meeting TWO OR MORE of the following four tests:
  - Provides a unique service that would be difficult to replace if the business were to close
  - Sizeable footprint (1,200 sq ft or more) and highly visible “anchor” location (corner, prominent storefront in a facility with other smaller tenants, etc.)
  - Traffic generator - attracts people to the commercial district
  - Has been in business for five or more years and is viewed broadly as a community “institution”
- Business cannot have received a NY Forward loan
- Must have signed lease or title to place of business
- Business must have been closed temporarily or had reduced gross revenues of 25%+ during NY PAUSE due to COVID-19
- Must have written plans for re-opening, including both a state-required COVID-19 phased reopening safety-related plan and future cash flow projections for at least one year demonstrating likelihood for successful reestablishment of business operations.
- Must be a small businesses or nonprofit with annual gross receipts of less than $3.0 million and 1-25 FTE employees (sole proprietors included as an employee)
- To be eligible, nonprofits must have a storefront and receive more than 50% of their annual revenue from earned revenues. Examples of non-profits that may be eligible include non-profit retailers, theatres, and museums.
- National chains are not eligible
- Franchises are not eligible unless the owner can verify that they are a fully independent business entity with local ownership.

**Application and Administration**

- Applicants must be able to demonstrate the ability to re-open successfully and repay the loan from business revenue over the term period. Previous years’ financials, owner credit, and one-year cash flow projections will be analyzed as part of the loan underwriting process.
- Loans are expected to be repaid and will be secured with personal guarantees.
- Ithaca Neighborhood Housing Services (INHS) will serve as fund administrator. INHS is a Community Development Financial Institution (CDFI), with the capacity and experience to administer these types of loans.
A volunteer loan review committee will make loan recommendations to the fund administrator. The group will be comprised of experienced business owners, financial/lending experts and economic development experts.

The loan review committee will be staffed by the City of Ithaca Office of Economic Development, with support from Downtown Ithaca Alliance staff.

SBDC advisors will be available to provide free assistance to applicants on updated cash flow projections and other technical business assistance relating to their loan application.

Collateral/Security

- No pledge of collateral is required if personal financial guarantee provides sufficient security
- Personal financial guarantee(s) of the owner(s) is required for all loans to private businesses
- For not-for-profit businesses, tangible collateral is an alternative option to a personal financial guarantee
- Due diligence including credit check on business and guarantors

Uses of Loan Funds

Funds may be used for the following working capital/operating expenses of the business:
- Wages and salaries of employees, but not non-salary disbursements to owners
- Health insurance premiums and costs
- Fixed debts, including mortgage (excluding any prepayment)
- Rent
- Fixtures or equipment that help a business better meet public health requirements
- Utilities
- Accounts payable
- Inventory
- Supplies
- Other necessary and reasonable operating expenses as specifically approved by the lender

Ineligible Uses of Loan Funds

- Starting a Business
- Acquiring a Business (existing businesses under new ownership are eligible to apply, but the use of these loans funds must be directed towards working capital costs, not to purchase the business)
- Refinancing Existing Debt

Time Line

- Applications will be accepted for round 1 through September 2, 2020. If funds remain beyond award of the first round of loans, applications will be reviewed on a rolling basis.
- The program details will be posted on the INHS website, and distributed via partner networks. For application materials/instructions, visit: ithacanhs.org/anchorstorefront

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