

# Business Recruitment & Retention Fund







Helping businesses adapt, expand, and thrive in a rapidly changing economic environment.



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# A Community-Driven Initiative



Durham Choice is a partnership between the Durham Housing Authority (DHA) and the City of Durham aimed at transforming aging public housing in downtown Durham into a vibrant, mixed-income community and investing in the surrounding neighborhood.

To support this vision, the Business Retention and Recruitment Fund was created in partnership with Downtown Durham, Inc. (DDI) and The National Institute of Minority Economic Development (The Institute). This fund provides grants and low-interest loans to help small businesses and property owners in downtown Durham and the historic Hayti district renovate, expand, and invest in long-term growth.

We are committed to outreach to ensure businesses can access this funding. To achieve this, we are working closely with:

- Local chambers of commerce
- Nonprofits & community organizations
- Faith-based organizations
- Business development groups

# Investing in Durham's Businesses & Communities

Durham Choice is proud to launch the Business Retention and Recruitment Fund, a transformative initiative dedicated to strengthening and expanding small and legacy businesses in downtown Durham and the historic Hayti district.

With a combination of **grants (up to \$25,000)** and **low-interest loans (up to \$500,000)**, this fund empowers business and property owners to:

- Upgrade storefronts and commercial spaces
- Expand operations and create local jobs
- Purchase property and invest in long-term business growth

## How Much Funding is Available?

\$5 million in total funding has been allocated to support business growth in Durham:

- \$1 million is reserved for grants
- \$4 million will be distributed as low-interest loans

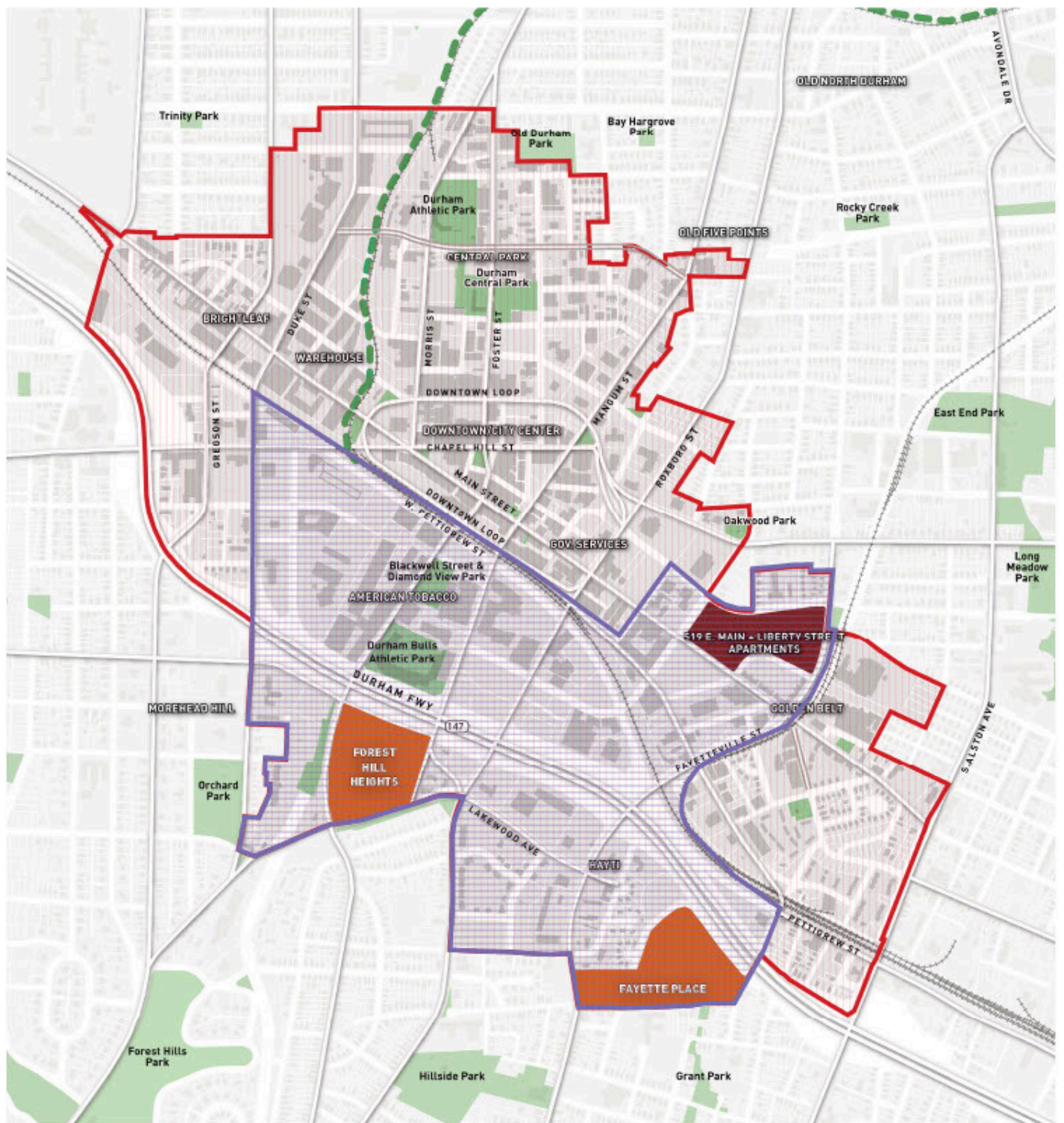
Loan repayments collected during the program will be recycled back into the fund

Funding will be awarded on a rolling basis until September 30, 2028, or until all funds are distributed.

## Who Can Apply?

This fund is open to property owners in the Durham Choice target area , as well as existing and emerging small businesses seeking to start, grow, or relocate within the **Durham Choice target area** (shown on next page).





**CHECK YOUR BUSINESS ADDRESS HERE**

# Façade Improvement & Tenant Buildout Grants

Durham Choice offers grant funding to help small businesses improve storefronts, commercial spaces, and interiors. Whether you're a new entrepreneur looking to launch or an existing business needing upgrades, our grant program provides financial support to help you grow.

## How Much Can I Apply For?

Grants range from \$5,000 to \$25,000. Total grant amount awarded to a single business or property owner will not exceed \$25,000 per business per entity.

## Eligible Uses for Grant Funds

**Façade Improvements:** New signage, window/door repairs, painting, exterior lighting, ADA compliance

**Tenant Build-outs:** Interior renovations, HVAC, electrical, plumbing, flooring, fixtures, ADA upgrades

Projects should incorporate durable, high-quality materials that enhance building performance, including noise reduction where applicable.

## How Grant Funds Are Paid?

- 50% upfront via ACH to cover deposits and secure contractors. *Proof of payment required before receiving the final disbursement.*
- Final 50% paid directly to contractor after project completion & inspection.

### Important Note:

Eligible businesses may receive both a grant and a loan.

The total grant amount awarded will not exceed \$25,000 per business.

# Flexible Loan Options to Help Your Business Grow

Durham Choice provides low-interest loans (up to \$500,000) to help businesses invest in long-term growth.

Loan Type	Amount	Eligible Uses	Collateral
<b>Façade Improvement &amp; Tenant Upfit</b>	\$10,000 – \$500,000	Larger exterior/interior improvements beyond grant limits  Projects should incorporate durable, high-quality materials that enhance building performance, including noise reduction where applicable.	UCC filing on business, personal guarantee from owner
<b>Property Acquisition</b>	\$10,000 – \$500,000	Purchase a commercial building for business use	Lien on property, UCC filing, personal guarantee
<b>Business Operations</b>	\$10,000 – \$500,000	Working capital, equipment, refinancing high-cost debt	UCC filing, personal guarantee

## FEES

Application Fee	\$350
Credit Report Fee	\$30 per report
Loan Origination Fee	Up to 2.5% of loan amount

**Minimum Credit Score:** 625  
**Maximum Loan-to-Value:** 90%  
**Loan Term:** Up to 60 months  
**Interest Rate:** Up to 8%



### Important Note:

Eligible businesses may receive both a grant and a loan.

The total grant amount awarded will not exceed \$25,000 per business.



# Technical Assistance Program

**We don't just provide funding**—we help businesses build long-term success.

Hosted by the Women's Business Center of North Carolina, every grant and loan recipient will have access to a tailored technical assistance program designed to strengthen their business operations.

## What You'll Learn

### **For Emerging Entrepreneurs:**

- Refining your business idea & understanding your market
- Legal & operational basics
- Building a strong business plan

### **For Established Business Owners:**

- Financial management & cash flow strategies
- Leadership, HR, & team-building
- Risk management & long-term planning

## How It Works

**Cohort-Based Learning:** Small class sizes (20 participants max) for hands-on coaching

**Expert Mentorship:** One-on-one business advising

**Interactive Modules:** Learn real-world business skills in a structured, practical format



**FREE** for all businesses that receive funding through the Fund

# Eligibility Requirements

## Eligible Applicants



### General Eligibility:

- Business or property must be in the Durham Choice target area
- Business must be in good standing with City, State, and Federal requirements

### Additional Requirements for Grants & Loans:

- Businesses leasing space must have landlord approval
- Businesses must not have applied for construction permits before funding approval
- All funded construction projects should utilize high-quality materials that enhance building durability, including noise reduction where applicable.
- **For loans:** Applicants must have a credit score of at least 625 and sufficient cash flow

### → Legacy Businesses (operating 5+ years)

LLCs, LLPs, and Corporations, including but not limited to sole proprietorships, independent contractors, Franchises.

### → Property Owners / Landlords

### → Existing & Emerging Small Businesses

### → Nonprofits (grant program **only**)

### Ineligible Businesses

- Adult-oriented businesses
- Nightclubs, bars, hotels/motels
- Check cashing, pawnshops, gambling establishments



# Criteria to Apply

01

## Required Documents

- Proof of cost estimate
- Valid ID
- Written approval from property owner (if leasing property)
- W9
- Most recent year business tax return
- Photos of existing condition of property/area (for façade/upfit grant or loan)
- Quote from contractor (for façade/upfit grant or loan)
- Renderings/plans for proposed work
- Other documents as requested to consider loan request

02

## Business & Financial Qualifications

- Businesses must have a lease-agreement with at least 5-years remaining.\*
- No active personal or business bankruptcies
- No personal tax liens for sole proprietors
- Sufficient demonstrated cash flow to service the debt.
- Other documents as requested to consider loan request
- Façade Improvement and Building Upfit grant and loan applicants must **not** have applied for construction permits prior to receiving grant award and must have written permission from their landlords to complete proposed upfits.

*\*Leases shorter than 5 years that include renewal clauses may also be eligible. For more information, please reach out to our team.*

**Any construction project with a total cost exceeding \$30,000 will require the engagement of a licensed and bonded contractor.**

# Environmental Review

Funding for the Business Recruitment and Retention Fund is being provided through a grant from the U.S. Department of Housing and Urban Development.

Before federal funds can be approved, projects that involve construction or rehabilitation activities must receive environmental and historic review clearance in accordance with federal requirements. Specifically, all projects receiving federal funding must comply with the National Environmental Protection Act (NEPA) and related laws and the National Historic Preservation Act of 1966.

**All costs associated with completing environmental and historic reviews will be covered by the Fund and will not be the responsibility of individual business owners.**

## HOW IT WORKS

The environmental review happens in two phases, but most businesses won't need to take any action unless we require follow-up information.

### Phase 1: Area-Wide Assessment

We completed a general environmental conditions across the entire funding area. *This included factors like:*

- Floodplains & water protection
- Endangered species
- Historic preservation
- Air & noise regulations



***What this means for you:*** Some agencies approve the entire area in this step, but others—like the State Historic Preservation Office (SHPO)—may require additional details for individual project sites.



# Environmental Review

## Phase 2: Individual Project Review

Once your project is recommended for funding, we'll evaluate environmental factors at your specific location before releasing funds.

### I. Environmental Review

To be eligible for funding, each site must be free of any contamination or toxic substances that could have negatively affect human health, such as impacts on air quality inside the building. To document this, the business location is compared against publicly available information referencing federal and state databases of known environmental hazards. Potential hazards could include, for example, proximity to an existing or former dry cleaner or gas station that might have caused soil and groundwater contamination.

*If no evidence of historic contamination on the site or nearby properties is found, no further action is required.*

*If evidence of historic contamination on the site or nearby properties is found,* then an additional level of analysis will be required to determine that there is no impact on air quality in the building. This analysis will consist of vapor testing in the basement of the building. The testing can be completed in a day and does not cause any significant damage to the building. Typically, the installation of the sample point will be repaired upon completion of the sample collection using quick-dry concrete. **Permission from the property owner will be required in order to complete vapor testing.**

- **If vapor testing reveals that there is no risk to human health, no further action is required.**
- **If vapor testing reveals potential contamination, environmental remediation may be required, and the site may not be eligible for funding from the Business Recruitment and Retention Fund.**



**Note:** If a Phase 1 environmental review has been completed for the business location in the past five years, this can take the place of the review described above.

# Environmental Review

## Phase 2: Individual Project Review (cont.)

### II. Historic Review

To complete the historic review, information about the specific grant or loan request is sent to the State Historic Preservation Office (SHPO).

- If SHPO determines that the property is not historically significant, no further action is required.
- If SHPO determines that the building is historically significant, SHPO will then review the proposed scope to determine if the activity will impact the historic features of the building. In some cases, additional detail about the proposed work will be required. Once SHPO approves the proposed work, the project is considered historically 'cleared.'



### **How Long Does It Take?**

#### Timeline of Environmental and Historic Review Process

The environmental and historic review processes begin once the business is conditionally approved for funding. Completed reviews must be approved by the City of Durham, which is HUD's designed Responsible Entity for the enforcement of environmental and historic review requirements in Durham. In some cases – where there is historic evidence of possible environmental contamination – HUD approval is also required.

The environmental and historical review process takes at least 45 days and may take 3–4 months if additional testing or project information is required.



# Example Scenarios for Eligible & Ineligible Projects

## Eligible Project #1: Façade Improvement Grant

**Business:** A family-owned café in Hayti operating for 7 years

**Funding Request:** \$15,000 Grant

**Project:** The café wants to improve its storefront with new signage, fresh paint, outdoor lighting, and an ADA-compliant entrance ramp.

### Why It's Eligible:

- ✓ Located in the Durham Choice target area
- ✓ Business is established and in good standing
- ✓ The project improves the physical appearance of & access to the business



## Eligible Project #2: Tenant Build-out Loan

**Business:** A new beauty salon opening in a vacant commercial space

**Funding Request:** \$50,000 Loan + \$25,000 Grant

**Project:** The owner needs funding to install plumbing for shampoo stations, upgrade electrical systems, build treatment rooms, and install new flooring before opening.

### Why It's Eligible:

- ✓ The project revitalizes an underutilized space
- ✓ The business has landlord approval for renovations
- ✓ The loan will help cover essential buildout costs

## Ineligible Project: Tax Debt Repayment

**Business:** A local convenience store struggling with past-due business taxes

**Funding Request:** \$20,000 Loan

**Project:** The owner wants to use the loan to pay off tax liens and outstanding judgments.

### Why It's NOT Eligible:

- ✗ Funds cannot be used for tax liens, judgments, or collections
- ✗ The business must be in good standing with City, State, and Federal taxes
- ✗ The loan must be used for business growth, not debt repayment

# Ready to Apply?

Do it in 3 easy steps

1

## Check Your Eligibility

Review the map & business criteria above.

2

## Gather Required Documents

- Proof of cost estimate
- Valid ID
- W9 Form
- Most recent business tax return
- Property owner approval (if leasing)
- Photos of current property condition (for façade improvement and tenant upfit projects)

💡 Need help? The Institute offers support to businesses navigating the application process.

3

## Apply Online

Visit [www.durhamchoice.org/neighborhood](http://www.durhamchoice.org/neighborhood) to apply

Applications are reviewed on a rolling basis.

# What to Expect After You Apply

## How Long Does the Process Take?

Expect a **minimum** of 45 days from application submission to funding.

This timeline includes application review, background screenings, environmental review, and payment processing.

Applicants will receive regular updates at each stage.



### Application Submitted

Confirmation email that your application has been received and is under review



### Application Review & Screening

The team reviews your application, conducts background screenings, and verifies eligibility. You will receive an update if more information is needed.



### Environmental Review

Required for all projects before funding is released.



### Payment Processing

Once approved, funds are disbursed:

✓ **Grants:** 50% upfront, remaining 50% after project completion & inspection.

✓ **Loans:** Full amount disbursed upon approval.





# Recipient Responsibilities After Receiving Funds

## **01 Vendors Must Be Paid Within 10 Business Days**

- Recipients must pay all vendors within ten (10) business days of receiving funds from the Durham Housing Authority (DHA).
- Proof of payment will be required. Failure to provide proof of payment may impact future eligibility for grants or loans.

## **02 Construction Projects Must Be Completed Within One Year**

- All funded construction projects must be fully completed within 12 months of fund distribution

## **03 Loan Repayments & Auto-Draft Enrollment**

- Borrowers are encouraged to enroll in auto-draft payments to minimize late or missed payments.
- Consistently late payments may impact eligibility for future funding opportunities.

**Failure to comply with these terms may result in funding ineligibility for future grants or loans.**

# Frequently Asked Questions

I'm one block outside of the target area. Can I still apply?

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No, unfortunately, only businesses and commercial properties within the Durham Choice target area are eligible for funding. Use the [eligibility map](#) on page 6 to verify if your location qualifies.

I am a home-based business. Can I apply for a grant to fix my roof?

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No. Home-based businesses are ineligible for funding under this program.

I have a pending tax lien or bankruptcy. Can I still apply?

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No. To be eligible, **businesses must not have active personal or business bankruptcies and must not have any personal tax liens if applying as a sole proprietor.**

## Eligibility & Application Questions

I already applied for construction permits. Can I still get funding?

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No. Applicants must not have applied for construction permits before receiving a grant award. If you already applied, your project is not eligible for funding.

My business is leasing its space. Can I apply?

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Yes, but if applying for a grant or loan for a **façade improvement or tenant buildout, you must have written approval from your landlord.**

# Frequently Asked Questions

Do I have to wait for the environmental review to be completed before I start my work

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Yes. The **environmental review must be completed before funding is disbursed**, and funding **cannot** be used for work that was started before approval.

Can I do my work and then apply for funding to use as reimbursement?

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No. **Funding cannot be used for work that has already been completed.** You must apply and receive approval **before** starting any work.

How long does it take to receive funding?

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It takes a **minimum of 45 days** from the time your application is submitted to when funding is disbursed. This includes **application review, background checks, environmental review, and payment processing.**

## Funding & Payment Questions

How will my grant or loan funds be disbursed?

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**Grants:** 50% upfront via ACH transfer and 50% after project completion & inspection (paid directly to your contractor).

**Loans:** Full amount disbursed via ACH upon approval.

What if I don't pay my vendors on time?

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This program will **NOT provide additional funds for unpaid invoices, penalties, or interest charges.**



# Frequently Asked Questions

What are examples of eligible façade improvements and tenant upfits?

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## **Façade Improvements:**

New signage, awnings, window and/or door repairs, exterior lighting, brickwork restoration, landscaping, ADA updates, and exterior painting.

## **Tenant Upfits:**

Interior renovations, flooring, electrical work, HVAC, plumbing, fire suppression systems, and ADA upgrades.

How long do I have to complete my construction project?

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All funded projects **must be completed within 12 months of approval.**

# Project & Permitting Questions

What if my project requires City of Durham approvals, like a Certificate of Appropriateness?

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If your building is historic or located in a historic district, you may need a Certificate of Appropriateness (COA) or other City approvals before work can begin.

While City approvals are **NOT** required to apply, if your project is approved for funding, you must obtain all necessary permits before starting work.

This could impact your 1-year deadline to complete the project, so please research the permitting process before applying.

# Frequently Asked Questions

Is there a matching funds requirement?

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**No, there is no requirement to match funds for grants or loans.**

Can I change my project scope after being approved for funding?

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**No.** Any **major changes** to your approved project must be reviewed and re-approved by the program team.

What happens if I don't qualify for funding?

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If your application is **denied**, you will receive an **explanation of why** and whether you can reapply in the future.

Will my information be kept confidential?

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**Yes.** All application information is confidential and will only be used for program review and funding decisions.

## General Program Questions

Are there reporting requirements after I receive funding?

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**Yes, recipients are required to provide proof of payment for vendors.** Furthermore, a member of the Durham Choice team will carry out an inspection of your project and its documentation to ensure compliance.

What if I close or sell my business before completing my funded project?

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If your business **closes or you sell it before project completion, you may be required to repay funds.** Contact the program team immediately.

# CONTACT US

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