



## City of Newton

Planning & Development Department

1000 Commonwealth Avenue Newton, Massachusetts 02459

# NEWTON COVID-19 SMALL BUSINESS RECOVERY GRANT PROGRAM ROUND 2 PROGRAM GUIDELINES

## **INTRODUCTION**

As authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the City of Newton will receive \$607,513 in FY20 (FFY19) Community Development Block Grant (CDBG) Program Supplemental Funds (CDBG-CV3) from the U.S. Department of Housing and Urban Development (HUD), of which, approximately **\$300,000** will be made available for the Newton COVID-19 Small Business Recovery Grant Program, Round 2 (SBR2). These special CDBG funds must be used **to prevent, prepare for, and respond to the coronavirus pandemic** (COVID-19) by keeping small businesses operational.

The City of Newton (City) has established the Newton COVID-19 Small Business Recovery Grant Program to aid in the stabilization of existing small brick and mortar businesses within the City of Newton that have had significant business disruption due to the impact of COVID-19. These grant funds will assist small businesses in the City of Newton in paying for commercial rent or mortgage, wages, loss of inventory, personal protective equipment (PPE), and other demonstrated costs. Physical improvements to the place of business will not be considered, with the exception for PPE installations under \$2,000.

**The application deadline is Monday, February 8, 2021 at 5:00 pm.**

## **CDBG REQUIREMENTS**

The CDBG program is primarily designed **to assist low- and moderate-income (LMI) persons**; therefore, the Small Business Recovery Grant Program prioritizes businesses that are owned by low- to moderate-income individuals, provide employment for LMI persons, and/or are patronized by LMI persons. A household is considered LMI if the total household income is at or below 80% of the area median income (AMI). This is determined by the size of the household (total number of household members), as well as the annual gross income for all household members 18 years and older. The income limits for Newton are provided in the table below:

FY 2020 Income Limits Summary - Newton, MA					
Income Level	Household Size				
	1	2	3	4	5
<b>30% AMI</b>	\$26,850	\$30,700	\$34,550	\$38,350	\$41,450
<b>50% AMI</b>	\$44,800	\$51,200	\$57,600	\$63,950	\$69,100
<b>80% AMI</b>	\$67,400	\$77,000	\$86,650	\$96,250	\$103,950

However, on rare occasions, the Urgent Need national objective may be used for up to 30% of the overall CDBG program budget. Utilizing Urgent Need provides the SBR Program with the ability to support businesses that do not meet the above LMI criteria. Given that the COVID-19 pandemic is not

only a health crisis but also an economic crisis, it is fitting to use the Urgent Need national objective to bolster the economic health and welfare of Newton.

To be a CDBG-eligible activity within this program, the business must fit one of the following descriptions:

- **Microenterprise:** A microenterprise is a for-profit business with five or fewer full-time equivalent (FTE) employees, including the owner(s).
- **Small Business:** A small business is a for-profit business with 5+ to 20 full-time equivalent (FTE) employees.

To calculate the business's number of FTE employees, add all the hours worked in a typical week (including the owner's hours worked) and divide that number by 40.  
(FTE = average weekly hours/40 hrs)

### **ELIGIBLE APPLICANTS**

In order to participate in the Newton COVID-19 SBR2 Grant Program, businesses must meet all the following criteria:

- Qualify as:
  - a microenterprise, meaning that the business currently has no more than 5 FTE employees, including the owner(s), OR
  - a small business with 5+ to 20 FTE employees
- Generate less than \$2 million in annual revenue (based on 2020 financials)
- Have experienced a loss of revenue of 30% or more due to COVID-19 (based on revenue comparison of 2019 and 2020)
- Be a for-profit enterprise
- Have a physical establishment within a commercial building in the City of Newton, of which is the business's primary place of business (e.g. co-shares, temporary rentals/pop-ups, ancillary warehouses, offices, or other structures will not be considered)
- Be an existing small brick and mortar business
- Be legally permitted to operate in the City of Newton
- Have no outstanding tax liens or legal judgments

As there will likely be more eligible applicants than available funding, the City reserves the right to use its judgment to select grantees that best meet and advance the goals of this program.

### **INELIGIBLE APPLICANTS**

Notwithstanding the above eligibility requirements, the following types of businesses are not eligible for this grant program.\*

- Independent contractors and consultants;
- Home-based businesses;
- Liquor stores;
- Franchises of national or regional chain businesses;
- Non-profits; and
- Marijuana establishments

\*Note: This is not an exhaustive list. The City of Newton may determine that other similar businesses are also ineligible.

The City further reserves the right to reject any application that is incomplete or does not meet federal eligibility requirements.

### **GRANT REQUEST AND USE OF FUNDS**

Grants of \$10,000 may be awarded for microenterprises and \$15,000 for small businesses with 5+ to 20 FTE employees.

### **At least 50% of the grant request must be for commercial rent or mortgage.**

Businesses may also use a maximum of 50% of the grant funds to cover: 1.) employee wages; 2.) loss of inventory; 3.) utilities; or 4.) other demonstrated costs, including the costs of PPE. Note that permanent or semi-permanent PPE installations must not exceed \$2,000 under this program.

Grant funds may be used to reimburse prior COVID-19 related expenditures, with City of Newton staff approval. Additional financial needs may be considered on a case-by-case basis.

### **EVALUATION PROCESS AND CRITERIA**

Following a completed application, Planning & Development Department staff will begin the review process. All applications will be reviewed and prioritized based on the criteria listed below. The Selection Committee will review the merits of each application and vote to advance a portion of the applications to the next level of review. Applications that progress to the next phase of review must provide additional documentation. Final awards will be based on the Selection Committee's review of applications against the stated criteria. The Committee will be comprised of staff from the Planning & Development Department as well as appointed Economic Development Commission members. Final awards will also be evaluated based on geographic and business sector distribution.

### **Applications will be evaluated based on the following criteria:**

- Extent of the COVID-19 hardship
- Severity of the need
- Financial health of the business prior to and during COVID
- A solid operation and recovery plan that is realistic and financially feasible
- Business provides essential goods and/or services
- A demonstrated history of community outreach and engagement
- Proposed use of grant funds shows a significant impact on business's survival and success
- Clear, demonstrated costs are reasonable and greater than or equal to the amount requested. There can be no duplication of benefits, meaning that no other public resources are available to the business to cover the specific costs attributed to this program.
- Business is not eligible for or has not already received significant amounts of PPP, EIDL loans or grants, or any other form of federal, state or local public assistance

In addition, priority will be given to businesses that meet some or all of the following criteria:

- Are owned by individuals from low- to moderate-income (LMI) households
- Provide LMI employment (an LMI job earns annual wages of \$67,400 or less)
- May provide goods or services to LMI individuals

- Are in proximity to a village district and/or have ground floor storefront visibility
- Did not receive a prior grant award from the Newton COVID-19 Small Business Recovery Grant Program

### **HOW TO APPLY**

Please read these guidelines and complete the online application by visiting:

<https://portal.neighborlysoftware.com/NEWTONMA/Participant>

Applicants will be required to provide the following information as part of the online application, including, but not limited to:

- Household income for all business owners (based on current household income)
- Statement that business has experienced a loss of revenue of 30% or more due to COVID-19 (based on revenue comparison of 2019 and 2020)
- Statement of current number of employees and number of employees furloughed and/or laid off in 2020
- Proposed grant budget, including line item costs

In the event of questions or an incomplete application, the applicant will be notified, and the applicant will have no more than **five (5) business days** to respond or submit any missing required documents not originally included in their application.

Upon grant award, the business will be required to submit the following documents:

- DUNS Number - this is a federal requirement for businesses that receives direct financial assistance. (<https://www.dnb.com/duns-number/get-a-duns.html>)
- Grant agreement with the City of Newton

### **REPORTING**

If awarded a grant, the business must submit a final report by December 31, 2021, that documents the actual use of funds, and describes how the funds have affected the business's recovery.

### **CONTACT INFORMATION**

For further information pertaining to this program, please send inquiries to [sbr@newtonma.gov](mailto:sbr@newtonma.gov) or 617-796-1145.