



Maryland Department of Housing  
and Community Development  
*Secretary Kenneth C. Holt*

October 11, 2016  
Small Business Lending  
Group

# Neighborhood BusinessWorks

CDFA Conference

# NEIGHBORHOOD BUSINESSWORKS

- Maryland DHCD's Small Business Loan Program est. 1995
- Flexible Financial Support of Small Business
- Broad Range of Financing Tools
- Recent Statutory Changes (HB 326 in 2016 Legislative Session) Enable Growth in Years Ahead

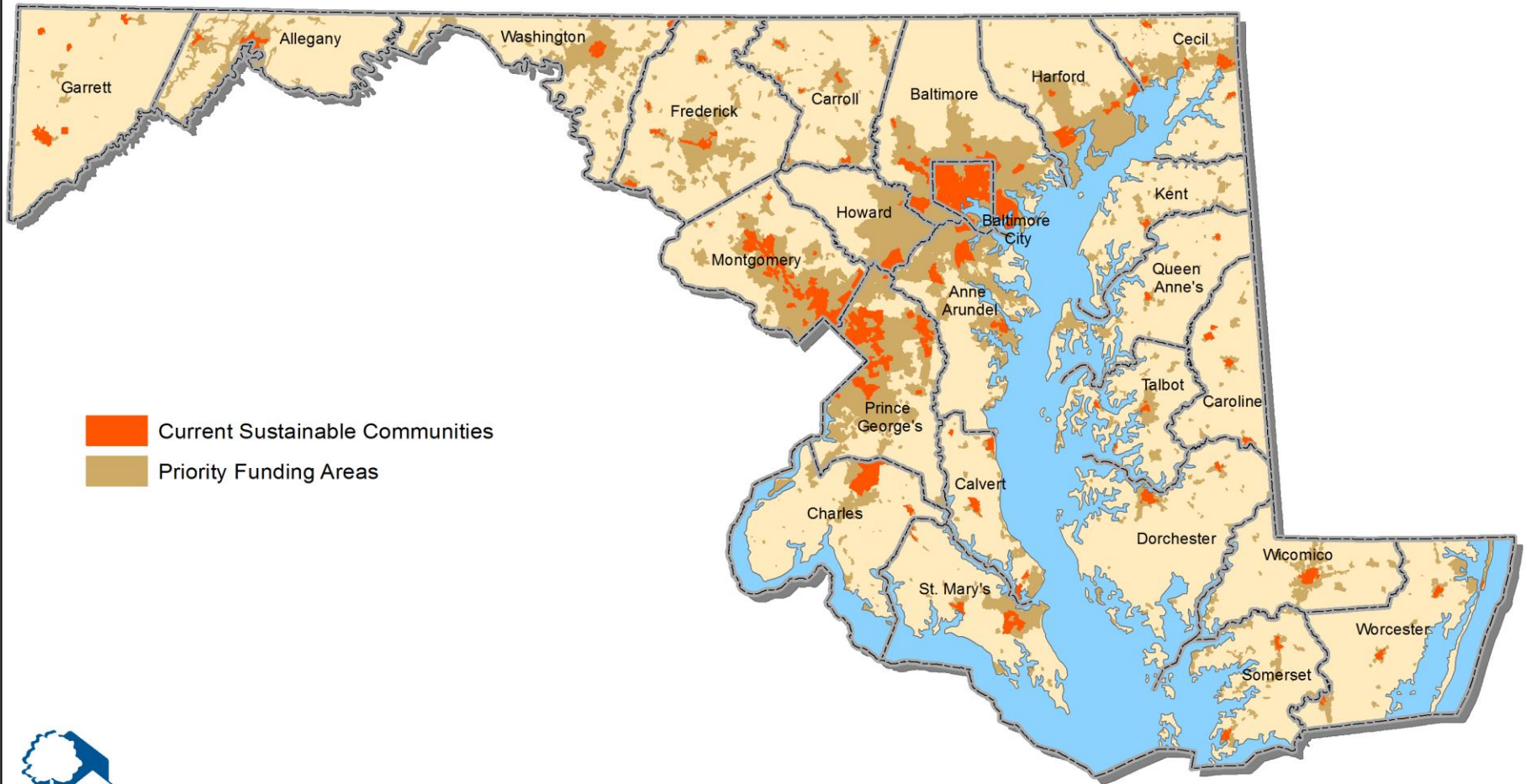
# WHERE ARE WE HEADED?



## Passage of HB326 in 2016 Legislative Session – **Bravo!**

- Sustainable Communities & **Priority Funding Areas**
- Lending volume to grow from \$5 million to **\$50 million** annually by 2019
- Leveraging expertise and experience of Community Development Administration and Maryland Housing Fund
- Seeking input from our financing partners as we plan for growth

# Priority Funding Areas and Sustainable Communities in Maryland



# HOW DO WE GET THERE?

- Issue bonds and raise other capital through CDA and MHF
- Financial Partnerships with Banks and CDFI's, such as:
  - Loan Participations: allows Bank/CDFI to reduce borrower exposure and/or increase loan amount
  - Collaborative Financing: pair NBW with Bank/CDFI financing for permanent take-outs, bridge loans, construction loans, etc.
  - Key Redevelopment Investments: leveraged loans for New Market Tax Credit Transactions, other complicated financings
  - Strategic Subsidies: targeted recoverable loans/grants for project-specific incentives such as third-party reports, loan loss reserves, etc.
  - Credit Enhancement and Guarantees: risk reduction opportunity for key investments
  - Other creative ideas are encouraged



# NBW FINANCING: GENERAL TERMS

- Up to \$5 million per project
- Loan terms from 5 – 20 years
- Interest rates vary based on risk of loan (generally 5-10%)
- Borrower contribution required
- Collateral and personal guarantees required



# MARYLAND BUSINESS RECOVERY LOAN PROGRAM (MBR)

- Created in response to civil unrest in Baltimore City in Spring of 2015
- Successful in providing funding for repairs, inventory and working capital to:
  - 49 small businesses
  - Total amount of loans: \$1,500,000
  - Average Loan Amount: \$30,612



# BUSINESSES SUPPORTED BY MBR PROGRAM

- Convenience Stores – with and w/o liquor sales
- Beauty Supply
- Newspaper & Media
- Grocery Stores
- Pharmacies
- Cell Phone Stores
- Laundromat
- Restaurants
- Jewelry Stores
- Apparel & Shoe Stores
- Plumbing Business
- Interior Design & Art Studio
- CDFI
- Financial Services



# NBW ELIGIBLE APPLICANTS

- Lending Partners and Intermediaries
- Nonprofit Organizations
- Commercial Property Owners
- Commercial Property Tenants
- Developers
- Retail, Manufacturers, Service, Mixed Use Projects

# NBW ELIGIBLE USES OF FUNDS

- Real estate acquisition
- New construction or renovation
- Leasehold improvements
- Purchase of equipment & machinery
- Purchase of inventory
- Costs associated with business opening or expansion
- Working capital
- Guarantees, credit enhancement and other forms of credit support



# THANK YOU

## For More Information Contact:

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# NEIGHBORHOOD BUSINESSWORKS PROJECTS



**Arrow Bicycle, Hyattsville**



**Joie De Vivre, Cambridge**



**Big Bad Woof, Hyattsville**

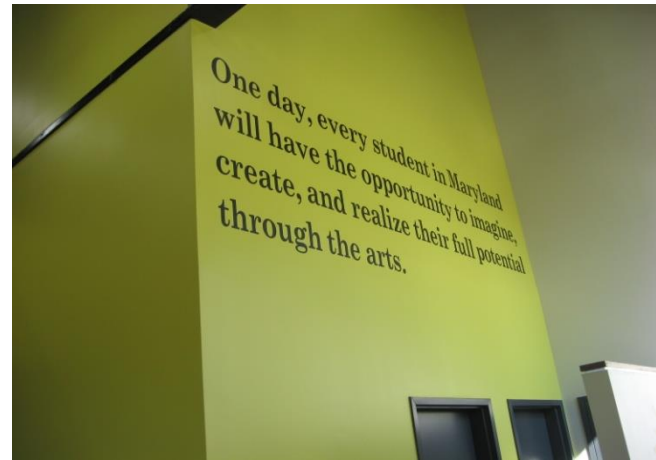


**Roscoe's Neapolitan Pizzeria, Takoma Park**

# 2600 N. HOWARD STREET – BEFORE BALTIMORE CITY



# 2600 N. HOWARD STREET – AFTER BALTIMORE CITY



# HANDLEBAR CAFÉ BALTIMORE CITY

Before



After

