



CITY OF SANDIMAS

CDBG 2020-21 Program Year COVID-19 – SAN DIMAS SMALL BUSINESS GRANT PROGRAM GUIDELINES

Program Budget:

- **Microenterprise Assistance – Funding Allocation of \$50,000**
- **Special Economic Development Activities – Funding Allocation of \$50,000**

Purpose:

The COVID-19 San Dimas Small Business Grant Program provides emergency grants to San Dimas-based businesses that have been impacted by COVID-19. Due to the various health orders, businesses have been required to pivot and adapt to the current times and adjusting to new marketplaces to stay in business. The COVID-19 pandemic has caused a considerable amount of loss in business for San Dimas businesses, which has resulted in laying off or requiring a furlough of employees many of whom are low- to moderate-income persons, as defined by HUD.

Furthermore, the public health order has closed and is slow to open many other businesses, such as gyms, breweries and wineries, car washes, personal grooming businesses (barbers, nail salons, hairdressers), clothing stores, and all other retail businesses that are not considered an “essential business” under the health order.

With the health order requiring many businesses be closed or limited opening requirements, our businesses must pivot to other forms of services such as takeout, outdoor eating, online business and delivery, etc. Many businesses are also unable to pay employees or pay their commercial rent. It is in the best interest of the City to develop a Small Business Assistance Program to help businesses retain employees to prevent these employees from losing their income and possibly even losing their housing. It is also in the City’s best interest to ensure that commercial rents are being paid to landlords so landlords do not default on their mortgage, which would place additional pressures on the business tenant.

Due to these conditions, the City of San Dimas proposes to use CDBG funds to develop an Emergency Small Business Grant Program that can issue cash grants (not loans) to San Dimas businesses impacted by COVID-19.

Eligible Activities:

Small Business Grant Assistance can be provided under two Eligible Activity categories as defined by HUD:

- a. Microenterprise assistance – 24 CFR 570.201(o)(1)(i)
- b. Special Economic Development Activities – 24 CFR 570.203(b)

Businesses will be assisted under only one of the categories.

Microenterprise Assistance:

To be eligible, the business must have:

- Five or fewer employees including the owner
- Business owner must be Low/Mod (have a household income at or below 80% of the Area Median Income)

The program will collect income and employee information as of now, not as it was prior to COVID19 pandemic. For example, the business may have had six employees, but laid off 3 and now may qualify as a microenterprise as long as the owner's income is below 80% AMI now.

A certification form will be created for the business owner to complete and sign, and will include the following:

- Owner contact information
- Number of persons in the owner's household
- Owners annual income
- Demographic information about the owner
- List of employee positions, whether they are full or part time, and benefits provided

Special Economic Development Activities:

Small Businesses that do not qualify as microenterprise may be assisted as a Special Economic Development Activity. To qualify as a Special Economic Development Activity, the business must meet a public benefit:

- Assist small business will less than 25 staff (including the owner) and at least 1 Low/Mod employee is employed in the business. This means jobs made available to low/moderate persons are created or retained.
- If a business applicant has laid off some or all employees, but reports they intend to hire once this crisis ends--this can be job creation.

If a business applicant has not laid off employees but reports they will have to; they need to document that BUT FOR this assistance, they will have to lay off employees. This can be accomplished through a self-certifying letter, included with the application.

Documenting that a FTE job is created or retained can be accomplished by using a self-certifying form completed by the employee at the time of retention or hire. The form will collect the employees name, contact info, household size, household income, hours worked per week, demographic info and any employer provided benefits.

Program staff will follow-up with employers 3-6 months after social distancing ends to collect job creation forms. A master log of businesses assisted, with grant amounts and jobs created/retained will be maintained. Basically, there will be 1 FTE for each grant provided in the program.

Special ED projects also require documentation of underwriting in accordance with 24 CFR 570.209(a). This will be created as a template, updated for each business accordingly.

It will consider:

- That project costs are reasonable,
- That sources of project financing are committed,
- That to the extent practical, CDBG funds are not substituting non-federal support,
- That the project is financially feasible,
- that the owners return on investment will not be unreasonably high,
- that CDBG funds are disbursed on a pro rata basis with any other financing.

Eligible Business Assistance:

Assistance will be in the form of cash grants to San Dimas businesses that have been impacted by COVID-19, for the following purposes:

- Monthly Commercial Rental and/or Utility Payments
- Marketing
- Business Inventory or supplies
- PPE Supplies and meeting Health Code requirements for Safety in order to open

Program Budget: \$100,000 (CDBG Unallocated Funds)

- Microenterprise Assistance – Funding Allocation of \$50,000
- Special Economic Development Activities – Funding Allocation of \$50,000

Grants can be issued based on the demonstrated need up to a maximum of \$5,000, for example, a business that needs one month of rent and a combination of other needs such as help with paying for website development or PPE equipment and supplies or outdoor dining equipment.

Eligible Businesses:

Business applicants must be eligible as either Microenterprise or Special Economic Development, and meet the following eligibility criteria:

- Small Businesses (SBA considers a small business to have less than 500 employees. Multi-national or publicly traded businesses are not eligible for this program.)
- Commercial Businesses
- Must be located in the City of San Dimas
- Business was impacted by COVID-19 (required to close as non-essential, reduced business due to Safer at Home order and social distancing, etc.)

The following is an exhaustive list of eligible business types:

- Restaurants, wine shops, breweries, coffee shops, bakeries.
- Salons, barbers, and other grooming businesses
- Gyms, day spas, and fitness studios
- Retail and Commercial stores (such as consumer goods, electronics and appliances, health and sporting goods, furniture, clothing and shoes, kitchen equipment, books and entertainment stores, music and audio/visual equipment, etc.)

Evaluation Criteria:

The business grant applications will be analyzed for the following criteria, specified by the U.S. Department of Housing and Urban Development, Office of Community Planning and Development, and by the Small Business Administration:

1. Commitment: Personal and corporate guarantees may be required. The borrower should sign personally for the grant.
2. Business Recovery Plan: The business recovery plan will identify strategies to keeping the business successfully running after the grant has been expended and retaining employees. This will clearly identify how the business will spend the requested grant amount.
3. Location: Preference will be given to businesses paying commercial rent and operating out of a store-front in a commercial area.
4. Economic Stimulus: Preference will be given to businesses that have not been able to receive economic assistance from any other federal, state, or county programs, such as the Paycheck Protection Program.

All of the above criteria are important, and the absence of any one may be sufficient to deny a grant request.

Disqualifying Criteria: Any of the following events or actions will disqualify the owner of a business from consideration for grant funding:

- Poor Credit History
- Bankruptcy in the last 5 years
- San Dimas Code Enforcement violations
- Questionable criminal record
- Home-based Businesses

Applicant Intake Process:

Applications will be accepted on a rolling basis. Grants will be awarded to qualified applicants on a “first come, first served” basis until funds run out.

Application will be a PDF, made available on the City’s website or emailed upon request. Applicants will attach the completed pdf application, and all supporting documentation requested on the application, to an email sent to agarcia@sandimasca.gov

In an effort to protect the environment and prevent the spread of COVID-19, paper applications will not be accepted for this program.

The application will ask for proof of current commercial lease, a W-9 form, information about the number of employees and their household incomes, and an explanation or Business Recovery plan to describe how they will spend the grant.

For Microenterprise Assistance, the applicant will need to submit documentation to establish income for qualification. The applicant will also need to provide a statement self-certifying that they own a microenterprise. These can be found in Form A, Form A1, and Form A2.

For Special Economic Development assistance, the applicant will need to complete a Job Creation Certification form (Form B) and Project Grant Underwriting (Form B1).

A check-list will be included in the application packet to ensure the applicant submits all required information and documentation, and to assist staff in reviewing the submitted application.

Staff Review:

Program to be administered by the Administration Department, Senior Administrative Analyst. The Senior Analyst will create an applicant tracking log, to centralize information such as follow-up calls and emails, tracking if they qualify for the program, where their application is in the process, status of signed agreements, invoices submitted, checks issued, follow-up documentation required or received, and jobs expected and documented.

Grant Distribution:

A grant agreement will be used to commit the City and the applicant to certain conditions as a requirement in exchange for the grant funding. The agreement will clearly identify eligible uses and will discuss prohibited uses. Ineligible uses would include acquisition of real property and construction, as both have other regulatory implications that complicate the process and follow-up.

Qualified applicants will receive their grant funding in the form of a check issued by the City of San Dimas, upon completion of a grant agreement. If the business is requesting assistance with their commercial lease in their Business Recovery Plan, that assistance will be issued directly to the bona fide landlord or property management company/agent. The bona fide landlord will also need to agree to accept lease payments on behalf of the tenant from the City, and provide the City with their W-9 form. As part of the grant agreement, businesses will be required to provide documentation of how they spent the funds. This could be provided in the form of canceled checks, receipts, or a bank statement highlighting the uses.