



## **COVID-19 Small Business Recovery Assistance through the Community Development Block Grant (CDBG) Program**

The Community Development Block Grant (CDBG) program has long been used by partners across the commonwealth to create vibrant, competitive communities of choice. These are places that create, grow, attract, and retain businesses. Now, as these small businesses adjust to new market realities and reinvest in their enterprises, local governments can access **CDBG Small Business Recovery Assistance** resources to support them.

### **Intention**

Through the Small Business Recovery Assistance program, localities will help businesses meet their long-term business goals by adjusting to COVID-19 demands. Establishing safe and clean re-opening procedures, in accordance with the Governor's guidance, is necessary for the safety of customers and employees. It will allow businesses to get back up and running, ideally helping them retain existing staff, fill vacant positions, create new jobs, and become more efficient and resilient.

### **Applicant Eligibility**

All applicants for Small Business Recovery Assistance must be non-entitlement units of local government ([see 2020 Program Design](#) for list of eligible localities). These local governments can create implementation partnerships with planning district commissions, non-profit organizations, economic development authorities, and other competent entities to undertake project activities through a memorandum of understanding (MOU).

#### **Regional Projects**

Regional projects are encouraged, although documentation or other evidence of local government, Planning District Commissions, and non-profit partnerships may be required upon application submission.

### **Business Eligibility Criteria**

Assistance through the program must be targeted to businesses that meet each of the following five criteria:

1. Locally or regionally owned,
2. 20 or fewer employees,
3. Has been impacted by COVID-19 (documentation will need to be provided),
4. No duplication of benefits occurs from other sources of CARES Act funding, AND
5. Provides local or regional services, including those in the program's areas of emphasis:
  - a. tourism related businesses, nonprofit destination marketing organizations (DMOs),
  - b. accommodations (i.e. hotel, motel, bed and breakfast),
  - c. restaurants/food service, professional services (i.e. banking, legal, design, real estate),
  - d. cultural & educational services,
  - e. arts,
  - f. recreation,
  - g. retail,
  - h. nonprofit/social services,
  - i. health practitioners, and
  - j. personal care (i.e. beauty/barbershop, nail salon, dry cleaner and more).

**CDBG funds can assist businesses that have received previous CARES funding. The business, the grantee, and DHCD will ensure that no duplication of benefits occurs when a grantee has already received funding from CARES Act funding. For example, if PPP was used to pay for payroll expenses, CDBG funds can still be used to cover rent/mortgage expenses.**

### **Leverage Requirement**

There is no match requirement; however, additional funding may be needed to effectively address local business concerns and create a robust program. If other funding is committed to the project, please include it within the project budget.

### **Grant Details**

- The maximum amount per locality is \$500,000. There is an option of an additional \$300,000 if specific **Small, Women-owned, and Minority-owned (SWaM)** businesses are at least 30% of the total businesses served. (If SWaM businesses are measurably at least 30% of the total businesses, up to \$800,000 is available.)
  - Note that all projects should demonstrate commitment to reaching underserved businesses.
  - Whenever possible, applicants should demonstrate a commitment to prioritizing businesses meeting SWaM criteria. Get more information on the SWaM program [here](#).
  - Each business will need to provide its DUNS number.
  
- The maximum benefit to any individual business is \$15,000 to reopen and conduct business safely in a COVID-19 environment.
  - Up to \$5,000 for retooling and technology activities
    - Space and technology upgrades to reopen and conduct business safely, including furniture, barriers, and technology such as laptops, software, and touch-free credit card payment systems to accommodate social distancing.
    - Sanitization (cleaning service and/or supplies- EPA-approved disinfectants, gloves, and masks).
    - Job training, classes and/or technical assistance such as:
      - protecting the employees from COVID-19,
      - protecting customers from COVID-19,
      - pivoting or modifying the business model, and
      - training for long-term sustainability planning.\*
  
  - Up to \$10,000 in rent/mortgage relief for three to six months of rent as determined by a [Business Reopening Plan](#) (see the [Recovery Resources for Small Businesses](#) from the Virginia Small Business Development Center (SBDC) Network).
    - Up to 6 months of rent/mortgage payments may be made for a single business.
    - The funding amount and duration of rent payments will be determined at the time of application based on individual needs of the business.
    - Rent payments can extend beyond the initial contract agreement, if both parties deem them necessary.
    - Rent relief cannot be used to pay off previous debt owed on rent/mortgage payments (payments can only be applied to COVID-related impacts).

### **Administrative Activities**

Localities and partners can be reimbursed for the following administrative costs:

- Program capacity and operational support

- Development of mentorship networks
- Ongoing support for the small/micro business community

### **Ineligible Activities**

Under the program, businesses cannot be reimbursed for the following costs:

- Payroll costs incurred to maintain existing employees (i.e. job retention)
- Relief from employer payroll taxes
- Utilities
- Costs of daily business operations
- Regular maintenance of the facility or equipment

*\*Businesses should consider registering with the local/regional workforce council or equivalent body ([Virginia Workforce Boards](#)).*

### **Job Creation:**

If any jobs will be created or retained as a direct result of any re-opening plans, the applicant should provide documentation of job descriptions, pay, and skills required, including low-to-moderate income (LMI) positions. *Note: New or retained jobs are only considered to be available to LMI persons when: the job does not require special skills that can only be acquired with substantial training or work experience or education beyond high school education, or when the business agrees to hire unqualified persons and provide such training. New or retained jobs are only considered to be held by LMI persons when the job is actually held by an LMI person.*

### **Submission Requirements:**

STEP ONE: Letters of interest should be submitted by the locality to [matthew.weaver@dhcd.virginia.gov](mailto:matthew.weaver@dhcd.virginia.gov) and [rachel.jordan@dhcd.virginia.gov](mailto:rachel.jordan@dhcd.virginia.gov).

Letters of interest should indicate the following:

1. Identify the need for support of the business community,
2. Suggest actions toward addressing the business need,
3. Estimate the total number of businesses to be served,
4. Include consideration of local reopening procedures and priorities, and
5. Identify the partners needed to administer this business support program.

STEP TWO: After the submission of the letter of interest, the agency will seek additional information from the locality and any partners to further develop project activities, timing, budget, deliverables, and amount requested. Once Step Two is completed, the locality will submit a complete application through our online management system, CAMS: <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>

### **Timeline:**

This is an open submission process undertaken to deploy funds as quickly as possible. That said, it is more important to begin assessing need and feasibility of your project, developing your local partnerships and strategy, than to simply get your letter submitted quickly.

DHCD has initially allocated \$6.5 million from FY2020 CDBG and CARES Act resources to address small business needs through this program.

Keep up to date on news on the all DHCD COVID-19 Resources [here](#).