



City of Newport Beach: CDBG Economic Development Grant Program



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About the Program

- Up to \$10,000 Grants
- For Small Businesses located in the city of Newport Beach
- Must be affected by COVID-19
- Must have 30 or fewer employees (FTE)
- ~\$450,000 of CDBG funds available
- Application period:
 - Friday, August 14th at 9 a.m. to Friday, August 28th at 5:30 p.m.



Grant Amounts

Applicants are eligible to receive a grant of **up to \$10,000** according to the following:

5 or less employees	up to \$5,000
6-10 employees	up to \$7,500
11-30 employees	up to \$10,000



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Funding Priorities

In an effort to provide assistance to businesses located in the City's commercial and industrial areas, that provide services onsite, and that have been severely impacted by the COVID-19 public health emergency, priority will be given to:

- Retail;
- Restaurants; and
- Personal service establishments, specifically, hair salons and barber shops, nail salons, day spas, and small gyms / health clubs.



CDBG Eligibility

Under federal regulations, use of CDBG funds must meet certain national objectives to benefit persons of low- and moderate-income (“low-mod”). Businesses may meet this low-mod criterion by being a business owner and having an income that meets the low-mod criteria, or create and/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. For the purposes of this program, the applicant must meet one of the following low-mod criteria to be considered for grant funding:



CDBG Eligibility

- **The business owner's current household income is at or below 80% of the Orange 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 owner(s):**
 - Can show that 51% of its employees are low- and moderate-income, full-time or equivalent employees; and
 - Agrees that the grant funds provided will ensure permanent employment of the retained employee for a period of two years; and
 - Agree that if the low- and moderate-income job retained under this program is vacated within two years of the date of assistance, the business will take the necessary steps to fill the position with another low- and moderate-income employee for two years following the date of assistance.



Affected by COVID-19

The business applicant must prove that their business has been negatively affected by COVID-19 in *one* of the following ways:

- The business has been deemed non-essential and has been forced to shut down by the state or local government;
- Sales from the business are down compared to the same time period in calendar year 2019 (Prior to March 1, 2020);
- The business has had to lay off at least one of its employees (full- or part-time employee); or
- One or more of the employees in the business have contracted COVID-19, while at work.



Funding Priorities

- **Qualified applications from these three types of businesses will be given priority during the grant allocation process in the following order:**
- **The business has NOT received any other federal assistance under the Coronavirus Air, Relief and Economic Security Act (CARES Act) programs such as an Economic Injury Disaster Loan (EIDL) or under the Paycheck Protection Program (PPP), or through the City's Small Business Relief Grant Program.**
- **The business received an EIDL.**
- **The business received assistance under the PPP.**
- **The business received a Small Business Relief Grant from the City.**
- **The business received more than one type of assistance from a program listed above.**
- **Any remaining grant monies will be allocated to any small business that meets the eligibility criteria, terms and conditions.**



Terms and Conditions

- **The business must be a for-profit business independently owned and operated, with the principal office physically located within Newport Beach city limits, and the owner(s) and/or officers of the business must reside in Orange County;**
- **The business must be legal and located in a commercial or industrial space;**
- **The business must have an active Newport Beach business license for a minimum of six (6) months, as of August 1, 2020;**
- **The business has or will obtain a Data Universal Numbering System (DUNS) Number if a grant is awarded (Can be obtained at <http://fedgov.dnb.com/webform>).**
- **On March 1, 2020, the business must have thirty or fewer full-time, or an equivalent combination of full and part time employees, including the owner;**



Terms and Conditions

- **The business must have average gross receipts of fifteen million dollars (\$15,000,000) or less over the previous three years;**
- **The business must disclose as of the date of the application whether they have received funding or capital through alternative sources (e.g. Economic Injury Disaster Loan (EIDL) or Payroll Protection Program (PPP) Loan, City of Newport Beach's Small Business Emergency Relief Grant Program). If a business received PPP, EIDL funds, or a City of Newport Beach grant, it is still eligible to receive these CDBG Grant funds, however, priority will be given to applicants that have not received funding through these programs;**



Terms and Conditions

- **The business must be in good standing with the City, meaning:**
 - It must be current on its business license fees or in good standing on its payment plan;
 - If applicable, it must be current on its business improvement district assessment or in good standing on its payment plan;
 - If applicable, it must have a valid Marine Activities Permit;
 - It must not have any outstanding municipal code violations.
- **The business must follow the State's and/or County's re-opening guidance for their industry; and**
- **The business must submit the application and all required supporting documentation;**



Eligible Activities

Working capital to cover day-to-day operating expenses:

- Rent or lease payments
- Mortgage payments
- Utility bills
- Payroll
- Inventory
- Technology
- Marketing/communication

- Cost of obtaining personal protective equipment for staff
- Cost of obtaining personal protective equipment for customers
- Devices intended to enhance safety of staff and customers:
 - Hands-free payment devices
 - Sanitation supplies
 - Plexiglass partitions



When Can I Apply?

Application period:

- Opens on **Friday, August 14th** at 9 a.m.
- Closes on **Friday, August 28th** at 5:00 p.m.
- Late applications will not be accepted



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Live Lottery

- Randomized, computer drawing
- If needed, will take place the week of September 7th
- Eligible applicants will be notified prior to the lottery



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If Selected

- A City of Newport Beach representative will contact each selected applicant to discuss and collect all required documentation. (Documents are not submitted with application.)
- Once all of the documentation is received, the City will release 50 percent of the payment to the grant recipient
- The grant recipient must agree to an inspection by the City intended to verify that the grant monies are being used in accordance with the program requirements



If Selected

- The grant recipient has until September 30th to produce documentation, including receipts, that the grant monies are being used to fund eligible expenses
- Once the documentation is received, the City will release the remaining 50 percent of the grant to the recipient
- Grant recipient provides any additional documentation.



If Selected

Option B –

- The grant recipient produces documentation at time of grant award that demonstrates 100 percent of the grant amount was incurred on eligible expenses (dated March 1 or later).
- City will release up to 100 percent of the grant amount.



Documentation Requirements I

- Complete grant application and all of its attachments;
- Active City of Newport Beach Business License at least 6 months prior to the date of application;
- 2019 business and personal tax returns, or 2018 if 2019 has not been filed (all pages);
- Year-to-date monthly profit and loss statement (November 2019 through July 31, 2020);
- For seasonal businesses, year-to-date profit and loss statement (March 2019 through July 31, 2020);



Documentation Requirements II

- Copy of lease/grant deed demonstrating proof of commercial/industrial business address:
 - For leases, documents must show the name of lessee and lease term;
 - For grant deed, documentation must show the name of the property owner;
- Employee self-certifications of household income, if qualifying employees as low/moderate income, or Business owner self-certification of household income, if qualifying as low/moderate business owner; and
- Documentation supporting proposed use of grant funds.



Additional Documentation Requirements

1. Bank statements for last seven months (January 2020 through July 31, 2020)
2. 2019 and 2020, Forms DE9 – EDD Quarterly Contribution Return and Report of Wages
3. List of employees currently on payroll (full and part time, including owner)
4. Completed IRS 4506-T for business owner and employees to verify submitted federal income tax returns
5. Documentation supporting economic impact that has resulted from COVID-19 (details of economic impact, i.e., revenue loss, reduction in employee hours, layoffs, furloughs, modified business hours, etc.)



How to Apply

- **Online Application**

www.newportbeachca.gov/cdbgedgrant



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Contact Information

City of Newport Beach

Community Development Department

(949) 644-3200

economicdevelopment@newportbeachca.gov

CSUF SBDC

800-616-7232

Ociesmallbusiness.org

Midaniel@Fullerton.edu



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Q & A

- City of Newport Beach CDBG Economic Development Grant Program – up to \$10,000
- Precedence Will Be Given to: Retail, Restaurants, and Personal Service Establishments
- Business Must Have Been Affected by COVID-19
- Applications Open Between Friday, August 14th at 9 a.m. to Friday, August 28th at 5:00 p.m.
- Lottery Will Be Held the week of September 7th
- Selected Grantees Will be Notified in Writing
- For More Information, Please Visit www.newportbeachca.gov/cdbgedgrant

