



**City of Chino, California**

Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

CDBG Coronavirus Response Funds (CDBG-CV) COVID-19

**Microenterprise Business Grant Program**

**Program Information and Guidelines**

**Economic Development Division**

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**Chino, CA 91710**

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## CITY OF CHINO

### CDBG-CV MICROENTERPRISE BUSINESS GRANT PROGRAM

#### I. INTRODUCTION

On March 27, 2020, President Trump approved the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) (CARES Act). The CARES Act makes available \$5 billion in CDBG Coronavirus response (CDBG-CV) funds to prevent, prepare for and respond to Coronavirus. The Department of Housing and Urban Development (HUD) has allocated the City of Chino \$330,471 to provide financial assistance to the community. The City of Chino values its microenterprise businesses as economic contributors to the city and a significant employment resource for its residents. The City has allocated \$285,471 to the Economic Development Division for business stabilization grants up to \$10,000 per business, and up to 3 months of rental/lease payment assistance for businesses undergoing financial hardship due to a loss or reduction in revenue directly related to COVID-19. <https://www.hudexchange.info/programs/cdbg/disease/>

#### PROGRAM OBJECTIVES

In response to Coronavirus, the City of Chino is working to aid private, for-profit entities through financial support whose businesses have been affected by the County stay-at-home order and/or social distancing to enable them to retain the business held by low-moderate income owners and/or employees. The Economic Development Division will provide short-term working capital assistance to microenterprise businesses that meet the National Objective – income eligibility requirements, in the form of rental assistance. <https://files.hudexchange.info/resources/documents/National-Objective-Code-Descriptions.pdf>

#### II. MICROENTERPRISE BUSINESS GRANT PROGRAM OVERVIEW

##### A. PROGRAM ADMINISTRATION

The City's Economic Development Division staff will serve as the primary contact for implementation of the program guidelines. The city will:

- Market the program
- Accept and process applications
- Ensure businesses meet eligibility requirements
- Recommend approval of grants
- Ensure disbursement of grant funds; and
- Maintain grant files and fiscal records.

##### B. PROGRAM ELIGIBILITY

#### Mandatory Requirements

All businesses assisted with a Microenterprise Business Grant must meet **ALL** the following requirements:

- Must be a microenterprise business;

- Business must be located and operating within the City of Chino
- Business must be in good standing in the city, i.e. current business license
- Have no outstanding code violations with federal, state or local governments
- Have no liens against the business
- Meet HUD's criteria of a low-moderate income benefit
- Have a verifiable loss of revenue/income due to COVID-19 that justifies the need for assistance
- Have **not** received other Business Assistance from other sources, including federal, state or county governments, the Small Business Administration (SBA) for the same assistance; AND
- Submit a completed, signed application before the deadline of June 24, 2020 at 5 p.m.

### **Low-Moderate Income (LMI) Benefit/HUD National Objective**

Microenterprise Business – **CFR 570.208(a)(1) – LMA Low/mod area benefit** – Activities providing benefits that are available to all the residents of a particular area, at least 51% of whom are low/mod income. The service area of an LMA activity is identified by the grantee and need not coincide with Census tracts or other officially recognized boundaries.

**CFR 570.208(a)(2) – LMC Low/mod limited clientele benefit** – An activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons. LMC activities provide benefits to a specific group of persons rather than to all the residents of a particular area.

**“(iii)** A microenterprise assistance activity carried out in accordance with the provisions of § 570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

**(iv)** An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph ...”

**CFR 570.208(a)(4) - LMJ – Low/mod job creation and retention** – Activities undertaken to create or retain permanent jobs, at least 51% of which will be made available to or held by low/mod persons. There must be sufficient information documenting that the jobs would have been lost without the CDBG-CV assistance.

**CFR 570.208(b)(1) – SBA** – Activities undertaken to prevent or eliminate slums or blight in a designated area.

### **III. CDBG-CV PROGRAM REQUIREMENTS**

#### **A. ELIGIBLE PROGRAM APPLICANTS**

CDBG-CV funding is available for Microenterprise Business Assistance. A microenterprise is defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. Businesses may include part-time employees in its full-time equivalent count. For example, if a business has six employees (4 FT and 2 PT) the two part-time employees may be counted as one full-time equivalent.

### **Microenterprise Assistance**

For the Microenterprise Business Grant Program, grants will be provided to microenterprise businesses that meet at least one (1) of the following criteria:

- The business has an owner who is low-moderate income (LMC); OR
- The business provides employment support services (i.e. job training and placement, childcare, transportation, or peer counseling) where at least 51% of the persons benefiting from the service are low-income (LMC); OR
- The business employs or retains employees where 51% of the total employees are low-income (LMJ).

Microenterprises may include a wide range of service providers, such as auto mechanics, hairdressers, small restaurants, etc.

All employees, part time and full time, on a business's payroll at the time of grant application will be counted. The term "employee" includes all owners of the business on the payroll, even if the owner's "salary draws" are not on a regular basis. The administrators will require the business to provide third party records documenting the current number of employees on the payroll, including all owners of the business. If the microenterprise business owner is the only employee, the owner must be income eligible.

**Under the Microenterprise Business Grant Program, the owner(s) of the business must be low-income qualified per HUD guidelines and the assistance must not be a duplication of benefits.**

### **B. INELIGIBLE PROGRAM APPLICANTS**

The following types of businesses are not eligible for program assistance:

- Business is outside of the City of Chino
- Nonprofit organizations are not eligible and will not be considered for funding
- Payday cash advance businesses
- Liquor or tobacco stores
- Pawn Shops
- Firearm or other weapon dealers
- Adult entertainment
- Passive real estate investment offices
- Home-based businesses

### **C. ELIGIBLE USE OF FUNDS**

Funds under this program may ONLY be used to reimburse expenses incurred after the date your agreement is executed and following declaration of the COVID-19 pandemic and the "Stay-at-home" order. Eligible uses of funds for the program must be directly related to areas impacted by COVID-19 pandemic.

- Rent/lease payments

**D. INELIGIBLE USE OF FUNDS**

- Reimbursement of expenses incurred prior to the declaration of a COVID-19 pandemic
- Repairs or maintenance costs
- Property taxes past, present or future
- Pay off non-business debt, such as personal credit cards for purchases not associated with the business.
- Any personal expenses, taxes, fines or penalties
- Funding any political activities
- Purchasing of business equipment

**E. MEETING CDBG NATIONAL OBJECTIVE REQUIREMENT**

Under federal regulations, use of CDBG funded activities must meet the national objective of benefit to low/moderate (“low-mod”) income benefit. Businesses may meet this low-mod criterion by being a low-mod owner, to create or retain low-mod jobs(s). All businesses must provide documentation meeting HUD’s low/mod income requirements prior to receiving a business assistance grant. The program administrators will verify that businesses meet HUD’s low/mod income requirements below.

**2020 INCOME LIMITS – HUD (LMI) - San Bernardino County Area Median Income: \$75,300**

# of persons	1 person Less than	2 persons Less than	3 persons Less than	4 persons Less than	5 persons Less than	6 persons Less than	7 persons Less than	8 persons Less Than
Low Income	\$42,200	\$48,200	\$54,250	\$60,250	\$65,100	\$69,900	\$74,750	\$79,550

**IV. DUPLICATION OF BENEFITS (DOB)**

Community Development Block Grant (CDBG-CV) funding is one of multiple Federal sources of funding that assists in disaster recovery, in this case the COVID-19 Pandemic. This funding source may be available through various entities for the same purpose. For this reason, the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) and CDBG-CV appropriations require the City to coordinate with other Federal, state and local agencies that provide CDBG-CV funding to prevent the duplication of benefits (DOB) under the Microenterprise Business Grant Program.

A duplication occurs when a business receives assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need. A DOB is not applicable in cases where 1) business applicants applied for and were approved for business assistance loans but declined assistance; or 2) loan application was declined or cancelled. However, those applicants that were approved for business assistance funds and signed agreements, shall be ineligible for funding under this program. In the even funding under the

Microenterprise Business Grant Program is a duplication of assistance or future CDBG-CV funding is received for the same purpose, funds are subject to repayment.

**V. APPLICATION PROCESSING FOR GRANT**

**A. PROGRAM MARKETING AND OUTREACH**

Program marketing will be conducted by the City and include social media posts, city website, press release, ads in local papers and distribution of marketing brochures to local chamber of commerce, business networking organizations and other community partners. Presentations may be scheduled for these groups as well.

**B. EQUAL OPPORTUNITY COMPLIANCE**

This Program will be implemented in ways consistent with the city's commitment to state and federal equal opportunity laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status, physical or mental disability, sexual orientation, or other arbitrary cause.

**C. CONFLICT OF INTEREST REQUIREMENT**

Applicants for business assistance shall not be an employee, agent, consultant, officer or elected official or appointed official of the City who exercises or have exercised any function or responsibilities with respect to activities relating to this program or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or financial benefit from the program, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

**D. GRANT APPLICATION PROCESS**

Business applicants may complete an application on the City of Chino website at:  
<http://www.cityofchino.org/bizgrant>

The City will accept applications beginning June 17, 2020 at 8 a.m. through June 24, 2020 at 5 p.m. or until the first 50 applications have been received, whichever occurs first. Applications may be submitted via email or hand delivered to City Hall, Administration Department. All applications will be date and time stamped as they are received. Applications will be evaluated for completeness. Incomplete applications will not be accepted and will be returned.

**PROCEDURES**

1. Submit all required documents and forms:
  - Valid Business License
  - Valid California Driver's License or identification card with your name and address
  - Site Lease or Rental Agreement

- Proof of loss or reduction in income due to COVID-19 (most current monthly Profit and Loss Statements)
  - List of Employees
  - Payroll Register
  - Documentation to support low-mod income benefit
  - An Employer Identification Number (EIN, Federal Tax ID Number)
  - Dun & Bradstreet Number (DUNS Number)
  - Business Bank Account
  - Owner must be 18 years or older
  - Owner is not currently in bankruptcy
2. Complete the Application Checklist
  3. Submit the application and copy of all required supporting documentation:
    - Online at: <http://www.cityofchino.org/bizgrant>  
Please note that you will be unable to submit your application online if any of the required documents are missing.
    - By mail: Applications must be postmarked prior to June \_\_\_\_, 2020.  
Mail to: City of Chino  
Attn: Economic Development  
13220 Central Avenue  
Chino, CA 91710
    - Hand delivered to City Hall, 2<sup>nd</sup> Floor Administration Office
  4. Application screening for eligibility, and submittal of all required documentation.
  5. Grant approval
  6. Completion of Grant Agreement
  7. Disbursement of grant funds

**E. GRANT APPLICANT CONFIDENTIALITY**

All personal and business financial information will be kept confidential to the extent permitted by law. CDBG-CV program participant files with personal and business confidential information will be kept in safe and secure locations.

**F. DISPUTE RESOLUTION/APPEALS PROCEDURE**

Any business applying for a financial assistance grant through the CDBG-CV program has the right to appeal if their application is denied. The appeal must be made in writing to the City. A written response to the appeal will be provided to the applicant by the city within 30 days of receipt of the applicant's appeal letter.

**G. EXCEPTIONS/SPECIAL CIRCUMSTANCES**

Exceptions are defined as any action, which would depart from policy and procedures stated in the guidelines. The city reserves the right to make exceptions but must comply with federal program requirements for business assistance.

#### **H. GRANT APPROVAL AND DISBURSEMENT OF FUNDS**

Once applicants are determined eligible, the Program Administrator will contact the business for execution of required documents and subsequent disbursement of funds. No grant shall exceed \$10,000. CDBG-CV funds will only be disbursed for eligible uses based on documented need.

#### **CONTACT**

For more information, please contact Chris Kennedy, Economic Development Manager by email: [ckennedy@cityofchino.org](mailto:ckennedy@cityofchino.org) or (909) 334-3335.