

## **Bridges Enhancing Capacity (BEC) Program**

### **Program Summary**

The Housing Authority of Champaign County has a statutory goal under its Moving to Work designation to expand housing choice. To meet this goal, HACC has embarked on an aggressive schedule to increase the number of affordable housing units developed and owned by HACC or its affiliates throughout Champaign County and in underserved rural communities of Illinois.

Bridges Enhancing Capacity will expand opportunities for Minority and Disadvantaged Business Enterprises and Section 3 Businesses to participate in HACC construction projects. Under the program, HACC will provide short term bridge loans to meet capital needs necessary to successfully comply with the initial 60-day construction period for the applicable trade.

HACC construction projects include all new and substantial rehabilitation construction work to be completed on a property owned directly or indirectly by HACC, or in which HACC or its affiliates have material participation in the project. Eligible subcontractors may apply to HACC for a bridge loan at the time the General Contractor confirms to HACC that they are the preferred subcontractor for the applicable trade.

### **Program Eligibility**

Interested firms that are headquartered within Champaign County may apply to HACC for a bridge loan under the BEC Program if they meet the criteria stated below:

1. The firm must be a Minority and/or Disadvantaged Business Enterprise or Section 3 Business certified by: (a) a state, local or tribal government; (b) a Small Business Administration (SBA) 8(a) program self-certification; or (c) an independent private organization certification so long as the private organization's standards for certification meet or exceed Illinois State government certification standards.
2. Minority Business Enterprise is a for-profit business where a minority individual(s) owns at least 51% interest and controls management and daily business operations.
3. Minority individuals under the HACC BEC Program shall be defined as least 50% African American; Asian American or Pacific Islander; Hispanic American; and/or Native American.
4. Disadvantaged Business Enterprise is a for-profit small business where a socially and economically disadvantaged individual(s) own at least 51% interest and control management and daily business operations.
5. An individual claiming economic disadvantaged status must have an initial and continued personal net worth of less than \$250,000.00 (two-hundred fifty thousand dollars).
6. An entity must provide its MBE/DBE or Section 3 certification; documentation of U.S citizenship; and a certificate of Good Standing from the Office of the Secretary of State.

7. The firm must possess and/or be able to secure all necessary licenses and permits for its respective trade.
8. The MBE/DBE firm must have been offered a sub-contract from the General Contractor of a HACC construction project in an amount greater than \$25,000.00 (twenty-five thousand dollars).
9. All applications must be sealed and addressed to the attention of the BEC Loan Committee.

### **Application Process**

Firms seeking to enhance their financial capacity through HACC's BEC program will be required to complete the application process and secure approval from the HACC BEC Loan Committee.

A formal application in the format prescribed by HACC must be completed and signed by an officer of the firm authorized to sign on behalf of the company. The following additional documents shall be submitted with the completed and signed application.

1. MBE/DBE or Section 3 certification.
2. Business license in the State of Illinois and/or business license from the city/village in which the project is located, as applicable.
3. Any other applicable trade license, as applicable.
4. Financial statements, bank statements or business tax returns for two complete years and year to date financial statement for the current year.
5. Copy of proposed sub-contract agreement or letter from General Contractor confirming the selection of the firm; identification of the HACC project; the total amount of the sub-contract; and, the estimated timeline for the work to be performed under the subcontract.
6. Two business and one personal reference.
7. The BEC Loan Committee reserves the right to request additional documents.

### **Approval Process**

The BEC Loan Committee shall consist of the following HACC staff: Director of Capital Assets, Deputy Director of Finance/Administration and Deputy Executive Director. The Loan Committee will be responsible for review of all applications received. The Loan Committee will confirm that the application package is complete and the applicant meets the eligibility criteria of the BEC Program.

The Loan Committee will determine the loan amount and repayment terms based on the proposed sub-contract and/or information received from the General Contractor and the guidelines stated below. The Loan Committee will provide the CEO with a written recommendation to approve or deny the BEC Loan. The CEO will consider the recommendation of the Loan Committee and make the decision to approve or deny the application. The Director of Capital Assets shall advise the applicant of the decision.

### **Loan Terms and Conditions**

Upon approval of the bridge loan, the subcontractor shall execute a loan agreement with HACC which specifies all terms and conditions of the bridge loan. The subcontractor shall agree to allow the General Contractor to withhold from each construction draw payment, the amount due and payable to HACC under the terms of the bridge loan agreement.

Bridge loans under the BEC Program shall be governed by the following guidelines.

1. The total bridge loan shall not exceed 50% of the total subcontract amount.
2. The repayment term shall be no more than six months.
3. The repayment amount shall be no less than 20% and no more than 50% of each construction draw received by the subcontractor.
4. The interest rate charged on the loan shall be equal to the amount charged to HACC from Hickory Point Bank for the total BEC Program loan proceeds.
5. The subcontractor shall pay a \$100.00 loan origination fee which shall be refundable upon completion of the BEC Financial Training program through Hickory Point Bank and provide an updated business plan.

### **Appeals**

Any applicant who is denied a bridge loan under the BEC Program may request a meeting with the CEO to appeal the decision. Such request must be in writing within five (5) business days from the date of the denial letter issued by HACC. The applicant may provide any additional information relevant to the BEC Program application at the time of the meeting.

The CEO will meet with the subcontractor and review any additional information provided and render a final decision within ten (10) business days from the date of the meeting. The decision of the CEO shall be final, and no further remedies shall be available to the applicant.