

## CITY OF NEW BEDFORD COVID-19 SMALL BUSINESS GRANT & LOAN PROGRAM

In response to the Coronavirus Pandemic (COVID-19) the U.S. Department of Housing and Urban Development Community Development Block Grant program has provided the City of New Bedford with federal (CDBG-CV) funding to be used specifically for the prevention of, preparation for, and response to the Coronavirus. This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed on March 27, 2020.

The City of New Bedford is offering grant financing through the New Bedford Economic Development Council (NBEDC) COVID-19 Business Assistance program utilizing COVID-19 Community Development Block Grant (CDBG-CV) Program funding. The City of New Bedford will be offering grants of up to \$10,000 in conjunction with matching financing through the NBEDC COVID-19 Business Loan program to businesses operating in the City of New Bedford that have been negatively affected by the outbreak of the COVID-19 virus.

### Grant Funding Source Information

This program is funded through the CDBG-CV program provided by the U.S. Department of Housing and Urban Development (HUD) to the City of New Bedford, Office of Housing and Community Development. Applicants must comply with all eligible activities and meet a national objective of the program to qualify regarding the creation or retention of jobs and will be subject to all requirements contained in the CDBG regulations 24 CFR 570.203 regarding Special Economic Development, as detailed below.

### Grant Amount

Eligible Businesses may receive Grants up to a maximum of \$10,000.

### Loan Amount

Grant funds must be matched dollar for dollar with a new NBEDC Loan. The minimum grant amount is \$5,000 maximum grant amount is \$10,000. The minimum loan amount is \$5,000 and the maximum loan amount is \$90,000.

## Eligible Uses

The Program is designed to provide working capital for existing business to assist in surviving the unknown duration of the COVID-19 Crisis. The following is a list of eligible uses of grant funds:

- Business lease or mortgage payments
- Business utility payments
- Business monthly debt payments
- Business monthly insurance costs
- Business payroll
- Business inventory expenses
- Grant funds are prohibited from being used for the following:
- Acquisition of new property
- Construction/repair of existing/new property
- Reimburse expenses incurred prior to Applicant approval of grant or grant.
- Pay off non-business debt, such as personal credit cards for purchases not associated with the business.
- Purchase of personal expenses.
- Any activity that is not directly related to the prevention of, preparation for, or response to the Coronavirus
- Reimbursement for expenses that have already be accrued – other than rental assistance
- Income payments.
- Supplanting or substituting expenses currently paid for by other sources.
- Repairs or maintenance cost
- Property taxes past, present or future

## Eligible Applicants

For-profit businesses with up to twenty-five employees at the time of application submission may apply, subject to restrictions set forth in 24 CFR 570.203 regarding Special Economic Development projects. Eligible applicants must have a:

- Registered business address in the City of New Bedford jurisdictional boundaries
- Verifiable loss of revenue/income due to COVID-19 that justifies the need for assistance
- **Not** received other Business Assistance from other sources, including federal, state or county governments, the Business Administration (SBA) for the same assistance

## Ineligible Applicants

An ineligible existing business applicant is one that has a physical business location or registration outside of the City of New Bedford. Nonprofit organizations are not eligible recipients, and will not be considered for funding. Other ineligible businesses include liquor and tobacco stores, pawn shops, adult entertainment, passive real estate investments.

## Applicant Capacity

The NBEDC must confirm that the business and the applicant(s) possess the capacity to

execute the project proposal to be successful with the use CDBG funds. As such, grant applicants for the Business Assistance Program are required to demonstrate management capacity and ability to successfully operate a business through their applications.

### **Program Summary**

Under this program, the City will provide emergency grants to businesses negatively affected by the COVID- 19 outbreak. Businesses with twenty-five (25) or fewer employees are eligible to apply for funds, which will be used to pay for normal businesses expenses that have been made more difficult due to declining revenues caused by the COVID-19 outbreak. Businesses may apply for up to \$10,000 in funds under this grant program.

Businesses, meeting the criteria stated above, that have experienced documented loss in revenue due to the COVID-19 outbreak are eligible to apply for this emergency grant. Funds may be used for operating expenses for running day-to-day business operations including but not limited to covering payroll and rent. Businesses that are chains or franchises are not eligible to apply to this program. Grant funds are for commercial purposes only. Funds cannot to be used for equipment purchases, construction or expansion related costs.

### **Microenterprise**

To be eligible under this category, the Business Applicant must earn under 80% of the Area Median Income and have five or fewer employees including the Business Applicant.

### **Job Retention/Job Creation**

For this program, priority will be given to applicants that commit to retaining employees or jobs or creating jobs. Unless a business applicant's owner is a member of a low-/moderate-income household and the business qualifies as a HUD-defined microenterprise, then retention or creation of at least one job held by a low-/moderate-income household is required to access funds in this program. Job retention/creation is defined as total full-time equivalent positions retained at 40 hours per week, or any combination of part- time positions combining for 40 hours per week, including owners. At least 51% of the positions retained or created must be held by employees who are a member of a low-/moderate-income household (defined by a person earning under 80% of the area median income).

To meet the threshold for job retention, there must be sufficient documentation that the jobs would have been lost without the grant assistance. This would have expected to be met through the COVID-19 Pandemic economic impact.

### **Grant Terms and Conditions**

Financial assistance from the program is designed to keep businesses operational and retain jobs. Terms and conditions are determined by material submitted in the application.

The funding is in the form of a grant. Business must be able to:

- Provide evidence (in the form of payroll records) of job retentions or job creation, otherwise the funds must be repaid to the NBEDC

- Allow NBEDC to collect certain income and demographic data from applicants and their employees
- Allow the NBEDC to collect 3<sup>rd</sup> party documentation such as financial information that demonstrates that potential business closure or layoffs

### **Loan Terms and Conditions**

Loan applications will be evaluated and underwritten according to existing NBEDC Lending Policy. Applicants must qualify for a matching loan equal to the amount of the grant requested, to be eligible for this program. Loan terms and conditions may vary and will be determined based upon materials submitted with the application.

### **Duplication of Benefits (DOB)**

Under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), the City must ensure that it prevents the “duplication of benefits” when using CDBG-CV funds, such as those used by the NBEDC under its Business Assistance Program impacted by COVID-19.

A duplication occurs when a Recipient 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:

- Recipients applied for and were approved for business assistance loans but declined assistance; or
- The 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 event funding under the Business Assistance Program is a duplication of assistance or future CDBG-CV funding is received for the same purpose, funds are subject to repayment.