

Business Disaster Recovery Programs

Expanded Business Rental Assistance Program

Program Guidelines

Purpose

The purpose of the disaster recovery business rental assistance program (BRAP) is to provide financial assistance to a business located in or planning to locate in a business rental space that was physically damaged by the 2008 natural disaster(s). Assistance will be in the form of rental assistance to help offset building rental lease payments for a maximum of six months. This expanded program (EBRAP) also provides assistance in the form of reimbursement for up to 100% of business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory. Awards are not to exceed a total award of \$50,000 per business for rental assistance and \$400,000 per business for associated business expenses described above. In-home businesses are not eligible for the funds.

Definitions

- *“Administrative entity”* means the direct applicants for this activity who are the cities of Cedar Falls, Cedar Rapids, Des Moines, Iowa City and Waterloo, and “lead” counties applying on behalf of the six Disaster Recovery Areas designated by IDEED.
- *“Business”* means a corporation, a professional corporation, a limited liability company, a partnership, a sole proprietorship, or a nonprofit corporation.
- *“Department”* or *IDEED* means the Iowa department of economic development.
- *“Disaster –damaged space”* means a business rental space that was physically damaged by the 2008 natural disaster(s). This definition includes upper stories of a building that was physically damaged in the basement or ground floor, or both, as well as a building constructed at the same site to replace a building that was destroyed due to damage resulting from the 2008 natural disaster(s). In-home businesses are not eligible for assistance.
- *“Physically damaged”* for the purpose of this program means physical damage caused by flooding including overland flow, or physical damage caused by tornado. Damage caused by sanitary or storm sewer backup is not included unless the department determines that such damage was a direct result of the 2008 natural disaster(s).

Eligible Business for Expanded Program

- Business Rental Assistance Program (BRAP) provides financial assistance to a business located in or planning to locate in a business rental space that was physically damaged by the 2008 natural disaster(s).
- Expanded Business Rental Assistance Program (EBRAP) provides financial assistance to a business located in a business rental space that was physically damaged by the 2008 natural disaster(s).
- To apply for reimbursement of business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory, a business must have been open and operating at the time of the 2008 natural disaster(s) and is operating at the time of the application.
- Business can document ownership of machinery and equipment, office equipment, furniture, supplies and/or inventory, prior to the 2008 natural disaster(s).

- Business can document business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory after the 2008 natural disaster(s).
- Commercial portion of mixed use facilities are eligible. However, residential facilities are not eligible.
- Rental reimbursement (BRAP) is available to pay for space one time. Reimbursement is first available to the primary leaseholder, then to the holder of the sublease.

Ineligible Business for Replacement of Equipment under the Expanded Program (EBRAP)

- Start-up business or existing businesses relocating from a non-disaster damaged space to a disaster damaged space are not eligible for reimbursement for equipment. However, these businesses are eligible for rental reimbursement.
- Businesses located on the upper floors of disaster impacted buildings that did not sustain any direct physical damage to the rental space are not eligible for equipment reimbursement. However, these businesses are eligible for rental reimbursement.

Eligible expanded program activities; maximum amount of assistance

- BRAP/EBRAP is one Assistance Program with a maximum award of \$50,000 for rental assistance and a maximum award of \$400,000 for business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory.
- Maximum award amount for Expanded Business Rental Assistance Program (EBRAP) is 100% of actual business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory, not reimbursed by insurance, government sources, forgivable loans or grants, up to the \$400,000.
- Inventory and supplies purchases may be reimbursed up to 2.0 times the inventory and supplies expenses shown on 2007 or 2008 tax returns or other approved supporting tax schedule.

Ineligible Program Expenditures

- Construction/maintenance/leaseholder expenses, purchase/lease of vehicles and leased equipment are not eligible for reimbursement. However, vehicles are eligible for reimbursement when the applicant is a car dealership and the vehicles are considered inventory.
- Improvements or personal property attached to real property and/or to the extent it becomes real property are not eligible reimbursement expenses.

Duplication of Benefits

- Business has completed and submitted the required Consent and Release Form, Subrogation Agreement, and Duplication of Benefits Affidavit.

Distribution of funds to administrative entities

- Funds will be awarded to administrative entities on a first-come, first served, based on amount needed for business applications approved and forwarded to IDED.
- An administrative entity shall award funds to an eligible business in the form of a grant for reimbursement for replacement costs or in the form of a forgivable loan to a business that has entered into a minimum one-year, market-rate lease agreement. A forgivable loan is a loan that will be forgiven if the business remains open for the duration of the six-month period for which rental assistance is awarded.

- An eligible business must apply to the administrative entity by December 31, 2010 for reimbursement of business expenses associated with the purchase of machinery and equipment, office equipment, furniture, supplies and inventory. Funds for this activity are available through June 30, 2012.
- An eligible business must apply to the administrative entity by December 31, 2010 for rental reimbursement. Funds for this activity are available until June 30, 2012.
- Application period may be terminated if funds are not sufficient.

Program administration; reporting requirements

- Each local administrative entity shall enter into a contract with an eligible business to provide assistance under this program. The contract will include terms and conditions that meet the requirements of these guidelines and include provisions requiring repayment if funds are not used in compliance with the program guidelines.
- Each administrative entity will provide oversight and administration to ensure that the recipients of the program funds are meeting the contract requirements. Each administrative entity will collect data and submit reports to the department about the program in the form and content required by IDED.