

SMALL BUSINESS GRANT (CDBG-CV) PROGRAM

What is the purpose of the City of Baytown Small Business Grant (CDBG-CV) Program?

This program can financially assist operating small businesses with fully reopening and safely operating, as Executive Orders that forced the closure or reduced the operational capacity of the business are removed. Per this program, small businesses are defined as for-profit businesses operating within the City of Baytown with up to 10 permanent full-time employees, or the full-time equivalent (FTE). Non-profit entities are not eligible. An eligible small business can be considered for grant funds that will support the business to safely stay open and operate, and/or retain permanent job(s) that are held by a person(s) with low-to-moderate income (LMI).

Eligible Small Businesses:

An eligible small business must operate from a commercial location and be a for-profit business retaining jobs for low-to-moderate-income people. Unless the business qualifies as an LMI Microenterprise, fifty-one percent (51%) or more of the full-time equivalent (FTE) jobs must be held by or made available to persons with low-to-moderate incomes. Small business types include:

- 1) *LMI Microenterprises* - For-profit businesses with five or fewer employees INCLUDING the owner who must be an LMI person.
- 2) *General Small Businesses* - For-profit businesses with six (6) or more employees, or a business with five or fewer employees with an owner that is not an LMI person.

Industry sectors that are eligible include but are not limited to:

- Personal Care Services (barbershops, hair salons, spas);
- Health & Fitness (exercise gyms/clubs);
- Food Services & Bars (restaurants, bars, night clubs);
- General Retail;
- Child Care Services (daycare centers); and
- Senior living/care facilities.

Ineligible Small Businesses:

Gun shops, pawn shops, social clubs, home-based businesses, sexually oriented businesses, and national franchises as listed by the U.S. Small Business Administration (SBA) are **NOT** eligible for this grant. The national franchise list can be found at www.sba.gov.

Additionally, any small business owned by a person(s) who owes a debt to the City or who is in litigation with the City is disqualified from being eligible for this program.

Eligible Use of Funds:

Grant funds can be used to pay for and/or reimburse the cost of utilities, rent/mortgages, touchless/protective fixtures, and appliances. This includes, but is not limited to, sneeze guards, social distancing markers, touchless sinks, hands-free door openers, and sanitation stations.

Unless otherwise permitted in [Federal Register with Docket Number FR-6218-N-01](#), the CDBG-CV-ineligible costs are outlined in 24 CFR 570. Funds under this Program may **NOT** be used for acquisition of new building(s), property for expansion, or personal non-business costs.

Award Information:

The Small Business Grant Program allows for businesses to apply for funds according to the number of full-

time employees or the full time equivalent.

- *LMI Microenterprises* may apply for up to \$7,500.
- *General Small Businesses* may apply for \$1,500 per employee up to a maximum of \$15,000.

Upon review of the application, the City will determine whether dispersal of payments will go directly to the business, a third-party provider, or a combination of the two. Small businesses located in the CDBG Target Area will be prioritized (see enclosed map). In general, eligible reimbursements will go directly to the applicant, and other eligible activities will be paid to the third-party vendor. The recipient of the funds is required to register as a vendor with the City of Baytown and provide an IRS W9 form (Request for Taxpayer Identification Number and Certification).

Additional Requirements:

- Must have a legal commercial business location within the City of Baytown (home-based businesses are ineligible).
- Must be a for-profit business (non-profit entities are ineligible).
- Must be structured as a sole proprietorship, partnership, corporation, S corporation (S subchapter) or limited liability company (LLC). Individuals who are self-employed are also eligible to apply.
- Must have \$1 million or less in annual gross revenue.
- Must have been established and in operation in the City of Baytown on or before January 1, 2020.
- Must be currently in compliance with all state or local regulations or requirements.
- Must not be deemed an ineligible business.
- All grant awardees will be required to enter into a CDBG-CV Small Business Grant Agreement with the City prior to issuance of grant funds. The CDBG-CV Grant Agreement will require the awardee to return any funds to the City for which awardee may later receive federal funding to avoid Duplication of Benefits (DOB) per HUD policy.
- Low-to-moderate income (LMI) guidelines for counting LMI jobs and/or qualifying as an LMI Microenterprise is based on [HUD's guidelines](#) and the median income of residents of the Houston-Sugar Land-Baytown Metro. LMI owners must provide documentation of their income such as their most recent personal tax returns, profit & loss reports detailing payments to owners, and other applicable documents.

Contact Staff:

To speak with staff about the application process, send an email to CDBG@Baytown.org. Your message should include all questions/concerns, a contact phone number, and the best time of day to reach you.



CDBG Target Area

CDBG Target Areas consist of Block Groups where 51% or more of the housing units are considered low- to moderate-income households.

- Target Areas
- N.I.P. Boundary
- City Limit



2020-10-23

