

City of Gardena  
COVID-19  
Small Business Assistance Program (SBAP)

## **GUIDELINES**



Administrative Services Department

1700 W 162<sup>nd</sup> Street  
Gardena, CA 90247

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# **CITY OF GARDENA**

## **BUSINESS ASSISTANCE PROGRAM GUIDELINES**

### **I. INTRODUCTION**

The City of Gardena, hereafter referred to as the “City”, has established a Small Business Assistance Program (SBAP), hereafter called “The SBAP”. The SBAP is designed to address the adverse impacts of the novel coronavirus (COVID-19) to the economy, including jobs and businesses. SBAP grants will support small businesses undergoing financial hardship due to a loss or reduction in revenue directly related to COVID-19.

The City has committed approximately \$370,000 in federal Community Development Block Grant (CDBG) and CDBG-CV funding under Coronavirus Emergency Relief and Economic Security (CARES-CV) for business stabilization grants of up to \$20,000 per eligible businesses. These business assistance guidelines have been established by the Gardena Administrative Services Department.

### **II. GARDENA BUSINESS ASSISTANCE (SBAP) PROGRAM OVERVIEW**

#### **A. PROGRAM ADMINISTRATION**

The City’s Administrative Services Department staff will serve as the primary contact for implementation of the program guidelines. The City will:

- Market the SBAP;
- Accept and process applications;
- Ensure businesses meet eligibility requirements;
- Recommend approval of grants;
- Ensure disbursement of grant funds;
- Maintain grant files and fiscal records; and

#### **B. PROGRAM ASSISTANCE**

The amount of grant assistance will depend of the landlord’s agreement to participate in the programs. The City is required to pay the owner/landlord of the commercially leased/rented space directly, therefore the owner/landlord must agree to enter into an agreement with the City for the payment as follows:

1. Businesses whose landlord agrees to participate in the program and the City will provide up to \$2,000 in monthly commercial rent assistance for up to three (3) months (Refer to Table 1 on page 3). In no case will assistance be more than the actual shown in the commercial rent/lease agreement; **OR**
2. Landlord agrees to participate in the program and the landlord agrees to reduce the tenant rent by 25% for the period of City assistance and the City will provide up to \$3,375 in monthly commercial rent assistance for up to six (6) months (Refer to Table 2 on page 3). In no case will assistance be more than the actual shown in the commercial rent/lease agreement.

**TABLE 1**  
**Landlord 0% Rent Forgiveness**  
**City provides 3 Month's Commercial Rent Not-To-Exceed \$2,000**

Original Rent	Reduced Rent	City Rent Assistance		Landlord Rent Paid		Tenant Owed Rent Over Three (3) Months
		Monthly	Over Three (3) Months	Monthly	Over Three (3) Months	
2,000	0	2,000	6,000	2,000	6,000	0
2,250	0	2,000	6,000	2,000	6,000	750
2,500	0	2,000	6,000	2,000	6,000	1500
3,000	0	2,000	6,000	2,000	6,000	3000
3,250	0	2,000	6,000	2,000	6,000	3750
3,500	0	2,000	6,000	2,000	6,000	4500
3,750	0	2,000	6,000	2,000	6,000	5250
4,000	0	2,000	6,000	2,000	6,000	6000
4,500	0	2,000	6,000	2,000	6,000	7500

**TABLE 2**  
**Landlord 25% Rent Forgiveness**  
**City provides 6 Month's Commercial Rent Not-To-Exceed \$3,375**

Original Rent	Reduced Rent	City Rent Assistance		Landlord Rent Forgiveness		Tenant-Owed Rent Over Six (6) Months
		Monthly	Over Six (6) Months	Monthly	Over Six (6) Months	
2,000	1,500	1,500	9,000	500	3,000	0
2,250	1,688	1,688	10,128	562	3,372	0
2,500	1,875	1,875	11,250	625	3,750	0
3,000	2,250	2,250	13,500	750	4,500	0
3,250	2,438	2,438	14,628	812	4,872	0
3,500	2,625	2,625	15,750	875	5,250	0
3,750	2,813	2,813	16,878	937	5,622	0
4,000	3,000	3,000	18,000	1,000	6,000	0
4,500	3,375	3,375	20,250	1,125	6,750	0

## C. PROGRAM ELIGIBILITY

### Mandatory Requirements

All businesses assisted under the SBAP must meet the following requirements:

- Be located in the City of Gardena's jurisdictional limits and have a physical location (bricks/mortar building);
- Have been operational for at least one (1) year;
- Have an active City of Gardena Business License as of April 1, 2020;
- Have no outstanding code violations with federal, state or local governments;
- Meet HUD's criteria of a low-income benefit (Refer to page 4 Section III);
- Have a verifiable loss of revenue/income due to COVID-19 that justifies the need for assistance;
- Have **not** received other Business Assistance from other sources, including federal, state or county governments, the Small Business Administration (SBA), the Chamber of Commerce, etc. for the payment of commercial rent;
- Does not have not access to business capital or liquid assets; and
- Submits a completed, signed application (application may be signed electronically)

### **Conflict of Interest Requirement**

Applicants for business assistance shall not be an employee, agent, consultant, officer or elected official or appointed official of the City who exercises or have exercised any function or responsibilities with respect to activities relating to this Program or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or financial benefit from this Program, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

## **III. CDBG PROGRAM REQUIREMENTS**

### **A. ELIGIBLE PROGRAM APPLICANTS**

Under federal regulations, use of CDBG funded activities must meet the national objective of benefit to low- and moderate (“low-mod”) income benefit. Businesses may meet this low-mod criterion through serving a low-mod area, be a low-mod owner, or create or retain low-mod job(s). All businesses must provide documentation meeting HUD’s low/mod income requirements prior to receiving a business assistance grant. In keeping with the CDBG requirements, the business applicant must meet one of the following low-mod criteria to be considered for grant funding:

- The business is located in a HUD-defined low- and moderate-income area (see attached map) and provides a service to the area; **OR**
- The business owner’s current income is at or below 80% of the Los Angeles County median income, adjusted for household size; **OR**
- The business intends to retain at least one full-time equivalent, permanent low- and moderate-income job and the business:
  - Can show that 51% of its employees are low- and moderate-income, full-time or equivalent employees; and
  - That the grant funds provided will ensure permanent employment of the retained employee for a period of two years; and
  - If the low- and moderate-income job retained is vacated within two years, the business will take the necessary steps to fill the position with another low- and moderate-income employee.

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 on a regular basis. The SBAP administrators will require the business to provide third party records documenting the current number of employees on the payroll, including all owners of the business. If the microenterprise business owner is the only employee, the owner must be income eligible.

### **B. INELIGIBLE PROGRAM APPLICANTS**

The following types of businesses are **not eligible** for program assistance:

- Casinos;
- Liquor or tobacco stores;
- Marijuana dispensaries;
- Any business that does not comply with local, state or federal laws;

### C. ELIGIBLE USE OF FUNDS

Grant funds must be used to cover fixed expenses for the business. The primary fixed business expenses for purposes of this program include rent, utilities, inventory or other operational expenses for the business. Rent expense will be covered first, all other expenses will be covered after payment of rent. A copy of the lease agreement and landlord information will be required for direct payment of the rent to the landlord. Direct payment to the landlord will reduce staff time in ensuring funds are used for eligible purposes.

Applicants will provide a Use of Funds Worksheet ("Worksheet") as part of the application. The Worksheet will include a breakdown the dollar amount of funds requested and their proposed use. Documentation supporting the dollar amount identified on the Worksheet will be required. Any use of funding other than that to support the business is strictly prohibited. Funds under this Program may not be used to reimburse expenses incurred prior to the COVID-19 pandemic. Eligible uses of funds for the SBAP must be directly related to areas impacted by to the COVID-19 pandemic.

### D. INELIGIBLE USE OF FUNDS

Ineligible uses of funds include:

- Personal expenses;
- Repayment or refinance of existing debt;
- Taxes, fines or penalties;

### E. MEETING CDBG NATIONAL OBJECTIVE REQUIREMENT

Under federal regulations, use of CDBG funded activities must meet the national objective of benefit to low/moderate ("low-mod") income benefit. Businesses may meet this low-mod criterion through serving a low-mod area, be a low-mod owner, or create or retain low-mod job(s). All businesses, business owner and/or employee household, as applicable, must provide documentation meeting HUD's low/mod income requirements prior to receiving a business assistance grant. The SBAP Program administrators will verify that businesses meet HUD's low/mod income requirements below.

HUD LOW-MODERATE INCOME (LMI) LIMITS			
Household Size	Maximum Income	Household Size	Maximum Income
1	\$63,100	5	\$97,350
2	\$72,100	6	\$104,550
3	\$81,100	7	\$111,750
4	\$90,100	8	\$118,950
Source: U.S. Department of Housing and Urban Development. These income figures are subject to change annually (last updated: 4/02/20).			

Gross income for the purposes of determining business owner and/or employee household income includes all unemployment, wages, overtime, retirement, disability, pension, social security, child support, alimony and other regular earnings of the household members before any deductions (i.e., taxes, retirement contributions, union dues, etc.). Income is based on earnings from the time of the application projected for the next 12 months. All income sources are verified using third party sources such as employers, Employment Development Department (EDD), pension funds, social security administration, Internal Revenue Service (IRS), etc. If a member of the household is an adult student (living away from home), he/she may be counted as a member of the household in determining the household size. However, the adult student must be verified as both a (1) dependent, and (2) full-time student living away from home.

#### IV. APPLICATION PROCESSING FOR GRANTS

##### A. PROGRAM MARKETING AND OUTREACH

The City will conduct program marketing. Examples of marketing include media coverage with ads in local papers and distribution of marketing brochures to local chamber of commerce, and business networking organizations. The program will be marketed on social media as well as the city website.

##### B. EQUAL OPPORTUNITY COMPLIANCE

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 religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status, physical or mental disability, sexual orientation, or other arbitrary cause.

##### C. APPLICATION DOCUMENTATION

The application, application check list and the following documents must be submitted to be considered for assistance:

1. Valid Business License.
2. Valid California driver's license or identification card for each business owner.
3. Proof of loss or reduction of business income due to COVID-19 (i.e., revenue loss, reduction in employee hours, layoffs, furloughs, modified business hours, etc.).
4. Business income tax returns:
  1. 2019 business tax return (2018 if 2019 has not been filed); **OR**
  2. 2019 personal tax returns if business income is reported on a Schedule C (2018 if 2019 has not been filed).
5. Completed IRS 4506-T for business owner.
6. Notarized year-to-date monthly profit and loss statement - January 1, 2020 through May 31, 2020.
7. Business Bank statements- November 2019 through May 31, 2020.
8. EDD Quarterly Contribution Return and Report of Wages (ending December 31, 2019) (Form DE 9).
9. EDD Quarterly Contribution Return and Report of Wages (ending March 31, 2020) (Form DE 9).
10. Commercial rent/lease agreement showing amount of lease.
11. Statements for outstanding rent/lease payments, if in arrears.

**IF APPLYING AS A BUSINESS LOCATED IN A LOW- AND MODERATE-INCOME AREA**
12. Provide a written explanation of the service your business provides to the neighborhood/area (Refer to Map on page 8).

**IF APPLYING AS A LOW- AND MODERATE-INCOME BUSINESS OWNER**
13. Business owner(s) self-certification of household income.
14. Business owner's 2019 personal tax return (2018 if 2019 has not been filed).

**IF APPLYING AS AN EMPLOYER OF LOW- AND MODERATE-INCOME EMPLOYEES**
15. List of employees currently on payroll (full and part time, including owner).
16. Completed IRS 4506-T by All employees on payroll.
17. Employee self-certification(s) of household income completed by all employees of payroll.

## GRANT APPLICATION PROCESS

Business applicants may complete an application on the City of Gardena website at [www.cityofgardena.org](http://www.cityofgardena.org).

Applicants may also call the City of Gardena Administrative Services Department at (310) 217-9655 during regular business hours to request an application by mail or to pick up an application.

The City will receive applications beginning **May 27, 2020 to June 12, 2020 at 5:00 p.m. Applications received after 5:00 p.m. on June 12, 2020 will not be processed.** All received applications that include all required support documentation will be assigned a random number. Applications will be reviewed for eligibility and grant funding in the order of the assigned number is selected in the lottery. If grant funds are exhausted, the remaining applicants will be placed on a waitlist in the order of their lottery number until additional funding becomes available, if any.

Submit the application and copy of all required supporting documentation:

- On-line at [www.cityofgardena.org](http://www.cityofgardena.org)
- By mail to: (*Applications must be postmarked **prior** to June 12, 2020, 5:00 p.m.*)  
City of Gardena  
Attn: Mary Simonell, Administrative Services Department  
1700 W. 162<sup>nd</sup> Street  
Gardena, CA 90247

### **TIMELINE**

- |                           |                              |
|---------------------------|------------------------------|
| 1. Application Available  | May 27, 2020 – June 12, 2020 |
| 2. Eligibility Processing | June 13 – June 27, 2020      |
| 3. Lottery                | June 30, 2020                |

## **D. GRANT APPLICANT CONFIDENTIALITY**

All personal and business financial information will be kept confidential. Program participant files with personal and business confidential information will be kept in locked secured storage units.

## **E. DISPUTE RESOLUTION/APPEALS PROCEDURE**

Any business applying for a financial assistance grant through the CDBG program has the right to appeal if their application is denied. The appeal must be made in writing to the City. A written response to the appeal will be provided to the applicant by the City within 30 days of receipt of the applicant's appeal letter.

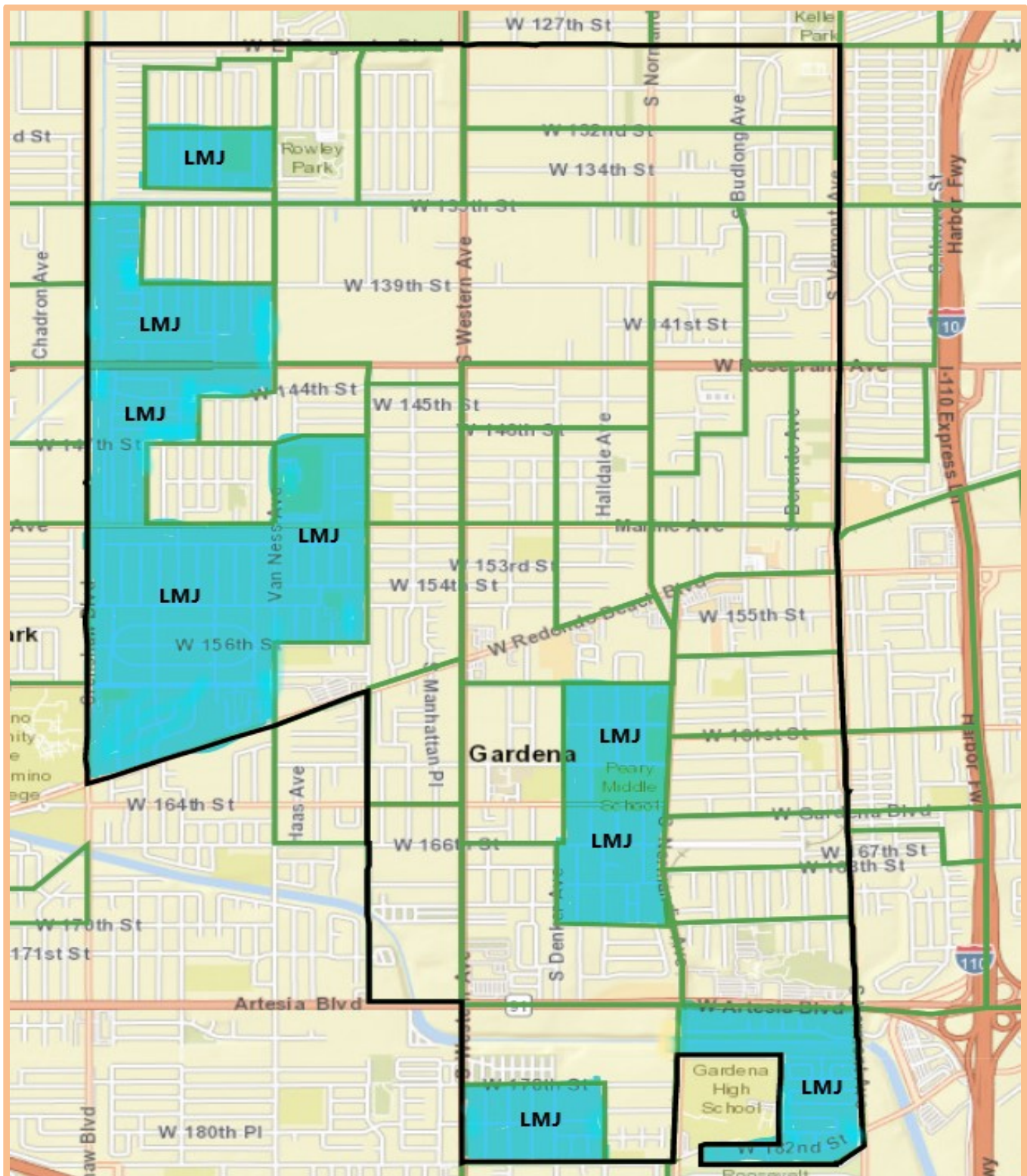
## **F. EXCEPTIONS / SPECIAL CIRCUMSTANCES**

Exceptions are defined as any action which would depart from policy and procedures stated in the guidelines. The City reserves the right to make exceptions but must comply with federal program requirements for business assistance.

## **G. GRANT APPROVAL AND DISBURSMENT OF FUNDS**

Once applicants are determined eligible, the Program Administrator will contact the business for execution of paperwork and subsequent disbursement of funds. No grant shall exceed \$20,000. CDBG funds will only be disbursed for eligible uses based on documented need.

## CITY OF GARDENA MAP - LOW- AND MODERATE-INCOME AREAS



## LEGEND

LMJ

**All other areas of the City**

Business meets HUD low/mod benefit criteria if:

1. Business retains or creates low- and moderate-income jobs; or
2. Business owner is low- and moderate-income; or

Business meets HUD low/mod benefit criteria if business provides a service to the neighborhood/area.

**ATTACHMENT A**

**GARDENA BUSINESS ASSISTANCE PROGRAM (SBAP) APPLICATION**

**ATTACHMENT B**

**SBAP APPLICATION CHECKLIST**