



City of La Habra

Microbusiness Stabilization Program – COVID-19

July 2020_o

1.0 Introduction

In response to the Coronavirus Pandemic (COVID-19) the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program has notified the City of La Habra that it will receive a formula allocation from the first round of CDBG-CV funding to be used specifically for the prevention of, preparation for, and response to COVID-19. This allocation was authorized by the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed on March 27, 2020.

To assist microbusinesses respond to the economic hardships created by the COVID-19 pandemic, the City of La Habra has established the Microbusiness Stabilization Program (MSP). The program provides grants of \$2,500 to eligible businesses to respond to the impact of COVID-19. The City has made an initial allocation of \$25,000 to fund this program.

Applications may be submitted by mail or hand delivered to the City of La Habra.

City of La Habra Community Development Department
Attn: Microbusiness Stabilization Program
110 East La Habra Boulevard
La Habra, CA 90631

2.0 Eligibility and Minimum Requirements

Eligible applicants include private for-profit business concerns, inclusive of corporations, limited liability companies, partnerships (general and limited), or sole proprietorships, that have legal standing as a business and are licensed by the City of La Habra.

To be eligible for the MSP, the following minimum requirements must be met:

- a. The business is a for-profit business and located within the corporate limits of the City of La Habra.
- b. Business has five (5) or fewer employees, one (1) or more of which must be the principal(s) who owns the business at the time of application. All employees, part-time and full-time, on the business 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 done on a regular basis.
- c. The business owner is certified as being low- to moderate-income using the most currently available income limits provided by HUD (additional detail provided below):

# of People in Family	1	2	3	4	5	6	7	8
Family Income	\$71,150	\$82,000	\$92,250	\$102,450	\$110,650	\$118,850	\$127,050	\$135,250

**80% Area Median Income for Santa Ana/Anaheim/Irvine MSA (Effective July 1, 2020)*

- d. The business has been located and operating in La Habra prior to March 4, 2020, the date the State declared a state of emergency
- e. Owner is 18 years or older.

- f. Business or owner has a DUNS number (<https://fedgov.dnb.com>) or has applied for one at the time of application and registered in System for Award Management (SAM).
- g. Owner has a valid employer identification number.
- h. Business has a bank account.
- i. Business is not currently in bankruptcy, and has not declared bankruptcy within the last 7 years.
- j. Business is current with property taxes, City fees, business license, and other applicable local, county, state fees and requirements.
- k. No person who is subject to the provisions of the City's Conflict of Interest Code has any ownership interest in the business, or would otherwise receive a financial benefit from the business.
- l. The business must provide documentation that the business was negatively affected by COVID-19 such as documentation showing that revenue decreased as a result of COVID-19 and/or the cost of doing business increased as a result of COVID-19.

The City will not provide grant assistance in situations where it is determined that any representation, warranty or statement made in connection with the MSP application is incorrect, false, misleading or erroneous in any material respect. In the event assistance has already been provided prior to the discovery of incorrect, false, or misleading representation, the City may initiate legal action to recover the funds and its attorneys' fees and costs in doing so.

CDBG funded MSP grants are limited to one per business.

Income Eligibility

As defined at 24 CFR 5.403, "family" includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status: 1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or 2) A group of persons residing together, and such group includes, but is not limited to a family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family); an elderly family; a near-elderly family; a disabled family; a displaced family; and the remaining member of a tenant family.

Therefore, family member information must include, at a minimum, the following:

- Full names and ages of all family members living in the residence; and
- Signature of all adult family members age 18 or over, certifying that the information provided related to the annual family income and family composition is correct.

"Annual Income" is defined as all amounts, monetary or not, which go to the family head or spouse (even if temporarily absent) or to any other family member, or are anticipated to be received from a source outside the family during the 12-month period following submission of the Program Application.

The HOME Part 5 [definition](#) of annual income shall be used exclusively for this program. No other definition of income shall apply. The most current version of the HOME income definition specifies the following types of income shall be included in the calculation to determine eligibility:

- Wages, salary, commissions, bonuses, or tips from all jobs. Report the amount before deductions for taxes, bonds, dues, or other items.
- Net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions. Report all income and withdrawal (except when reimbursement of cash or assets invested in the operation by the family).
- Interest, dividends, net rental income, royalty income, or income from estates and trusts. Report even small amounts credited to an account.
- Social Security, annuities, insurance policies, retirement funds, pensions, disability benefits, death benefits or other types of similar periodic receipts. Report the total amount received.
- Payments in lieu of earnings such as unemployment, disability, worker's, and severance compensation. Report the total amount received.
- Any public assistance or welfare payments from state or local welfare office. Report the amount received.
- Periodic and determinable allowances such as alimony and child support payments and regular contributions or gifts received from organizations or persons not residing in the dwelling. Report total amount received.
- All regular pay, special pay, and allowance of a member of the Armed Forces except special pay for a family member who is exposed to hostile fire. Report total amount received.

The CARES Act Economic Impact Payment (stimulus check) is not considered an income payment.

Income shall be annualized for qualification purposes based on present income received. If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal or cyclic income), or the City believes that past income is the best available indicator of expected future income, the City may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

3.0 Ineligible Businesses

The following businesses are ineligible for participation in the MSP:

- a. Businesses located outside the City of La Habra
- b. Nonprofit organizations
- c. Passive businesses (i.e. rental property or other business in which one does not actively participate)
- d. Home-based businesses
- e. Government organizations
- f. Businesses that limit patrons to 18 and older

4.0 Eligible Uses of Program Funds

Grants are restricted to the following eligible costs:

- Rent
- Payroll
- Purchase of Personal Protective Equipment (PPE) to enable the business to effectively operate in accordance with Federal, State, and local guidelines

- All PPE costs must be considered to be reasonable and in line with market rate costs for said equipment. Documentation requirements are described in more detail in Section 6.0.

Grant recipients will need to provide documentation that grant funds were used for the se eligible costs. All other costs will be considered ineligible uses for the MSP. Grant funds cannot be associated with the relocation of a person or a business.

5.0 Application and Selection Process

The application period will be announced at a later date. Applicants will be required to complete an initial application, including a copy of the following documents:

- City of La Habra Business license
- Copy of State ID/ Driver's license
- W-9 form
- Articles of Incorporation or Partnership Agreement, Limited Liability Company Articles of Organization
- Low- or Moderate-Income Certification
- Most recent IRS Form 941 and California DE-6 and DE-9 Forms
- Most recent Federal Income Return (1040 or 1040 EZ Form) for business owner and family members over the age of 18
- Current month bank statement(s) for all active bank accounts for business owner and all family members over the age of 18, including all supporting pages
- Duplication of Benefits Certification
- Documentation of COVID-19 impact
- Documentation of how grant funds will be used

The City reserves the right to request additional information upon receiving the application.

Applications can be submitted by mail or hand delivered to the City of La Habra.

At the conclusion of the application period, the City will hold a lottery to randomly order all applications and preliminary select the businesses that are eligible for the MSP. Once a business is selected, the City will conduct a review of the application to confirm eligibility and request any additional documentation, if necessary. The City will conduct a System for Award Management (SAM) validation of each business during the application review period.

A business that is selected in the lottery is not guaranteed to obtain a grant. If the application is incomplete or the business is deemed ineligible, the business will be notified of the City's decision.

If the number of eligible applicants do not exceed the total funding available at the close of the application period, the City will continue to operate the program on a first come, first serve basis.

6.0 Grant Implementation

Once the review is complete and the applicant is confirmed to be eligible, the City will send an agreement to the business. The business is required to provide three original copies of the agreement to the City.

The City will provide the grant via a reimbursement basis. The business owner must submit evidence that eligible costs (as identified in the application) were incurred. The City of La Habra will reimburse the owner following review of the supporting documentation.

Evidence must include documents such as payroll, cancelled checks for lease payments, receipts, and other documentation, as requested by the City.

For PPE equipment, businesses must provide documentation that the costs were reasonable and comparable to the market rate for such equipment. This may include documentation of the costs for this equipment from at least three businesses providing this equipment or material.

If there is evidence that the grant funds have not been spent on eligible uses as outlined in these guidelines, the applicant shall be required to re-pay a portion of or all of the grant funds to the City.

The City of La Habra will be responsible for the administration of the program:

- Originate grant funds
- Market the grant program
- Accept and process applications
- Conduct lottery for eligible businesses and notify selected businesses
- Review and underwrite grant requests
- Ensure timely disbursement of funds
- Maintain documents and fiscal records
- Administer grants and locally sourced funds used for this program
- Ensure compliance with program guidelines as they relate to the funding source s
- Report program metrics to the City Council, HUD and other interested parties.

7.0 Duplication of Benefits

All participating businesses must comply with the U.S. Department of Housing and Urban Development's forthcoming guidance regarding Duplication of Benefits, as required by the CARES Act and HUD guidance. The City of La Habra will modify these guidelines once final HUD guidance has been released. At a minimum, businesses are not able to have received other federal or non-federal benefits or assistance for the same uses of this grant program and must certify that they will not pursue other federal or non-federal benefits for the same uses of this grant program in the future.

8.0 Recordkeeping and Reporting

In accordance with HUD requirements, annual income level, family size, and demographic data, such as racial and ethnic background, shall be collected by the MSP grant applicant at the time of executing the grant agreement.

The City will be responsible for maintaining all documents and records in accordance with the regulations in 24 CFR Part 570.506 and 24 CFR Part 570.507.

9.0 Environmental Review

NEPA regulations require an Environmental Review Record (ERR) to be submitted for each project/business funded with CDBG monies prior to award or approval of funds. The ERR level of review is based on the type of project proposed.

This review will be completed by the City of La Habra prior to the award of funds.

10.0 Conflict of Interest

In accordance with 24 CFR 570.611, no member of the governing body and no official, employee or agent of the local government, nor any other person, either for themselves or those with whom they have business or immediate family ties, who exercises policy or decision making responsibilities (including members of the CDBG /grant review committee or contractors) in connection with the planning and implementation of the CDBG program, shall directly or indirectly be eligible for this program.

11.0 Applicant Confidentiality

Employees of the City will not disclose any of the borrower's personal confidential information as part of the grant process. Financial information supplied by the applicant, including but not limited to business operating statements, tax information, personal and business financial information, and similar data are considered to be confidential. All confidential information of businesses will only be disclosed to persons required to view the information as part of grant review and approval. All personal and business confidential information of grant applicants will be kept in a locked secured storage facility or password protected electronic files and unavailable to persons outside of the program. At all times the City will abide by all requirements stated within the Privacy Act of 1974 as amended. If the City receives a request for public records related to a grant application, only non-confidential information, as verified by the City Attorney, will be provided.

12.0 Equal Opportunity Compliance and Nondiscrimination

In accordance with the City of La Habra's policies and program guidelines, 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 disability, family status, national origin, race, color, religion, sex, marital status, medical condition, ancestry, source of income, age, sexual orientation, gender identity, gender expression, genetic information, or other arbitrary discrimination.

13.0 Program Guidelines Changes and Modifications

Minor changes to these Implementation Guidelines involving administrative procedures or accommodations to adapt to unique applicant situations or opportunities, or regulatory changes may be performed with the approval of the Community Development Department. Federal regulatory requirements for the CDBG program are not subject to modification or revision.