

Iowa City COVID-19 Small Business Assistance Program

Applicant Guide

PURPOSE

Due to the far-reaching economic implications of the COVID-19 pandemic to small businesses, the City of Iowa City will invest its third allocation of Cares Act funding for small business assistance. The National Bureau of Economic Research states that the number of active business owners in the U.S. plummeted by 3.3 million or 22% from February to April 2020. African American, Latinx, Asian and female owned businesses were disproportionately hit, experiencing 41%, 32%, 26% and 25% drops, respectively. (Working Paper 27309, The Impact of Covid-19 on Small Business Owners, June 2020).

The City will make available \$424,000 to support qualifying local businesses in Iowa City that have been financially impacted by the COVID-19 pandemic. These funds are federal Community Development Block Grant (CDBG) funds through the U.S. Department of Housing and Urban Developments so various federal requirements will apply.

The City will prioritize applications based on the following, in priority order: 1) financial impact of COVID on the business, 2) the extent of federal, state or local assistance received or awarded to date and 3) qualification as a Minority or Women Business Enterprise (majority ownership and control of a business entity by a person of color or a woman). Assistance may not duplicate other funds received by federal, state or local programs.

ASSISTANCE AVAILABLE

Businesses meeting the requirements below shall be considered eligible for:

- \$15,000 maximum grant award for businesses with employees (business issues a W-2) or
- \$10,000 maximum grant award for businesses that do not have employees.

Grant funds may only be used for working capital expenses that include (but not necessarily limited to): mortgage/lease payment, utilities, payroll, payroll taxes, employee benefits, inventory expense, and insurance incurred after grant approval. Prior expenses and incurred debt are not eligible for the grant. Applicant has up to six months to incur expenses for reimbursement.

ELIGIBILITY

Eligible businesses must meet the CDBG Low-Moderate Income (LMI) national objective to be eligible for financial assistance. An employee or owner qualifies as low-moderate income if their household income is below 80% of the area's median income as identified in the table below. An eligible business must meet at least **one** of the following criteria to be eligible:

1. The business owner receiving the CDBG grant funding qualifies as an LMI person and has no more than four (4) other employees (business qualifies as a microenterprise). LMI qualifications are based on family size and income and can be determined in the application process.
2. If the business retains current employees, the business must certify that the jobs being retained with CDBG grant funding would be lost without assistance from the grant programs and that 51% or more of the employees being retained qualify as an LMI person.

3. If the business creates new jobs, the business must hire or make at least 51% of its new jobs “available to” LMI individuals. “Available to” means: (1) the job does not require special skills or a particular level of education, and (2) the business has agreed to hire LMI persons and train them for the jobs.

Household Size	Income Limit for Low-Moderate Income Eligibility (80% Median Income)
1	\$54,950
2	\$62,800
3	\$70,650
4	\$78,500
5	\$84,800
6	\$91,100
Effective 7/1/2020	

Business owners under eligibility criteria #1 (microenterprise) must be income eligible based on household size and income. Eligibility is typically verified by tax statements.

For businesses under eligibility criteria #2, the initial LMI qualification may be based on submitted payrolls. If more information is needed, it will be requested at time of application review.

For business eligibility criteria #3, the business must document they hired or made jobs available to eligible employees.

In addition to the above CDBG regulation requirements, businesses must meet the following criteria for grant award consideration:

- Must have a business location in Iowa City’s corporate limits. If a home-based business, the home must be in Iowa City.
- Must have been in operation (providing goods or services) on or before January 1, 2020.
- Must have \$1,000,000 or less in annual gross revenue.
- For eligibility criteria #2 & #3, must have 25 or fewer employees.
- Must be a for-profit business.
- Must be currently in compliance with any state or local regulations or requirements.
- The following business types are specifically ineligible for assistance:
 - Nonprofit organizations/businesses;
 - Businesses that involve the sale of medical or recreational cannabis;
 - Private club or business that limits membership for reasons other than capacity;
 - Businesses with at least 33% of its gross annual revenues from legal gambling activities; Businesses engaged in production or wholesale selling of tobacco products, vaping, liquor or sexually explicit materials;
 - Businesses engaged in production or wholesale/retail selling of firearms;
 - Pawnshop, liquor store, adult bookstore, non-therapeutic massage parlor, strip club or nightclub;
 - Storage facility, trailer-storage yard or junkyard;
 - A business in which a majority owner or member of the immediate family (who include, whether by blood, marriage, or adoption, the spouse, parent, stepparent, child, stepchild, brother, sister, stepbrother, stepsister, grandparent, grandchild, and in-laws) is an elected official of the City of Iowa City;
 - An establishment similar to any enumerated above;
 - Businesses deemed ineligible by the US Department of Housing and Urban Development (HUD) or the City of Iowa City; or

- Individuals whose self-employment income is substantially reported (51% or more) through IRS Form 1099-MISC are not eligible due to an inability to qualify under CDBG regulations.
- Independent contractors who provide service to a single entity such as Chomp or Uber.
- Corporately owned national or regional chains are not eligible. Locally owned franchises or chain businesses are eligible.

The business must be open and operable for business as of contract award date (no funds shall be received until the business is open). The business may not have already received reimbursement or funding from any other local, state or federal relief programs for the **same** items the business is applying for reimbursement with CDBG-CV funds.

HOW TO APPLY

Complete the online application on the City's website at www.icgov.org/financialassistance on or before 5:00 PM on January 4, 2021. The City will try to fund as many qualified applicants as possible with the funds available.

The following documents must be submitted with the application:

- Employee Payrolls: Provide the last three quarters of employee payrolls. The payroll reports shall include number of hours worked and pay provided to each employee by quarter. Social Security numbers and birthdates should **not** be included on any submittal.
- Attach the 2019 Year End Balance Statement if in business in 2019.
- Attach the 2019 annual Income Statement if in business in 2019.
- Attach the Income Statement from January 1, 2020 to September 30, 2020.
- Approval/Denial letters for financial assistance to assist with COVID.

Applications must be complete and include all required attachments for funding consideration.

Please note, if approved for funding:

- 1) Must submit proof of U.S. Citizenship or legal residency for the owner(s) of the business.
Documents may include:
 - Social Security card and driver's license
 - Birth Certificate and driver's license
 - Naturalization or Resident Alien documents
- 2) The business is required to have a DUNS Number and register with the System for Award Management (SAM) before an agreement for funds can be entered. You can obtain a DUNS number for free at: <https://fedgov.dnb.com/webform/> and register your entity for free at <https://www.sam.gov/SAM/>.

The City has contracted East Central Iowa County of Governments to administer this program. Questions about the application and application process may be directed to:

Harrison Freund, Grants Specialist
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