



City of Palmdale

Microenterprise Business Assistance

Program Guidelines

June 2021

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Introduction and Program Overview

The City of Palmdale (City), as an entitlement Grantee under the Community Development Block Grant (CDBG) Program, receives an annual allocation from the U.S. Department of Housing and Urban Development (HUD) to use in the implementation of eligible programs.

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 Palmdale that it will receive a formula allocation from the first and the third rounds 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.

The City will be utilizing a portion of their CDBG entitlement funds to implement a second round of a Business Assistance (BA-2) program that provides grant assistance to microenterprise businesses adversely impacted by the COVID-19 pandemic. The CDBG BA funds shall be used to provide support to microenterprise businesses for rent and utilities. The program will primarily meet the benefit to low- and moderate-income persons national objective, however, the City may use the urgent need national objective, if necessary.

The BA-2 program will consist of one component: Microenterprise Assistance. As a general principal, BA-2 program funding will only be provided in cases where it can be reasonably determined and documented that the applicant business has been adversely impacted economically by the COVID-19 pandemic. All grant payments will be made as reimbursements for actual costs. The business will be required to submit appropriate documentation in order to confirm eligibility for the relevant program and receive grant payment.

Program Definitions

Business Assistance

Oversight Committee:

The Business Assistance Oversight Committee shall be a minimum of three members and consist of two members from the Economic Development Division and one member from Community Programs Division. All applications and all grant financial assistance shall be deemed eligible unanimously by this committee prior to the provision of CDBG funded Business Assistance.

Eligible Costs:

Eligible costs include rent and utilities.

Family:

The term “families” refers to individuals or households, with or without children. 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.

Microenterprise: A business with less than 5 total employees (including the owner) where the owner(s) qualify as having a family income is less than 80% of the area median income and meets all eligibility criteria of a microenterprise as detailed in Section 1.

Program Marketing and Application

Program Marketing

Program marketing shall be initiated by the Economic Development Department and approved by the Community Programs Division and may include any of the following:

- Public Service Announcement/ Advertisement in a media of general circulation
- Flyer/ Advertisement on the City website
- Direct notification to known businesses City of Palmdale
- Public service announcements on City cable television
- Posting at locations where businesses seek services or products
- Posting at City Hall
- Posting at other City facilities
- Any other means of advertising as approved by Community Programs Division

Marketing and outreach shall facilitate fair access and transparency. The program shall not rely solely on web-based marketing and outreach. Alternative, non-digital forms may include: radio announcement, inserts in mailings, handouts from other entities/ other organizations providing emergency assistance. Information for applicants shall include any necessary pandemic related disclosures and social distancing requirements.

To facilitate meaningful access to program participation for Limited English Proficiency persons, all program marketing intended for the general public shall be provided in English and in Spanish, in accordance with the City of Palmdale's current Limited English Proficiency Plan.



A log shall be kept to document marketing and outreach to businesses who may be eligible for Business Assistance funds.

Program Application

Interested businesses may access applications from the City of Palmdale website www.cityofpalmdale.org/BusinessGrants or, pending current social distancing orders, at the City of Palmdale Development Services building located at 38250 Sierra Highway.

Applications may be submitted online www.CityOfPalmdale.org/BusinessGrants or via hand delivery to the Economic Development Division at 38250 Sierra Highway, Palmdale, CA 93550 during regular operating hours of Monday through Thursday between the hours of 7:30 am to 6 pm. Applications will **not** be accepted by mail, fax, or email. All applications will be time stamped and reviewed on a first-come, first-serve basis. The application period will be open on June 7, 2021 to September 9, 2021 or when all funds are granted, whichever comes sooner. If interest persists and funds are still available, the City may extend the application period.

All applications must include all required supporting documentation. The City reserves the right to request additional documentation from applicant businesses.

Submitting an application does not guarantee a grant award. Applications will be reviewed for completeness and compliance with program requirements.

Program Description

Section 1: Microenterprise Assistance

The BA-2 program will provide grants up to \$10,000 to microenterprises that were adversely economically impacted by the COVID-19 pandemic. Microenterprise grants can be used for the following purposes:

- Rent, paid to a third-party entity under a written lease.
- Utilities - gas, electric, water and/or internet service, paid to a third-party entity with source documentation.

Eligible Microenterprise Businesses

To qualify as an eligible microenterprise business, the business must meet the following criteria:

- Five (5) or fewer total employees (including owner);
- Business owner's family income is less than 80% area median income (see annual income documentation guidance below);
- Business opened on or prior to February 29, 2020;
- Business is located within Palmdale city boundaries;



- Owner is 18 years or older;
- Business or owner has a DUNS number, or will have applied for one prior to executing the grant agreement (<https://fedgov.dnb.com>);
- Business has a valid federal employer identification number (EIN);
- Business has a bank account;
- No person in the business who has any ownership interest or would otherwise receive a financial benefit from the business is subject to the provisions of the City's conflict of interest code;
- At time of application, business is current with a City of Palmdale business license;
- Business was adversely economically impacted because of the COVID-19 pandemic and can provide supporting documentation illustrating the impact;
- Certification that the business has neither received nor will seek other grants, loans, or other assistance from any private, local, state, or federal funding source for the **same use** as identified in the program application. For example, if a business received the SBA PPP Loan for rent costs in May and June, CDBG assistance could not be used for rent costs for the same time period.

Ineligible Microenterprise Businesses

The following business types are not eligible for assistance:

- Businesses located outside of the City of Palmdale boundaries;
- Home-based businesses;
- Nonprofit entities;
- Passive businesses (i.e. rental property or other business in which one does not actively participate);
- Government organizations;
- Businesses that limit patrons to 18 and older.

Microenterprise Application Process

Applicants will be required to complete an initial application, including copies of the following documents:

1. City of Palmdale Business License;
2. State Identification Card or Driver's License;
3. IRS Form W-9 (Request for Taxpayer Identification Number and Certification);
4. Owner income documentation;
5. Most recent federal income tax return for business owner(s);
6. Most recent California Employment Development Department form DE-9 (Quarterly Contribution Return and Report of Wages Form), OR statement certifying the reason the business does not file a DE-9;



- 7. Documentation that the business was adversely economically impacted by the COVID-19 pandemic (this may include showing loss in revenue/ profit or other documentation) to the satisfaction of the City.

Documentation will be required prior to reimbursement from the grant. Types of documentation include: copy of the lease or utility bill, proof of payment, etc.

*The City reserves the right to request additional documentation, as necessary to verify information in this application.

Annual Income Definition and Documentation

To determine family income for all microenterprises, the City will use the annual income definition as defined by HUD at 24 CFR 5.609 (commonly referred to as Part 5). The City will use the Part 5 method to calculate the annual income by projecting the prevailing rate of income of the family for the next 12-month period as measured from the date that the City performs the income determination.

Each applicant will need to provide verifiable documentation to support the applicant’s stated income. HUD establishes annual incomes. The City of Palmdale will update the program guidelines as income limits are updated. The current income limits for this program are:

# of People in Family	1	2	3	4	5	6	7	8
Max. Family Income	\$66,250	\$75,700	\$85,150	\$94,600	\$102,200	109,750	117,350	124,900

Effective June 1, 2021 for the Los Angeles, Long Beach, Glendale, CA MSA (80% Area Median Income)

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:

- 1. Full names and ages of all family members living in the residence; and
- 2. 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.

Business Assistance Award and Grant Agreement

The Economic Development staff shall schedule meetings of the Business Assistance Oversight Committee as frequently as necessary to ensure prompt decisions on each completed program application. Staff shall present the committee with a memorandum summarizing the Program Application, applicant qualifications and making a recommendation for approval or denial. The signed Business Assistance Oversight Committee memorandum shall be maintained in each Business file.

The Business Assistance Oversight Committee shall:

- Review and either approve or deny applications for assistance
- Provide direction to terminate previously approved assistance for program participants who violates program requirements
- Provide recommendations for policy improvements or clarifications
- Appoint a member whose responsibility it is to maintain a binder of all fully executed oversight committee memorandums

If the Oversight Committee denies an application, Economic Development staff shall prepare and send a letter to the applicant indicating the reason(s) for denial and shall include notification of the applicant's right to appeal the decision in accordance with the Appeals section of these Guidelines.

Upon approval of a Program Application, eligible businesses selected for the BA-2 program will execute a grant agreement with the City.

Grant awards will be made on a reimbursement basis. Unless otherwise agreed upon between the business and City, businesses will be expected to submit all reimbursement documentation within three (3) months of the date the grant agreement is executed. Recipients are not required to submit all reimbursement requests at a single time and can submit up to three (3) requests during the three-month period.

Reimbursement requests must be submitted in the manner prescribed in the grant agreement and include supporting receipts and other documentation.

The program will reimburse eligible costs incurred from April 1, 2020.

Support for Businesses receiving Microenterprise Assistance

Upon award, selected businesses will be referred to a local partner for technical assistance and support. The partner may be available to provide the following services:

- 1 on 1 coaching and technical assistance



- Training and webinar delivery
- On-call support and assistance

Other Program Requirements

Business Assistance Appeals

Applicants may appeal application denials. Appeals shall be submitted to the Economic Development Division in person at 38250 Sierra Highway, Palmdale, CA 93550 during regular operating hours of Monday through Thursday; 7:30 am to 6 pm, or by email at businessgrants@cityofpalmdale.org with “APPEAL to Business Assistance Program” in the subject line, within seven (7) calendar days of the date of the application denial letter. The written appeal shall state the reason(s) why the applicant believes the application denial was in error and provide any additional documentation necessary to support the applicant’s assertion of same. The Director of Economic & Community Development (Director) or designee will review the appeal and issue a determination within fourteen (14) calendar days of receipt of the letter. If further review is required, the Community Programs Division Program Manager or designee shall review the appeal and issue a final determination within fourteen (14) calendar days of the date of written determination by the Director or their designee.

Business Assistance Duplication of Benefits

All participating businesses must comply with the U.S. Department of Housing and Urban Development’s guidance regarding Duplication of Benefits, as required by the CARES Act and HUD guidance. 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.

Business Assistance False Claims

Applicants shall certify on the Program Application under penalty of perjury that “The information provided on this form is subject to verification by HUD at any time, and Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government.”

Business Assistance Applicant Confidentiality

Employees and agents of the City will not disclose any applicant’s personal confidential information as part of the program. All confidential information of 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 the program, only non--confidential information, as verified by the City, will be provided.

Business Assistance Nondiscrimination

The BA-2 Program shall be implemented consistent with the City’s commitment to State and Federal equal opportunity laws. No person 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 their 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.

The City will provide reasonable accommodations and/or modifications or provide language assistance to individuals requesting such assistance to benefit from the services provided by the BA-2 Program.

Business Assistance Conflict of Interest

In accordance with City of Palmdale Resolution Number CC 2020-013 and 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 will financially benefit from this program.

Business Assistance Program Guidelines Changes or 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 Economic Development Division. Federal regulatory requirements for the CDBG program are not subject to modification or revision.

EXHIBIT 1: PROGRAM APPLICATION

(attached)