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Business Assistance Fund Guidelines

Adopted by the HRA Board on XXXX XX, 2026

The Business Assistance Fund provides financing to new and existing entities that have a need for capital to improve and/or grow their business or organization. The fund is gap financing – generally, City dollars should not exceed 50% of total project cost and must be used in a way that serves a public purpose, as outlined below.

BAF is available to eligible businesses throughout the City of Saint Paul. Businesses in the Downtown Improvement District (DID) as defined below may qualify to use the Downtown Vitality Fund portion of the overall BAF.

Eligible Businesses for Business Assistance Fund

For-profit and non-profit entities engaged in an eligible activity and/or use located at a physical address or are relocating to a physical address in the City of Saint Paul.

Eligible Uses

The Business Assistance Fund is limited to the following eligible uses:

1. Building improvements – interior and exterior, including permanently affixed, physical ("bricks and mortar") enhancements which strengthen and/or improve the neighborhoods of Saint Paul
2. Purchasing equipment
3. Building acquisition
4. Working capital and inventory purchase
5. Professional fees in conjunction with the completion of the project

Public Purpose Evaluation

In addition to considering viability and need, approved projects will be evaluated on how they meet the following public purposes:

1. Project financing creates or retains jobs in Saint Paul[1], or
2. Project financing benefits the community in at least ONE of the following ways:
    - Positive tax base impacts through capital investments to real property
    - Renovation of vacant commercial building/multi-tenanted space
    - Investments in low-moderate income areas
    - Investments to meet documented underserved or unserved community need.

Financing Terms

Financing will be structured with terms tailored to best meet the needs of the project and fortify business or organizational success, including the option to defer payments. Financing from the Business Assistance Fund when combined with any other City or HRA dollars including, but not limited to STAR and/or CDBG, is targeted to be less than 50% of the total project costs.

[1] Retained jobs cannot include the business owner(s)

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The following flexible financing terms apply:

- TIER 1: Forgivable loans up to $20,000 for businesses with annual revenues under $500,000, and total project costs under $50,000:
    - up to $10,000 is available as a 1:1 match with Community Development Financial Institution (CDFI) funding,
    - 0% interest,
    - forgiveness over a 4-year term (25% per year of operation),
    - may be repayable if business ceases operation or relocates outside of Saint Paul.
- TIER 2: Amortizing loans generally sized between $20,000-$150,000 for larger businesses locating or expanding in the City of Saint Paul standard terms apply:
    - project financing must include no less than 5% owner equity.
    - standard terms are 3% interest rate and a 10-year term
    - security includes a promissory note and personal guaranty, and a subordinated mortgage (as applicable) and security agreement.

Required Application Attachments

In addition to the loan application, the applicant must submit the following documents:

1. Sources and Uses for proposed project
2. Financial projections
3. New or substantially expanding entities must submit a business, or organizational growth plan.
4. Existing entities must submit business or organizational financial statements.
5. Personal financial statements

Process

The Business Assistance Fund is intended to support as many Saint Paul entities as possible.

1. Applications will be reviewed by PED staff for consideration.
2. Requests of $25,000 or more must be approved by the HRA board.
3. Current HRA funds available for forgivable business loans is $200,000.

Apply

Interested applicants should submit a business intake form and a Project Manager will follow-up to schedule a meeting to learn more about the project and the request for assistance. Email the completed form and any questions to xxx@ci.stpaul.mn.us.

Downtown Vitality Fund

As part of the Business Assistance Fund, the City of Saint Paul HRA established a Downtown Vitality Fund to address the unique needs of businesses and organizations in downtown Saint Paul. The Downtown Vitality Fund generally follows the same guidelines as BAF within the geographic boundary of Downtown Saint Paul.

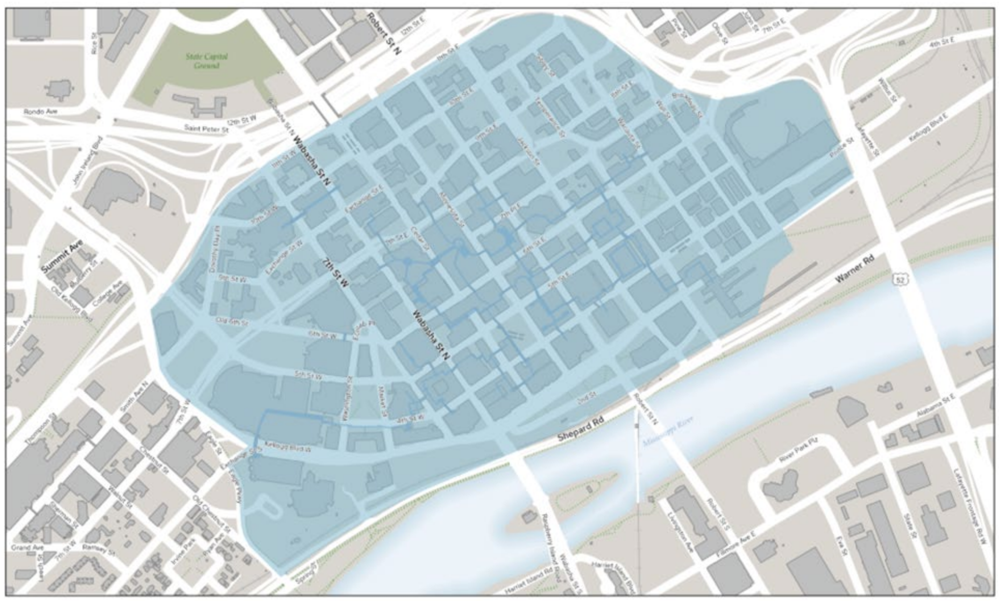
Eligible Organizations for Downtown Vitality Fund

1. For-profit entities engaged in an eligible activity and/or use located at a physical address or are relocating to a physical address within the eligible geography.

2. Non-profit entities primarily engaged in economic development and an eligible use located at a physical address or are relocating to a physical address within the eligible geography.

Eligible Geography

Business must be located in the City of Saint Paul. Businesses that qualify for the Downtown Vitality Fund must be located within the Downtown Improvement District (DID) as defined by the Downtown Alliance and depicted below:



Eligible Uses/Activities:

The Downtown Vitality Fund can be used for:

- Building capital improvements – street level interior and/or exterior permanently affixed, physical enhancements which visible enhance the downtown experience.
- Equipment purchases with 5 or more years of useful life to update and/or expand business operations.
- Public realm improvements that are maintained by the private property owner and/or adjacent businesses, such as lighting, outdoor seating, or public art.
- Skyway access improvements including reopening of closed skyway areas to ensure consistent connectivity throughout downtown

NOTE—working capital and non-capital expenses are NOT an eligible use of the Downtown Vitality Fund. If working capital support is needed, please reach out to the Economic Development Team staff to discuss your organizational needs.

Financing Structure:

- Projects under $100,000:
    - Funding will be a grant that is distributed as a reimbursement as the project incurs eligible costs.

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    - All projects will submit a program report and have a monitoring visit from PED staff within one year of project completion.
    - 5% of the total grant will be held in retainage by the City until the project is complete and demonstrates that all grant funded costs have been fully paid.
- Projects – at or above $100,000:
    - Funding will be a deferred forgivable loan with a four-year term that is forgiven annually if the borrower:
    - Provides an annual report by year end of each year for the life of the loan.
    - Maintains operations in downtown Saint Paul or has a space that is actively being leased to a business operating in downtown Saint Paul for the term of the loan.
    - A mortgage or other collateral placed on the subject property for the life of the loan.

Any projects receiving over $500,000 must be approved by the HRA Board.

APPLICANTS

Interest forms for Housing can be found here, and interest forms for Economic Development can be found here.

Interested parties can submit their interest form to Nicholas.wolf@ci.stpaul.mn.us

All projects must follow compliance requirements, established HRA and City Council approval processes, and applicable reviews.

Applicants can learn more about compliance here.