

# Georgia Department of Community Affairs



# SSBCI and GARJA Programs



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# **ACCESS TO CREDIT FOR SMALL BUSINESSES**

State Small Business Credit Initiative  
and  
Georgia Agribusiness and Rural Jobs Act



## Why SSBCI?

- SSBCI 1.0 was born out of the recession of 2008 – 2009 to help spur the economy for small businesses.
- Georgia was allotted approximately \$48 million.
- Smaller banks were closing, and larger banks were not lending to small businesses.
- With SSBCI:
  - ✓ We can offer attractive credit enhancements to lenders.
  - ✓ If lenders can be creative, we can be creative with them.

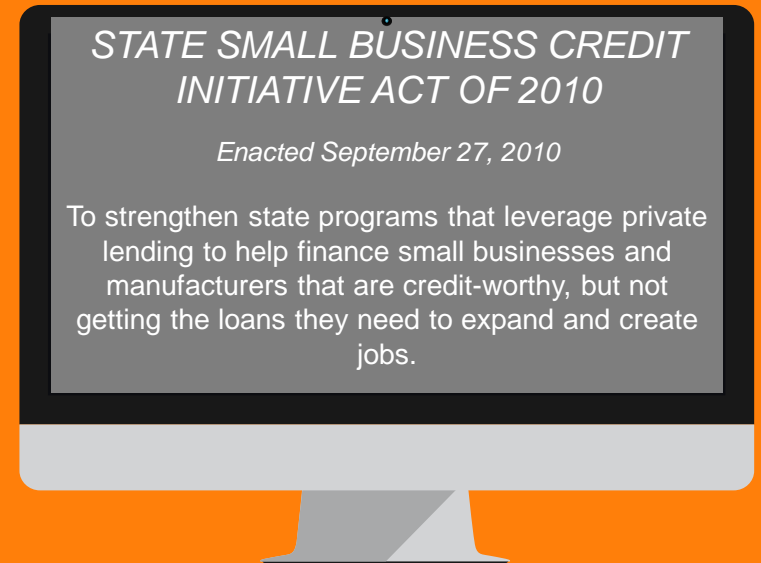
## How does it differ now with SSBCI 2.0?

- Covid-19 was an economic shock brought on suddenly.
- SBA and lenders offering deferment of payments and loans with forgiveness options.
- ❖ Small businesses suffered through pandemic and are considered risky.
- ❖ Small businesses still need loans for expansion, start-up, purchase, construction, equipment, inventory, etc.
- ❖ **SSBCI 1.0 is still operating. SSBCI 2.0 IS ON THE WAY!**

### STATE SMALL BUSINESS CREDIT INITIATIVE ACT OF 2010

*Enacted September 27, 2010*

To strengthen state programs that leverage private lending to help finance small businesses and manufacturers that are credit-worthy, but not getting the loans they need to expand and create jobs.



**\$48,024,748**

# FACTS

## 12/31/2021

\$72,749,523

SSBCI Investment

663

Enrolled Loans

\$383,974,049

Private Investment

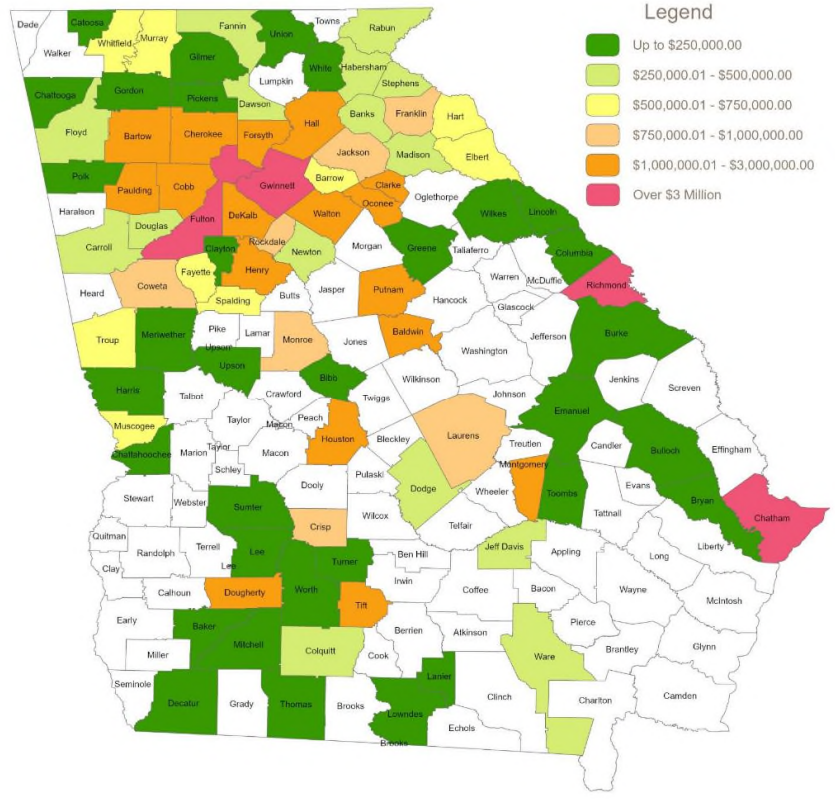
5,995

Jobs created and retained

85

Counties served

# Georgia SSBCI Loan Activity as of December 31, 2021



# GEORGIA'S SSBCI PROGRAMS:

## **Georgia Small Business Credit Guaranty Program (SBCG)**

To guarantee Lender's loans to small businesses that employ thousands of Georgians.

## **Georgia Loan Participation Program (LPP)**

To assist Georgia's private financial institutions in providing capital to small-to mid-sized employers.



# SOME ADVANTAGES



## Credit Enhancements

Ways in which the lenders may minimize their risk by participating in our programs.



## Delegated Lending

The lenders underwrite the loans according to their own underwriting guidelines. They set their interest rates and terms.



## Potential for CRA Credit

Important for bankers, this is a regulatory requirement that requires banks to reinvest in their own communities.



## Streamlined Process

Lenders underwrite the loans and send to DCA for approval. DCA reviews for compliance and approval process is quick.



## Increased Loan Portfolio

The lender is able to make the loan that it would not otherwise have been able to make without the assistance of SSBCI.



## Access To Affordable Credit

The small business now has access to affordable credit!  
The absolute best of all!

# SSBCI General Eligibility Criteria

- ✓ Start-up costs,
  - ✓ Working capital,
  - ✓ Business procurement, e.g., franchise fees,
  - ✓ Equipment and inventory, and
  - ✓ Purchase, construction, renovation, or tenant improvements for a place of business.
- ❖ Refinancing is not eligible; however, renewals are eligible under certain conditions.
- Passive real estate investments are not eligible.  
Must be Owner Occupied.

# Georgia Loan Participation Program (GA LPP)



## 25% Participation

LPP can purchase up to 25% of the loan originated by the approved lender ranging from \$10,000 to \$20,000,000.

Loans over \$1,000,000 are capped at the current maximum amount.



## Maximum

The current maximum amount of participation is \$250,000.



## SBA 504

LPP may be used for interim bridge financing, including SBA 504.



## Second Lien Position!

SSBCI is always in second lien position behind the lender!



## NO FEES!

- No fees to the lender.
- No fees to the borrower.
- Lender services loan and remits payments to DCA monthly.

# Small Business Credit Guaranty (SBCG)



## 50% Guaranty

SBCG provides a 50% loan guaranty on loans up to \$400,000. Loans over \$400,000 are capped at the current maximum amount.



## Maximum

The current maximum amount of guaranty is \$200,000, or 50%, on loans up to \$400,000. Loans exceeding \$400,000 are capped with a \$200,000 guaranty.



## Line of Credit

SBCG is excellent for working capital line of credit loans.



## FEES

- Processing fee of \$100.
- Initial fee equal to 2% of the guaranty amount.
- Annual fee in an amount of .5% of the outstanding guarantee for each subsequent calendar year (or amount set aside in reserve for line of credit loans).

# SSBCI 2.0

- ❖ Amount allocated to Georgia is \$199,616,860
  - 4.16x amount received in SSBCI 1.0!
  - Includes \$28 Million in incentive funds available based on performance for SEDI businesses.
  - Additional funds available for Technical Assistance, to be determined.
- ❖ Emphasis On: Socially and economically disadvantaged/Impacted by COVID/Small Businesses with less than 10 employees.

# SSBCI 2.0

- ❖ Intend to propose 5 programs for SSBCI 2.0
  - Georgia Loan Participation Program – currently operating
  - Small Business Credit Guaranty Program – currently operating
  - Georgia CDFI Program – a new companion loan program between the CDFIs and partnering lending institutions.
  - Georgia Equity Direct Program – Direct Venture Capital administered by Invest Georgia
  - Georgia Venture Capital Program- Fund of Funds VC administered by Invest Georgia

➤ WE NEED YOU!

# Georgia Loan Participation Program (GA LPP) Proposed for SSBCI 2.0



## 25% Participation

LPP can purchase up to 25% of the loan originated by the approved lender ranging from \$10,000 to \$20,000,000. Loans over \$5,000,000 are capped at the current maximum amount.



## Maximum

The current maximum amount of participation is \$1,250,000.



## SBA 504

LPP may be used for interim bridge financing, including SBA 504.



## Second Lien Position!

SSBCI is always in second lien position behind the lender!



## NO FEES!

- No fees to the lender.
- No fees to the borrower.
- Lender services loan and remits payments to DCA monthly.

# Small Business Credit Guaranty (SBCG) Proposed for SSBCI 2.0



## 50% Guaranty

SBCG provides a 50% loan guaranty on loans up to \$1 Million. Loans over \$1 Million are capped at the current maximum amount.



## Maximum

The current maximum amount of guaranty is \$500,000, or 50%, on loans up to \$1 Million. Loans exceeding \$1 Million are capped with a \$500,000 guaranty.



## Line of Credit

SBCG is excellent for working capital line of credit loans.



## FEES

- Processing fee of \$100 (this may be increased to \$200, under consideration).
- Initial fees will be determined based on term and amount of loan, to be determined.
- There will not be any annual fees assessed in SSBCI 2.0.



# Georgia CDFI Program (GA CDFI) Proposed for SSBCI 2.0



## Companion Loan

CDFI provides a companion loan to a participation lender. Private/public leverage must be at least 1:1 and try to target a 10:1 leverage.



## Maximum

The current maximum amount of CDFI loan is expected to be \$1,250,000. DCA funds 100% of the CDFI loan to the borrower.



## Terms

GA CDFI is a delegated lending model. All terms, rates and fees are established by the CDFI within the parameters of the Treasury guidelines.



## FEES

- There are no fees assessed by the Georgia Department of Community Affairs.
- Fees may be assessed by the CDFI and participating lender.

# GEORGIA AGRIBUSINESS AND RURAL JOBS ACT

## Why?

Investment tax credit enacted by General Assembly in 2017 session intended to provide access to capital for Georgia businesses in some of the state's most rural areas.

## How Much?

- Program launched in February 2018 with objective to deploy \$100 million of capital investment by June 30, 2020 supported with \$60 million in tax credits.
- Five rural funds applied and were selected.
- Each rural fund raised \$20 million.

## Time?

- Program lending began July 1, 2018.
- First performance reports were due to DCA in July 2020.
- Annual reports due within 45 days of each year end going forward.
- A Rural Fund may apply to exit the program on or after the sixth anniversary of their closing date, which is around July 2024.

# How may GARJA funds be used?



## Investments

Investments may be in the form of term loans, line of credits or equity investments to support business expansion.



## Maximum

The maximum investment is \$6.5 million, by statute.



## Term

Loans to eligible businesses through the GARJA program must have a term of at least one year.



## Uses

Businesses may use the proceeds of the investments to purchase equipment, hire additional employees, expand a facility or product line, and more.

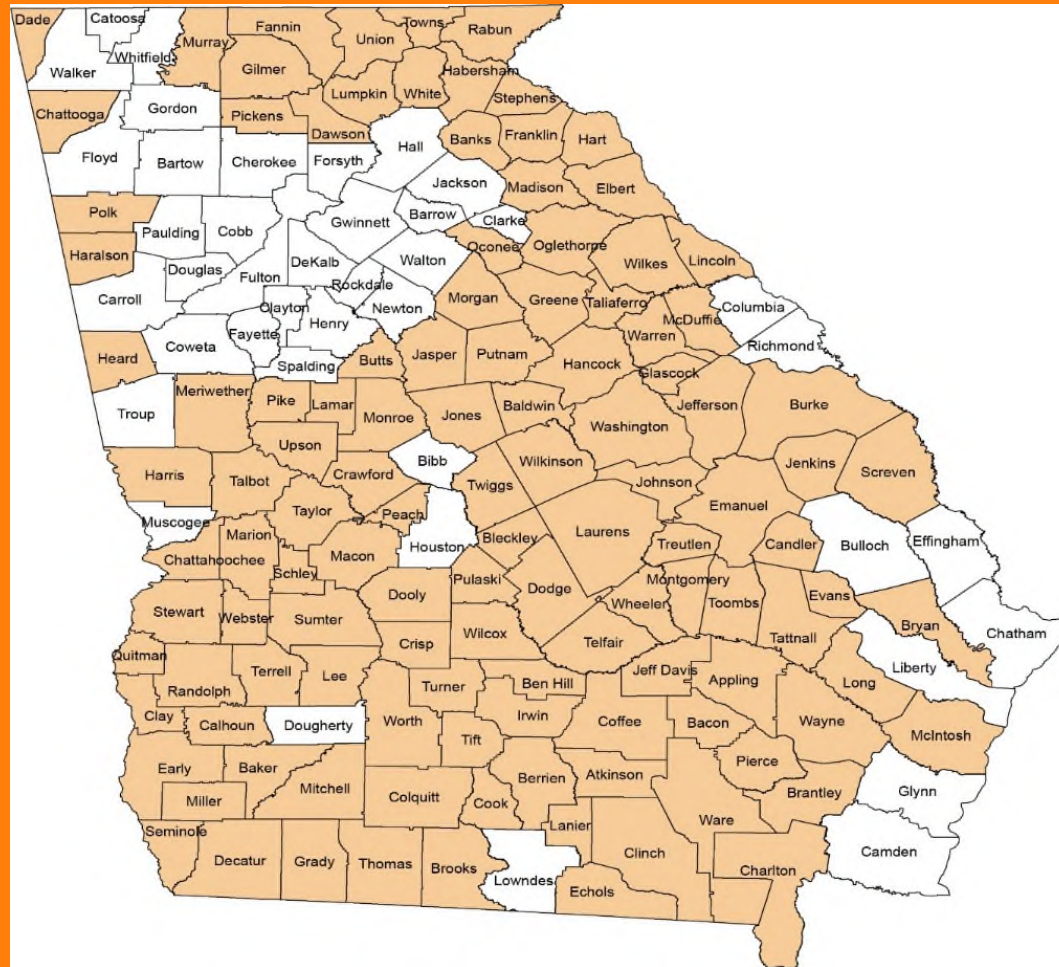
# How does a business qualify?

The business may be eligible to receive GARJA funding if:

- ❖ The business has fewer than 250 employees.
- ❖ The business is in one of the following industry sectors:
  - Agricultural
  - Manufacturing
  - Health Care
  - Technology
  - Transportation
- ❖ The business is located in a Georgia county that has less than 50,000 people.

For a complete listing of eligible NAICS codes and eligible counties, please visit [dca.ga.gov](http://dca.ga.gov) and search GARJA.

# GARJA Eligible Counties



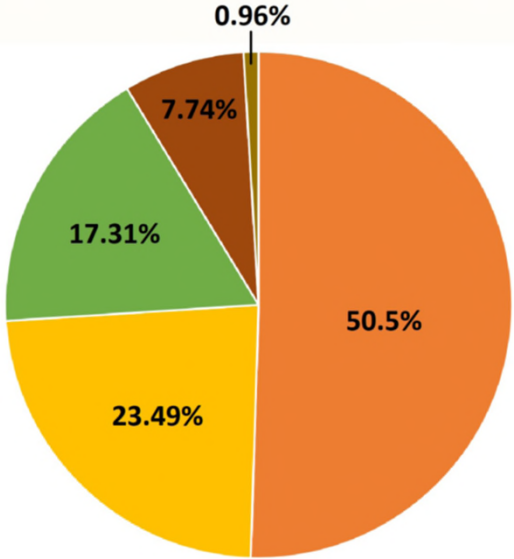
# Georgia Agribusiness and Rural Jobs Act

Investments by Industry Sector in 24 Counties (as of 12/31/21)

**Key:**

- Manufacturing: \$52,500,000
- Agricultural: \$24,415,000
- Transportation & Warehousing: \$18,000,000
- Healthcare: \$8,050,000
- Other: \$1,000,000

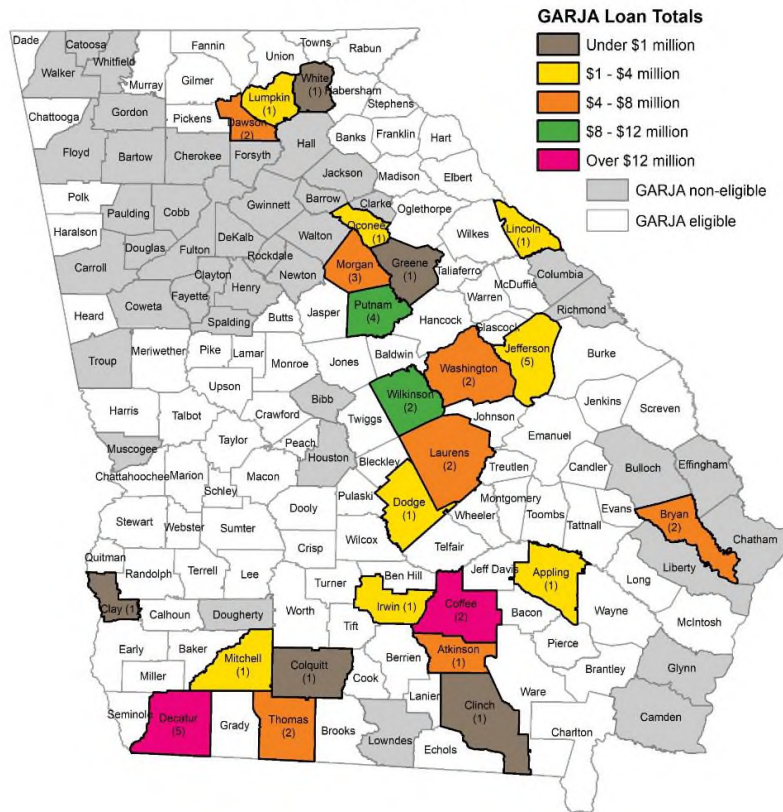
**Total Amount: \$103,965,000**



**GARJA Annual Report as of 12/31/2021**

# Georgia Agribusiness and Rural Jobs Act Program

Investment Activity  
as of 12/31/2021



## **GARJA PROJECT: Revive Milling, LLC**

**Sandersville, Georgia**

**Projected Jobs: 75**

**\$3.6 million**

### **Georgia Rural Investment Fund, LLC**

- The southeast is the perfect hub for the newest organic grain mill in the US, due to increased organic grains being brought in through the Port of Savannah, and the region's farmers choosing to plant, grow and harvest organic grains. The demand for yellow organic corn from suppliers reached an all time high. The owners of Revive Milling had been one of the only certified transporters of the organic grain and as they watched the market, the decision was made to create a solution. The mill is strategically located in the middle of the state, convenient for rail and trucking. Ground up construction.





## **GARJA PROJECT: Danimer Scientific, Bainbridge, GA.**

**Projected Jobs: 49      \$6.5 million**

**Southeast Community Development Fund, X, LLC**

Danimer Scientific in Bainbridge is doing its part to help promote greater prosperity in rural Georgia. Producing biodegradable and compostable polymers to replace plastics made from petrochemicals, Danimer is expanding rapidly to meet today's sustainability needs. With a recent investment through the GARJA program, the company is hiring many dozens of new employees over the next few years, most from the surrounding areas, as it increases production.

Three out of every four new positions will be accessible to those with a high school degree or equivalent, helping to grow the local workforce and provide people in Decatur county with good jobs and opportunity.





**Danimer Scientific**

# Georgia Department of Community Affairs

You can find us at [www.dca.ga.gov](http://www.dca.ga.gov) under Community & Economic Development

