

**CITY OF DEARBORN
SMALL BUSINESS GRANT (SBG) PROGRAM
POLICIES & PROCEDURES**

What is the purpose of the Dearborn Small Business Grant (SBG) Program?

The COVID-19 pandemic negatively impacted small businesses in Dearborn, resulting in job loss and serious financial challenges. The U.S. Department of Housing and Urban Development (HUD) has awarded the City of Dearborn \$600,000 of “Coronavirus Aid, Relief, and Economic Security Act” (CARES Act) funds. In addition, the City of Dearborn has allocated \$700,000 of un-programmed Community Development Block Grants (CDBG) funds. The \$1,300,000 of CARES Act and CDBG funds will be utilized for Dearborn’s Small Business Grant Program for preventing, preparing for, and responding to the coronavirus.

What is the maximum SBG grant allowed?

The maximum grant for microenterprises is \$5,000 and the maximum size of a grant for other small businesses is \$15,000. The grant amount depends upon the demonstrated costs of the monthly amounts for commercial lease, rent, mortgage, utilities, liability insurance, or delivery fees multiplied by six. It is multiplied by six (6) because the grant covers six (6) months.

When can businesses apply for the SBG funds?

Applications are accepted on a rolling basis until funds are no longer available. Only completed applications submitted with ALL required supporting documents will be considered for funds; partial or incomplete submittals will not be reviewed for eligibility. The application period begins on Wednesday, February 10, 2021.

Must businesses be located in Dearborn to be eligible for SBG Funds?

Yes. The small business must be a brick and mortar business located in Dearborn.

The Economic and Community Development Department (ECD), has created the SBG Program to provide grants to two types of eligible small businesses to help them continue to operate.

What are some of the main SBG eligibility requirements?

- 1.) Business owner/applicant is at least 50% majority owner of business
- 2.) Business has been in existence for over 1 year according to tax documents
- 3.) Businesses must be for-profit. Nonprofit organizations are not eligible.
- 4.) Business was profitable Pre-COVID-19 and must have experienced a loss of income due to COVID-19.

- 5.) Business owners are in good standing with the State of Michigan Department of Licensing and Regulatory Affairs (LARA). Must have a valid EIN# <https://www.michigan.gov/som>.
- 6.) Business is up to date on their tax obligations or ITIN#. Look up ITIN# at <https://www.irs.gov/individuals/international-taxpayers/taxpayer-identification-numbers-tin>
- 7.) Business Owner must have a valid DUN & BRADSTREET NUMBER. Look up or retrieve DUNS number at <http://fedgov.dnb.com/webform/index.jsp>.
- 8.) Assisted businesses will be required to submit a W-9 form from the vendor to be paid (e.g., landlord, mortgage company, bank, utility company, or delivery service company).
- 9.) **Due 120 days after business received grant award.** Business owner must provide copies of three consecutive months of payroll statements documenting the number of full - time equivalent jobs retained and/or created.

What are the three types of eligible small businesses?

1) Low-Moderate Income (LMI) Microenterprises

Dearborn for-profit businesses with five (5) or fewer employees INCLUDING the owner who must be LMI.

2) Microenterprises

Dearborn for-profit businesses with five or fewer employees with owner not being low-moderate income.

3) Other Small Businesses

Other Dearborn *for-profit businesses* including (A) small businesses with from six (6) to 50 employees AND (B) microenterprises that are NOT owned by LMI owners.

How does an LMI Microenterprise qualify?

1.) The microenterprise has a low-moderate income owner.

A microenterprise that is owned by a low-moderate income (LMI) owner may qualify for a grant if the owner is LMI based on household size and income limits, using the “HUD 2020 Income Guidelines.” The owner will initially indicate the number of persons (related or not) that reside in the owner’s household and the combined annual gross income in the household following the table below. The income is based on the most current income limits from HUD as of July 1, 2020. However, the owner household income will have to be **verified** as per paragraph 2 below.

Number of persons in household	With gross annual income not to exceed:		Number of persons in household	With gross annual income no to exceed:
1	\$44,000		5	\$67,850
2	\$50,250		6	\$72,850

3	\$56,550		7	\$77,900
4	\$62,800		8	\$82,900

2.) LMI owners must provide documentation of their income, such as the most recent tax returns, profit & loss reports detailing payments to owners, and similar documents.

How do other small businesses qualify?

Small businesses may qualify under this section if:

1.) They have from six (6) to fifty (50) employees (so are NOT microenterprises)

Or

2.) They are microenterprises that are not owned by an LMI owner. ALL such businesses under this section MUST create or retain at least one permanent job. If more than one job is to be created or retained, at least 51 percent (computed on a full-time equivalent basis) must be held by LMI persons.

Job creation or retention requirements do not apply to LMI Microenterprises.

Job Creation

If SBG funds are used to create jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by LMI persons. The rehiring of laid off or furloughed employees is considered Job Creation.

Job Retention

If SBG funds are used to retain jobs, there must be sufficient information documenting that the jobs would have been lost without the SBG funds and that one or both of the following applies to at least 51 percent of the jobs:

- a. The job is held by an LMI person; or
- b. The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by an LMI person.

The grant funds are only available to businesses that will retain or create permanent jobs as a result of these funds.

What can SBG funds be used for?

SBG funds awarded by the City may be used to make up to six months of direct payments to service providers for the following. The payments can be in the future or in the past. Both are eligible.

- 1.) Commercial rent, lease, or mortgage
- 2.) Utility costs, such as electricity, gas, and water for up to six months

3.) Business liability insurance

4.) Delivery fees to a food delivery service such as DoorDash or Grubhub

Assisted businesses will be required to submit a W-9 form from the vendor to be paid (e.g., landlord, mortgage company, bank, utility company, or delivery service company).

SBG funds may be used to pay for reimbursement of expenses incurred prior to date of execution of the agreement to be entered into between the City and SBG applicants. SBG funds may also be used to pay arrearages or amounts past due for commercial lease/rent/mortgage or utilities, or late fees or penalties however these types of payments will only be approved by the City on a case by case basis during the underwriting analysis process.

Can businesses apply multiply times?

Businesses may generally apply for assistance only once. This policy may change depending upon factors such as whether sufficient funds remain after initial allocations and whether the City receives additional funds from HUD for COVID-19 related purposes.

Do businesses have to pay back SBG funds to Dearborn?

No. The funds are grants, not loans. If the grants are used for eligible costs, they do NOT have to be repaid.

What types of businesses are not eligible for SBG funds?

Businesses must be for-profit. Nonprofit organizations are not eligible.

Gun shops, pawn shops, liquor and tobacco stores, payday loan businesses, cannabis businesses, franchises of national or regional chains, social clubs, home-based businesses, real estate investment, and adult entertainment businesses.

Independent contractors operating multilevel or network marketing businesses (such as Avon, Mary Kay, 5LINX, Pampered Chef, etc.) are not eligible to apply.

Independent contractors working on gig platforms (such as Airbnb, Fiverr, Uber, Lyft, Instacart, etc.) are not eligible to apply.

How does the City monitor job creation or retention?

The SBG Application Form requires each applicant to identify the number of employees computed on a full-time equivalent basis, titles of such employees, and whether positions are filled or vacant at the time the application is submitted. Each applicant must create or retain at least one job computed on a full-time equivalent basis that is or will be held by a low or moderate income person. If an applicant pledges to create or retain more than one position, the applicant must ensure that 51% of the positions are held by low or moderate income persons.

Monitoring of job retention and creation by the City will entail:

- 1) Determining the number of permanent full-time equivalent jobs retained and/or created.
- 2) Determining the percentage of such jobs held by low or moderate income persons.

To demonstrate compliance with job creation or retention requirements, an applicant must ensure that employees complete and sign an Income Verification Form for Job Retention or Creation. The applicant must submit such forms to the City's Economic and Community Development Department (ECD).

Based on information provided by the employer/employee, the City must report to HUD on the number of permanent, full-time equivalent positions retained or created with the assistance of SBG funds.

What are “Underwriting Standards”?

Grants provided to small business (other than to LMI Microenterprises) are subject to federal Underwriting Standards.

HUD regulations at 24 CFR 570.209(a) guide the City in financially underwriting and selecting SBG applicant recipients.

What other factors must ECD use to determine to eligibility, and what information is needed from businesses via the application or records?

That the business has experienced a measurable loss of revenue due to COVID-19 as documented through weekly or monthly sales or income documentation.

1. That the business has less than \$2,000,000 in gross annual receipts as documented through a profit and loss statement.
2. That the business can establish through acceptable documentation that it was operating as of September 24, 2020, and it was in operation at least six months prior to March 23, 2020. The March 23, 2020 date is when Governor Whitmer ordered all but essential businesses closed in Michigan.

What is meant by avoidance of “Duplication of Benefits”?

Under the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), the City must ensure that it prevents the “duplication of benefits (DOB)” when using CDBG-CV funds, such as those used by the City under its SBG Program to assist small businesses impacted by COVID-19.

Further HUD guidance is forthcoming and will be summarized here within a reasonable time after receipt of such guidance by the City. Essentially, duplication of benefits occurs when a person, household, business, or other entity receives assistance from multiple sources for the same

purpose and the total assistance received for that purpose is more than the total need. Example: if a grantee receives Dearborn SBG funds in the amount of \$2,000 per month for September, October, and November, and the business receives \$2,000 in other funds for these same months, this is a duplication of benefits.

Each applicant will have to sign an DOB certification form that he/she will not apply for or accept other federal, state, local or private loans or grants or other assistance for the same purposes for which Dearborn SBG funds will be used or in excess of total costs for that same purpose.

How does a business obtain SBG funds?

An applicant must complete the required SBG funding application and submit ALL required supporting documents to the Economic and Community Development Department. The application is available on the City's website at www.cityofdearborn.org/SBGCovid.

1. The City of Dearborn will only accept online SBG applications and document submissions.
2. Complete the application form in a fillable Adobe Acrobat format available online at www.cityofdearborn.org/SBGCovid. Please save the application to your desktop in a PDF format. This will be submitted with all the other documents (see # 4).
3. The City will only accept documents in a PDF file format for upload on the City's website. You will need to make sure all of the documents you are going to submit are in a PDF file format.
4. Once you have gathered ALL of the required submittal documents (in PDF format), go back onto the City's webpage at www.cityofdearborn.org/SBGCovid. Click on the Application and Document Submittals button and start uploading the application and each submittal document into the respective file.
5. Once you have completely uploaded all of the documents, click the submit button. The application will be submitted to us and a verification of submittal email will be sent to you. Please allow up to five (5) business days for us to respond to you regarding your application.
6. Once submitted, ECD will review applications and required supporting documents for completeness. ECD staff will contact you within five (5) business days to discuss your application and submittals documents. **Only complete application packages will be reviewed for grant eligibility.**
7. Except for applications from microenterprises, all applications are subject to required ECD underwriting analysis. Microenterprise assistance will be limited to a cost reasonableness review.

Incomplete application packages will NOT be accepted by ECD. A business cannot reserve its place in the application queue by submitting a partial or incomplete application. An application is incomplete if the application form is not fully filled out, or if required

supporting documents are missing.

ECD will review the completed application package and complete the required underwriting analysis and will either accept or deny the application. ECD will notify applicant by email. If an application is denied, the ECD will state the reason why.

8. If an application is approved, the applicant will be required to sign either an LMI Micro-Enterprise Agreement or a Small Business Job Creation or Retention Agreement with the City. The Agreement will contain conditions of the grant. The City will provide the applicant with an executed copy of the Agreement.
9. Once the approved application and legal agreement is signed, ECD will notify the applicant about the need to submit invoices and other acceptable documents so that they can be paid via the grant.
10. The applicant will be required to sign and submit, under penalty of perjury, a DOB Certification Form certifying the applicant has not accepted and will not accept other federal, state, or local loans/grants for the same purpose for which the business will receive SBG funds from the City. Other fund sources include, but are not limited to, Wayne County Small Business Grant, NEI Grant, SBA Disaster Loans, Emergency Advance Loan and the Paycheck Protection Program (PPP). Applicants must also assert that there are no outstanding state or local tax liens or legal judgments. Finally, the DOB Certification requires that if the business does accept other assistance, the business will immediately notify the City's ECD Department and may be required to reimburse the City some or all of the SBG funds.
11. If your application for a grant award is approved, you will be required to submit your relevant invoices and statements to this email: smallbusiness@ci.dearborn.mi.us. This email will also be used to retrieve any other additional information that is needed to approve your application.

What documents must an SBG applicant submit with the application?

Documents required to be submitted with an SBG Application are:

- A. Business Certificate of Occupancy.
- B. Filed 2019 Business 1120-S Income Tax Return for an S Corporation.
- C. Completed 2020 Business 1120-S Income Tax Return for an S Corporation. Tax return does not have to be filed.
- D. Three consecutive months of your 2019 Bank Statements.
- E. Six consecutive months of your most recent Bank Statements.

- F. Proof of most recent 2020 employer's quarterly tax payments.
- G. Three consecutive months of 2019 payroll statements for each employee and each pay period.
- H. Three consecutive months of most recent payroll statements for each employee and each pay period.
- I. Copy of lease / rental agreement, or mortgage, for your commercial premises in Dearborn if you are seeking SBG assistance for lease/rent/mortgage.
- J. Copy of lease, rent, or mortgage statement/invoice if applying for related assistance.
- K. Copy of utility bills for utilities for which you seek SBG assistance.
- L. Copy of business liability insurance for which you seek SBG assistance.
- M. Copy of delivery service fee invoice statement for which you seek SBG assistance.
- N. ONLY IF YOU ARE A LOW/MOD INCOME OWNER OF A MICROENTERPRISE:**
provide most recent personal 1040 tax return.

The following is due 120 days after a business receives a grant award. Three (3) consecutive months of payroll statements documenting the most recent number of full-time equivalent jobs retained and/or created.

Assisted businesses may be required to submit a W-9 form from the vendor to be paid (e.g., landlord, mortgage company, bank, utility company, or delivery service company).

Any misrepresentation of information within the application is subject to disqualification. Applications that are incomplete or missing financials, proof of location, or complete W-9 forms will not be considered.

ECD reserves the right to ask for further information under these Policies and Procedures to approve applications and/or process payments, including but not limited to, paystubs, cancelled checks, receipts, or copies of bank statements.

ECD reserves the right to amend Policies and Procedures.

The City cannot foresee all contingencies and therefore reserves the right to make exceptions to these Policies and Procedures.