

CDBG Webinar Series

Using CDBG-CV for Rural Economic Development

Evelyn McKinney: Welcome and good afternoon to everyone. My name is Evelyn McKinney and I'm a program officer at Rural LISC on the Economic Development Team. Rural America is home to a diverse spectrum of over 60 million people from millennials to retirees, from farmers to healthcare workers to high-tech manufacturers supporting families whose local roots stretch back generations.

The pandemic has also upended the entire rural ecosystem with increased housing and food insecurity, inadequate broadband service, a pivot in the entire education system to all virtual learning and also small businesses are suffering. Significant challenges remain, but also is the ability to solution. Rural America needs us now more than ever.

The CDBG-CV Rural Economic Development Quick Guide is a resource to help states and rural grantees identify eligible activities and programs to prevent, prepare for and respond to the disruption of the coronavirus pandemic using CDBG- CV and 2019 and 2020 entitlement funds.

Over the course of the next 90 minutes, you will learn about the provisions in the CDBG-CV Rural Quick Guide, eligibility and compliance, systems level impact, state grantee perspective, and how a local boots-on-the-ground community development corporation designed a solution.

From Local Initiative Support Corporation, Justin Archer Burch is the program director of Workforce Development at Rural LISC on the Economic Development Team. He will provide an overview of the CDBG-CV Rural Economic Development Quick Guide. From Department of Housing and Urban Development, Cory Schwartz is the deputy director of HUD's States and Small Cities Division, which administers the community development block grant program for states.

Cory will speak about the regulatory waivers and alternative requirements for eligibility and compliance in the CDBG-CV notice that affects rural economic development. He will also note what the economic development related requirements haven't changed from the annual CDBG.

From Local Initiative Support Corporation, Elizabeth Demetriou is the national director of economic development, where she oversees initiatives that advance inclusive economic development. Using a practitioners guide recently published by LISC and Next Street, building organizational capacities in service of equitable and inclusive small business ecosystems, Elizabeth will discuss how ecosystem can help you advance your goals.

From the Kansas Department of Commerce, Kayla Savage is the director of the community development division and a member of the executive leadership team. Debbie Beck is the CDBG program manager with over 35 years of direct experience in CDBG.

Together Kayla and Debbie will share the Kansas Department of Commerce state grantees' perspective on using CDBG-CV funds to support rural communities, economic development, and recovery efforts. They will highlight how to use partners like regional planning commissions to help implement programs, supporting small businesses through working capital grants, and

touching on the tools sub-recipients could use to help use, for example, like DOB verification and worksheets to help with sample applications.

And last but certainly not least, we have from -- hailing from Franklin County, Massachusetts, Amy Shapiro. She is the business development director with the Franklin County Community Development Corporation, and she will provide a real-time example of an ecosystem at work. Several towns and cities in their region asked them to administer their CDBG micro-enterprise Grant programs.

They were contracted to disperse just over \$900,000 of forgivable loans, ranging from \$3,000 to \$25,000 per business, along with a 10 percent service fee. By working with these businesses, they were also able to connect with and provide small business technical assistance and supports.

After we hear from each of our presenters, we will then shift into a panel discussion to address some of the content related questions that you've been asking in the Q&A box. So if you haven't started but you have a pressing question, be sure to enter it in the Q&A box. Let's get started, shall we? Our first presenter of the day is Justin Archer Birch.

Justin Archer Burch: Thanks so much Evelyn, and thanks for the panel for joining us today. So how about we just dive right in with this CDBG-CV Guide and just talk about what's in it. So rural communities across the country have felt the impact of COVID-19 pandemic in unique ways. But the one thing we do want to elevate is that there's a lot of commonality between urban and rural. So many of the difficulties that we see in urban environments are also happening in rural, but it does hit differently.

We do know that rural communities have unique differentiators. So one there's fewer resources that tend to aggregate in rural places. We also know that rural tends to be philanthropically underserved and that population-based formulas can sometimes keep out additional public-leveraged dollars, but we do believe that with supplemental allocation of CDBG-CV funds, grantees can grow and support efforts that drive recovery and growth in communities that have felt the brunt of the pandemic's economic fallout.

So the one thing that we like to elevate is that rural communities still build their economies on Main Streets. Commercial corridors and downtowns in rural areas are suffering and a coordinated effort to bring them back is crucial. Some of the things that we sort of see happening in rural places is that recovery does lag, and it especially lags in comparison to their urban counterparts. In many rural places, we are still in a recovery mode from the 2008-2009 economic crisis.

And we also know that this pandemic exacerbated inadequate access to capital, the lack of broadband activity and the lack of support to vulnerable industries rural is reliant on. But there are ways that we can sort of combat this. One, we could invest more in flexible capital to support operations. We could invest in more place-based approaches, especially like those with streetscape improvements, incubators and co-working spaces. And lastly, we could be using it to invest in marketing campaigns that could help drive foot traffic back to awaiting businesses in rural communities.

So what are some of the ways that states, and state administrators can use this funding to support? So one is to directly support small business. Direct financial assistance to small businesses is key during this time. Supporting entrepreneurial support organizations, those who sort of elevate capacity building and dollars to small businesses, especially their sub-recipients helping -- states could help them effectively manage and become stronger partners in the delivery of state CDBG funding.

Supporting community development financial institutions, which provide flexible capital to keep businesses afloat, supporting rural innovation hubs, providing that technical assistance access points for rural businesses to innovate and grow, and lastly supporting council of governments, which in rural places, play various roles in ensuring access to capital and public funds.

So let's talk about some of these ways that the funding can be utilized to support these small businesses. One, we can increase further access to flexible capital. Interventions tailored to meet the needs of individual communities will have the greatest impact and providing flexibility and program design will allow for the kind of customization needed for these sub recipients to address their particular unmet needs.

Each role unit of general local governments could and should build on its strengths and focus on the areas where locational advantages, existing partnerships, and growing industries and occupations intersect. Grantees can combine many of these interventions below into a single program, i.e., a grant or a loan program.

So developing those loan and those grant programs, states can also develop partnerships with banks, philanthropy and CDFIs to develop loan funds to aid in small business recovery. By leveraging that expertise resources and networks of partners, the public sector can maximize its impact. Grant programs are another source of capital for small business relief and recovery. Even in some cases, states can design grant programs to support a sector heavily impacted by COVID-19, think the accommodation industry.

We could also use it to provide financial coaching and long packaging. A financial coach works with small business owners to help them navigate their personal and business finances. They create financial goals and develop a financial plan to meet those goals. The purpose of investing in those financial coaches is to help businesses better understand their financial needs and be better positioned to secure the capital needed to keep businesses and personal lives financially healthy.

By layering in that financial coaching to other business support services, states and their sub-recipients can improve outcomes and coaches can integrate financial education into existing small business programming offered by technical assistance providers. The money can also be invested into microlending. Online microlenders provide products particularly helpful for small businesses. In addition, crowdfunding platforms like Kiva help small businesses who may not be loan ready, but still need access to those resources. Kiva provides loans ranging from \$1,000 to \$15,000 to help individuals looking to start or expand those businesses.

And businesses can also use those micro loans to retool or pivot their operations and/or access new revenue streams in response to COVID-19. Access to industry professional mentorship opportunities, this one's really key. Businesses are facing many challenges, and some will require specialized support to survive. Access to special services can support a business and opportunities, provides a platform for business owners to address more challenges related to running a business with those who have overcome similar issues themselves. These resources are particularly useful when coupled with grants and loans.

Last is investing in digital inclusion for rural communities, and this has layovers into workforce development. Broadband can have a significantly positive economic impact on rural communities. The pandemic has revealed that businesses that could pivot to a virtual marketplace, shielded themselves from some of the worst fallouts of the crisis.

Increasing broadband access to rural places by investing in broadband networks, along with digital literacy and access points for entrepreneurs further ensures ability to compete in a digital marketplace and be more resilient to shelter in place orders brought on by pandemics and other natural disasters that commonly impact rural communities. Ultimately broadband investments also allow for greater ability for rural small businesses to grow, manage and market their enterprise at large.

State administrators can also use this funding to support workforce development. Investing in flex code employment is something that's going to be just growing more and more into the future and digital is going to underpin so much of a 21st century workforce in rural communities. Also supporting that digital upscaling, especially at post-secondary institutions, will go a long way. And then supporting and leveraging planning and development districts, especially in how they're using [inaudible] and Title II within the literacy component moving forward.

Lastly, what states and state administrators can do is invest in place-based approaches. So district assessment and planning: district level relief and recovery efforts will be most successful if informed by market conditions and grounded in local reality. A commercial district diagnostic, or strategic planning process will ensure that those changed with the revitalization of the business district are targeting the initiatives and programs that will have the greatest impact.

This work may include conducting interviews with stakeholders, data analysis, business and resident outreach and engagement. The output of the planning process is a targeted roadmap for recovery specific to local conditions that can be used to access and deploy additional resources. Capacity building: businesses often have a group charged with its revitalization and development. Examples include Main Street organizations, district management groups, business improvement districts, chambers of commerce and merchant associations.

These are the trusted entities on the ground coordinating with local government agencies, police, sanitation, transportation, and overseeing planning, marketing events, beautification efforts, and capital projects in the district. Investing in these groups, many of whom suffered the financial impact of COVID-19 themselves, builds the infrastructure on the ground to support long-term relief and recovery.

Marketing and events: district marketing and open for business campaigns and events that celebrate local history and culture are two ways to drive foot traffic to small businesses in the business districts in your state. Small businesses will benefit from the increased revenue, while local residents have opportunities for civic engagement. Events often support local artists, food vendors and musicians in addition to small business.

Infrastructure and capital projects: investments in infrastructure and streetscape improvements can be an effective way to enhance the experience that residents and visitors have with the business district, encouraging them to visit more often and extend the length of their visits. Grants for downtown anchors, civic and cultural institutions, community facilities and facade and building improvements can all serve as catalysts to district revitalization while supporting existing institutions.

Lastly, the development of co-workers faces within a central business district: Investing in these central business districts and dedicated maker thinker and co-workers faces that help concentrate efforts, ideas and enterprise in rural markets would help rural communities build the networks and ecosystems that support small businesses and sole proprietors. Easier access points through these hubs will help align more private and public partnerships, such as planning and development districts, small business development and technical centers, and private enterprise to provide services, investments and collective capacity.

These spaces could also prove valuable to urban dwellers seeking less densely populated markets that offer lower overhead and cheaper production costs while also allowing for rural communities to net new populations and businesses to their markets.

The last thing that state administrators can do is partner. This is one of the simplest ones I think on the slide deck and really thinking through who are those anchor institutions in rural places who have the capacity and bandwidth to carry this work over? Some of these local rule partnerships could be community colleges, local rural chambers of commerce, including chambers of commerce that intersect with rural and bipoc communities. Main Street associations, extension services. Every state is going to have a rural extension service connected to an institution of higher learning who already know the key partnerships that are available in rural communities that are able to innovate with this funding.

Lastly, the Federal Economic Development Commissions. Lots of you exist in states that are covered by these. Good case examples are the Delta Regional Authority that cover this eight-state regions that touch the Mississippi River. Appalachian Regional Commission, they run the Atlantic Seaboard, but cover huge territories, but often have good community trust relationships. And Northern Border Regional Commission is another great example of how you can utilize those partnerships to go ahead and seed these funds into rural places.

If you have any questions, please feel free to reach out to me. My email is listed below. But at this time, I want to go into some of our other panelists. So why don't we pivot over to Cory with HUD to talk a little bit through how to use this money and what are some of the ways it can be used. So Cory, do we want to move on to your slide?

Cory Schwartz: I'm ready.

Justin Archer Burch: There we go. Well, I think we have you teed up with a quick introduction there, and then there will be follow-up and how you can contact Cory at the end of his slide deck. But we'll go ahead and jump over to the next.

Cory Schwartz: Thank you, Justin. My name is Cory Schwartz. I am the Deputy Director of the States and Small Cities Division here at HUD headquarters. We administer the state CDBG AND CDBG-CV programs. So most of the funds CDBG funds that flow to rural communities come through the state program.

So today I really want to touch on the high points, kind of the regulatory items about what's different in CDBG-CV and what's the same from CDBG, the annual CDBG program you should remember in the context of rural economic development. So in terms of what's new from the Cares Act and from the CDBG, the big one obviously, and Evelyn mentioned this up top, is that all CDBG-CV activities must prevent, prepare for or respond to coronavirus, what we call our PPR tie back.

That's in the Cares Act. It's a statutory requirement. We have provided some TA materials and the CDBG -- the PPR tie-back flexibilities guide. It went through a number of different activities in how they can meet the PPR tie back and some examples, not just limited to economic development. The critical thing in keeping in mind PPR is that grantees have to document how an activity meets the PER time. There's no specific step-by-step test or specific criteria that HUD has set out in the CDBG-CV notice in determining whether an activity has responded, prevented, prepared for or responded to coronavirus.

It's really on the grantee to make that determination and that's the biggest difference in terms of eligible activities in the CDBG-CV notes. Otherwise, there aren't many changes to the activities. Most economic development activities are going to be -- will still fit under the regular CDBG economic development or micro-enterprise activities. So that hasn't changed. If you're familiar with those activities, then CV is not going to be different in terms of the types and the range of activities that you can carry out.

As far as national objectives go, the CDBG-CV notice [inaudible] a presumption for job creating activities. For the regular CDBG Program, there is a distinction between job -- the presumption for activities carried out in a central business district and those outside a central business district. And the poverty threshold for areas activities in a central business district is 30 percent. CDBG-CV lowers it to align to the non-CBD [inaudible] of 20 percent.

In terms of public benefit standard, activities -- economic development activities carried out under 105(a)(17) of the Housing and Community Development Act, which we often refer to as the special economic development activities, are subject to additional public benefits data. For job creating activities, we've raised that from \$50,000 to \$85,000.

And for activities that benefit a particular area, we've raised from \$1,000 to \$1,700 per person in that area. We've also wiped out the aggregate public benefit standard for all economic

development activities under a particular grant. In terms of other requirements that affect rural economic development, of course, the CDBG-CV notice allows states to carry out activities directly throughout their state. Funds do not need to go through a method of distribution to non-entitlement [inaudible]. There is the non-entitlement set aside where a portion of the funds have to be set aside for use by not entitlements. But for the remainder of those funds, states can carry out activities directly.

There's also a flexibility in terms of record keeping requirements for jobs. Instead of requiring household documentation, we only -- we have documentation for what we call a household of one, which is only the person receiving the job that is created or retained. That's going to make it easier for businesses and grantees to document that they are meeting the low mod jobs requirement.

And of course, duplication of benefits does not apply to the regular CDBG program. It does apply to CDBG-CV and that's to ensure that recipients of CDBG-CV funds are not receiving duplicative assistance for the activity that they're carrying out. We have released a number of TA materials and other reference materials on duplication benefits. So I encourage you and urge you to review those to make sure that your economic development activities comply with the duplication of benefits requirements.

Next slide. Things to remember: Micro-enterprise assistance regulations have not changed. So that's another way to support economic development through activities that are not the 105(a)(17) or the special economic development activities. It avoids having to go through the public benefit standard, which is -- it makes it easier to carry out those activities.

I also want to point out and Justin alluded to this, is that you can -- grantees and communities can carry out economic development without specifically using the economic development reg or the micro-enterprise assistance regs. You can also use eligible activities, such as public facility improvements. The obvious one being public streetscape improvements, sidewalk improvements to allow for outdoor restaurants seating and other commerce to take place in areas that are experiencing coronavirus urges or there are state or local laws that are limiting physical distancing or other -- in any way, it's responding to coronavirus.

You're not limited to the "economic development activities in the regs. That's something important to keep in mind. Finally, and also important, is that the cross-cutting requirements that apply to the CDBG program, such as Davis-Bacon requirements and environmental requirements, remain. Those are not waived. So those are -- that's also, of course, very important to keep in mind as you carry out your activities.

Next slide. What I talked about a lot today is not new information. It's information that has been in a lot of our TA material that we reiterated in a lot of webinars. So I encourage you to go back to other quick guides that relate to rural economic development. Obviously, the Rural Economic Development Quick Guide, but also, if you haven't looked or, if you haven't looked in a while, at some of our other materials, be sure to look at those because they may give you some ideas or give you a better understanding of ways in which you can carry out economic development in rural areas, even if it's not kind of the direct Rural Economic Development Quick Guide.

And also, TA materials that aren't necessarily CV specific will also inform you when you're designing and implementing your plans, the economic development toolkit and slides on how to exchange, as well as the microenterprise assistance toolkit.

Next slide. And I will hand it off to Elizabeth. Are we going back to Justin or we going to do Elizabeth?

Justin Archer Burch: No, we're sliding on over to Elizabeth. So I am pleased to introduce my colleague who leads our National Economic Development team at LISC. So Elizabeth I think is going to dive into a little bit of the roles here. So Elizabeth, please feel free to take it away.

Elizabeth Demetriou: Thanks, Justin. Next slide, Evelyn. So as Evelyn mentioned at the beginning of this webinar, I'm the Director of Economic Development here at LISC, really pleased to be with you here today. I'm going to go over building organizational capabilities and service of equitable and inclusive small business ecosystems.

And why am I going to do that? One of the things that Justin referenced in his presentation was that businesses need more than just capital, they need support. They need technical assistance. They need mentorship, access to new business opportunities, and there's a range of players in every market that provide that expertise. And so, with limited time, with limited resources, it's important to understand who's performing those activities in your market, where there are gaps and how we can collectively provide support to help businesses recover and grow.

The playbook or practitioners guide that's referenced here is one that was published last month and published by LISC Next Street, and we really thought through why we were developing this guide and who we were developing it for. So we took a practitioner's angle. Really, we wanted to show and highlight best practices that led with equity and inclusion to help people access local capacities and gaps.

So what's existing in your market and where those gaps and how can CDBG-CV, or other funds help fill those gaps? How can we use the partners that we're supporting through this work to help folks and better connect them through an ecosystem building model? The guide outlines the potential roles in which local stakeholders can adapt or intensify their efforts. I love this because every time I look at that slide, I remember, and I start thinking about people that are part of the ecosystems that I work in that I hadn't thought of before.

So that is a really helpful and useful thing to look at. The guide provides decision-making criteria to identify appropriate ecosystem roles for organizations and their partners, and it offers guidance on how to create an implementation plan to execute. You can download the slide, the guide and worksheets in the presentation and there's a webinar recording on our website. I will not go into everything that's in this guide today but wanted to give a little bit of a primer and help apply it to some of the things you may be working on.

Next slide. So these are terms and things that have been kind of floating around for a while now. And so, we wanted to start with grounding ourselves in some shared definitions. So some of

these are probably new to you, some aren't. I wanted to highlight that when we say practitioner, we mean an organization with an interest or strategy to support small businesses. And so that can include local and municipal government, grant makers, anchor institutions, business and community-based organizations and associations. I know that sometimes when we say practitioner, we're not including all of these groups. We don't necessarily think of all these groups. And so, I wanted to make sure you were able to see yourselves in the discussion today.

As for ecosystem, it's a set of conditions and supports that all entrepreneurs need to thrive to launch and expand their businesses. And also, to sustain shocks by things like the pandemic. I like describing it as conditions and supports. I think we sometimes think about the supports. I think the conditions are the most or equally as important and want to encourage you guys to think about your own communities and the conditions that exist there that makes certain resources easier to take root and help to focus attention on things that are also applicable in your markets.

And then lastly equity. It's an approach that ensures that all small businesses have access to the same opportunities, recognizing that there's advantages and barriers in different markets for different people and seeking to right the unequal starting place for business owners.

Next slide. When we talk about ecosystem engagement, we talk about the who, and the how. We want to make sure that they're inclusive voices from small business owners to community leaders. We want to understand who those gatekeepers are of existing ecosystem priorities, and if they're the right ones, who's having those conversations, who's leading them, and who's missing from the table? And then also, how can funders across sectors be better brought into this work.

In terms of how to engage, there are things that are cost-effective. There are things that are like super deep, and you can decide what works best for you. But sometimes just having interviews and focus groups and informal convenings to get a better understanding of what exists locally is all you need. There are also very high-tech ecosystem building and mapping efforts. And there are some examples in the guide on some sort of low touch, easy and kind of quick things that you can do on your own.

Next slide. So the strategy for supporting a small business ecosystem begins with understanding the local small business ecosystem. It's taking stock. It's doing an assessment. It is figuring out where you want to focus. You can't do everything at once, and I think that especially when you're working with a number of partners, being able to show some early wins is super important. So I think that super focused is the way to go. Operationalizing a plan and managing it for success, it's not enough to create a plan. You really have to manage it and there should be ongoing communication and community engagement throughout the process.

Next slide. So I want to stop and just kind of focus on this slide a little bit. These are the ecosystem roles and definitions that I referenced earlier. Some are direct operators, all the way to intermediary and there's a lot of people in between. And I want you to think about who these people are in your market and how you can utilize their resources, their expertise, their enthusiasm to support small businesses.

We all sort of first think about the service provider, the people providing direct TA, coaching, training to small businesses or the capital provider that's distributing capital in the form of debt, equity or grants. We sometimes forget that you need the innovators; you need to understand what research is out there and who's thinking about the new product and offerings that small businesses might be needing and where those conversations are happening. Similarly, capacity builders, funders, convenors, advocates, investigators. These are all different roles that exist within your market and identifying them and bringing them into the conversation and bringing them to the table is really important.

Next slide. These are the capabilities of different roles. These are the types of things that they really bring to the table and just really highlights the importance of a comprehensive approach to the work that really celebrates and integrates different voices and understands that different people will come to the table with different offerings and to celebrate those. So anything from awareness-building. You might have a champion that can market frame and tell the story of the work that's happening locally. They might not be a direct service provider, but they're really an important part of the small business ecosystem.

Next slide. This outlines some of the more obvious capabilities for each role. And so, this isn't always true. But this is a really great place to start in terms of understanding what role different partners can play.

Next slide. So what can you do to support your ecosystem locally? Create alignment. There's so many different people doing a number of things. They're busy. They're dedicated. Getting them to talk to each other, refer clients across their platforms so that businesses can get different services depending on their needs and especially in this climate as their needs change, so that we can create more equitable ecosystems. It's more efficient at the end of the day. And so, once we get people to think about the value and the benefit of working locally, the easier it is to do this work.

And you all are in a great position because you're funding many of these people and you're supporting a lot of their work and their programs. And so, utilizing your ability and your sort of support from them. So the first thing, as I mentioned, was to identify resources needed for strategy building. Resources come in different forms. Sometimes, it's just time and energy, and you don't necessarily need a lot of research or data to help move you to the next step. Diagnose a path forward and review past small business ecosystem assessments using the practitioner's guide. So those will give you some examples.

Hopefully, there's something there that would work for your community. But also think about what's been done in the past and try not to duplicate efforts and sort of learn from prior engagements. And then provide direct support to organizations with the track record of getting the work done. That's more important than ever now in the time that we're in. Looking for new partners, supporting the ones that are there that are already doing the work and then better connecting them to each other.

Next slide. So that's just sort of a brief glance into the practitioner's guide. I hope you all have a chance to look at it. If there are any questions or if any questions emerge in the future, this is my contact information. Feel free to reach out with any questions.

Kayla Savage: All right. Good afternoon. My name is Kayla Savage and I'm the Community Development Division Director of the Kansas Department of Commerce. I'm joined by Debbie Beck, our Program Manager for Community Development Block Grant. As Evelyn mentioned, she has been with the program for 35 years. So she is our resident expert for the program. And I've only been here 16 months. So when [inaudible] talked about this opportunity to share with all of you kind of our state experience, I had to bring Debbie. She is the resident expert.

So we're glad to be here this afternoon. And to give you our perspective as a state sub-recipient of the CDBG-CV dollars. Of note, because of Debbie's leadership and her experience with the program and knowledge of the program, our state program [inaudible] state program today, it launched on May 12th of 2020.

So we put together a program in a very short amount of time under Debbie's leadership and also her team's experience as well and focused on two areas. Next slide, please. The next slide, that's one picture of one of our recipients.

So we had economic development and then also meal programs. Debbie is going to go into really the details of how the program was designed. And then, we will talk a little bit about some of our experiences as well.

Debbie Beck: So what we determined when we were working on these projects when we tried to develop it, to anybody that started working with the COVID Care Act fund was up front, we weren't giving a whole lot of area to play with. And the state of Kansas through our department, has always done economic development. We've been doing it for years underneath the regular CDBG program, with program income. So we felt this was an area that we could touch on too really quickly because we had most of our criteria ready. So we came in and did this as a retained program only.

And what we did is this was before things changed and we had the employees meet online. We also this as there was micro-enterprise and regular economic development, which we'll go over here in a minute.

Each company awarded had to provide documentation to satisfy the requirements that they were meeting retained as well as expenditures, which we decided to go with working capital only and in a few minutes, I'll tell you why we went with working capital only. And we picked those up since March 1 of 2020, which was the HUD approval date of when we could actually start picking up expenditures.

And part of those, we did payroll. We did inventory and non-city owned utilities because we didn't want to benefit the city or county governments as part of the process. So what we also required was each expense must be documented with an invoice and proof of payment. We did that upfront when they drew the funds that they had to require all the information. Because of the

stage of COVID, we had issues with going out and monitoring projects on site so that we could actually monitor these projects internally without actually having to go on site. And then when they did the second draw, we actually required proof that the payment had actually been made. Because what will happen in a lot of cases from past experience is if you give them the money and don't require an invoice, afterward you have a tough time ever getting one or proof that they actually paid it. They'll pay something else off first.

Next slide. So how do we determine where we're doing is on economic development side, we did micro-enterprise, which was the one to five employees, which is basically set up as the regular guidelines. Our current program underneath the state requires \$25,000 per job. We decided to go ahead and keep that because I'm guessing 95 percent of our companies that we deal with are all rural area. And a lot of them only have 15 to 20 jobs. I think the max we have from anybody that came in under the CV was probably in the 40s.

So we went ahead and kept with those guidelines, a maximum grant of \$30,000 per company. So they had to have at least one and a half jobs. You get the full maximum \$30,000 and then we went with larger companies which to us were six to 50 employees. We kept \$35,000 per job retained which is the regular program and then we gave a maximum grant of \$50,000 per company on that because what we did on these is we did these as grants. We did none of this as loans.

So we figured, we were just making a stopgap to help them get on their feet and that they should be able to go back to regular financing or low term once we did these.

Next slide. What needed to be on file for businesses and what we did is we used the local regional planning commission or [inaudible] as some of the other states call them. We also used the certified development [inaudible] which are part of SBA that also does a lot of banking information. So they also helped with these projects.

So what we did is in a lot of this, we provided the materials up front. We provided a sample application for the city or county to use. We contracted all of our projects through a city or county, through all non-entitlement areas of the state. We did not do any entitlement areas or bigger cities. And what we did is we provided a sample application for them to use that we had developed from taking pieces and parts of other emergency applications and put it together.

Part of that application also dealt with duplication of benefit. But because we didn't figure it covered enough, we also had them signed duplication of benefit forms, which we also provided a copy of what that looked like that they signed so each company has one on file. The determination of level review, I'll go through that in a minute because of what we did with our environmental zones.

Employee certification form for each employee being retained, we had those signed up front when they did their applications. We documented that each business must meet 51 percent LMI requirement. And as I said earlier, they had to document each expense with an invoice and proof of payment. Our biggest issue that we probably ran into of anything is probably 95 percent of these companies had no DUNS number.

And so, we kind of inundated the DUNS hotline and everything on their website trying to get DUNS numbers for all these companies, but we do have DUNS numbers on everybody. We required that before we could close them out. So it was some of it just took a little bit longer and some of it, if you've ever gone out to a DUNS number on a website, you can go to different couple websites and one website will require you to do all kinds of things that will take you days. And then if you get the correct website, you can get it done in about 15 minutes.

So it was kind of training the people how to get information and [inaudible] groups how to skip that because they had already done it for regular economic development projects. So they knew the tricks of how to get DUNS numbers taken care of.

Next slide. What we did is this. We had approximately \$21 million total available to us. And what we did is so far today, we've done CV 1, 2 and 3. And we've awarded \$18.9 million to date. We only did it to Kansas cities and counties that are eligible underneath our CDBG state grant dollars. The small cities, as I said. We did not do any entitlements because Kansas is so rural, we figured that was the best need for. We only have six entitlements. So we figured they was getting their own funding that we would keep it to the small city side.

In round one and two, the two categories we did was economic development, and we did meals only and the meals, how we did that is the meals were done by 51 percent LMI by survey or census of the community that was looking at the meal program.

So it wasn't by who necessarily served because a lot of the meal programs for food pantry. So on the food pantry, anybody can go into the food pantry and get food, especially during COVID time. There was a lot more need for it. So when they justified that they were 51 percent, that's how we did our meal programs.

Next slide. As Kayla said, we launched this on May 12th of 2020, which was probably about two weeks after we were told we could actually start doing it. So we spent many an hour getting everything directed and we actually, we were the first ones within our agency that actually went online for applications for this. So we learned a lot of things during this process to go electronic because we did not go by paper.

And so, we awarded the first ones June 2nd of 2020, the second round on July 23rd of 2020 and round three July 8th of 2021. So we have approximately \$2 to \$3 million left in our projects. So we are looking at a round four. We have not decided what it's going to be, but we've determined locally since we got some money back on the other projects that round four, we're going to try to make it where we don't get money back [inaudible] obligated for projects.

So we're trying to make things more, I guess you could say, complicated up front. So we get more data to prove that the money could actually be expended, which we did not do in some of the earlier rounds, because of trying to do it so quickly. We had some of them. We had done meal programs and then all of a sudden, other agencies did meal programs so we ran into issues with that.

But we had on all of our projects the maximum award for economic development was \$150,000 and that was for micro as well as regular economic development. And we made it a maximum \$35,000 per meals.

Next slide. This is probably the thing that we tried to do to make it the easiest for the state as well as for the localities on there and to make these projects go quicker. On our environmentals, all we did was working capital or food programs. We did no construction. So what we did is all of our projects were categorically excluded, not subject to. So which means all they had to do is do a public notice that these were the types of projects that they were doing.

All the clearance was done per company before they drew the funds. So when they would send us a request for payment, we would clear all the companies that they were drawing funds for at that time as well as they provided the invoices of what they were going to draw the funds for. What the grantee itself did was we required them to develop their own program and their priorities.

So we as a state did not say, we think you ought to be doing grocery stores or you ought to be doing this and how much. We gave them how much money they had; we gave them what the limits were on the money; and then we said, you develop your own programs and your own priorities on what you feel the need is locally.

So all decisions were made locally on the funds. It all went to the city or county commission. Like I said, we [inaudible] applications and job forms for them to use and the regional administrators helped review those applications with the city and counties so that they could determine what was good and what was not.

Of all of these I can say, we probably have a less than two percent failure rate of all of the companies that we've benefited.

Next slide.

Kayla Savage: I'm going to go into the impacts. As Debbie mentioned, we've had three rounds of funding now that the state of Kansas has awarded to our sub-recipients or sub-grantees through the CDBG-CV program. She did mention, of course, that the round four that we'll be looking -- we will be looking as well, and before we started here today talking, Debbie and I were just discussing about some of the additional opportunities that we are looking at with round four because I will tell you anecdotally that in May of 2020, a lot of our communities and our businesses frankly were desperate.

So we were in a shutdown at that point in time. And so, our team here was really feeling the pressure to get the dollars out, get the dollars out quickly and make sure that we set up programs that could be quickly implemented and utilized very well as well. And so, since additional Cares Act funding has come out, and now, we're also looking at [inaudible] funds and how that impacts Cares Act dollars as well, there are some additional opportunities now to think about in addition to the economic development and small business working capital.

But so far the numbers tell the truth. They give a real good picture here. You can see the \$18.9 million and then we broken that down 1,204 companies across the state of Kansas have benefited. And as Debbie already mentioned, these are mostly in rural areas of the state and also the majority of them are exceptionally small businesses or micro enterprises, well under 50 employees. And these are going to be everything from daycares to gas stations to small manufacturing plants or operations that we got to keep those people employed, and we got to keep their doors open.

The 4,918 retained jobs and 4,180 of those jobs were little moderate-income people. And so, we have far exceeded the requirement on that LMI requirement. So we are glad to see that those funds have been impactful. You can also see here with our program income as well where we're at with that, and how that's been -- how that's impacted companies in the state.

If you want to go to the next slide. We did drop the link here of our website that we have developed for the CDBG-CV program. So if you go to that website, you're going to find a wealth of information including all of the documents and resources that Debbie mentioned with the application examples and duplication of benefits.

So a lot of this information was utilized by those regional planning commissions and also the sub-grantees or the sub-recipients. And there's also general information about our program and how we developed that. I come from a Main Street background. We have a saying that we like to R&D which actually stands for rip off and duplicate. So I would encourage those of you that are on the call and looking at your own programs and wanting to get some examples or ways to use this, please feel free to utilize that information that you have there.

And next slide is our contact information. So feel free to reach out to us. That's my cell phone number and both of our emails are on there. So we'd be happy to join any other groups that are looking for some more information and collaborate and help with any other lessons learned or suggestions or bounce ideas off of each other as well. And that concludes our section, Evelyn. I'm not sure, Justin, if you want to go next. Amy is next.

Justin Archer Burch: Great. Thank you. So I'm going to just jump right in. Next slide. Okay, that's our contact information. I also have some of my contact information at the end. Next slide, please.

Great. So I'm going to jump right in with the impact that we implemented a CV program for 23 rural towns in six -- with \$600,000 in Franklin County, which is in Western Massachusetts, and with the city of North Adams who contracted with us for a \$120,000 also in Western Massachusetts.

We began in June of 2020. Our towns and cities used reprogrammed CDBG money to help owners in this immediate panic that was fast changing in how people lived and where their business was and what was happening. And owners just were contacting us 24/7 for help and support around strategy assistance in how to apply for funding and just helping them with their skills to pivot to sell online and just a variety of ways. And this included different sectors, plus, we were adjusting ourselves to how to work remotely.

Next slide, please. Next slide. Yeah. So we started with this like I said reprogrammed CDBG in towns of Greenfield, Montague, Shelburne and Buckland, who just jumped right in to assist their small business owners with these \$5,000 forgivable loans, that had to be spent within 90 days. And most of the funds were used for PPE, rent, utilities, insurance, inventory and pivoting.

Next slide, please. The Franklin County CDC was well positioned to do program implementation with our 40 plus years of working closely with business owners, coaching them through our business lending program, and our referrals really helped to help businesses start, stabilize and grow. We have very strong relationships regionally with CPAs, and local lenders, business associations that helped us be able to connect quickly.

After the governor shut down the state on March 10th in 2020, we started helping business owners apply for PPP and EIDL and our state COVID funding, and worked with our regional business advisors to offer webinars on pivoting businesses online, applying for COVID relief, managing all the different protocols, and supply chain issues, et cetera.

We took a 10 percent service fee, which really didn't cover enough time for the application of the forgiveness process, but we had other funding to cover our business counseling time that meant - - that balanced the amount of time we were putting in with helping business owners and our coaching.

Next slide, please. We could not have done this without the collaboration of our partners, the city of Greenfield's Economic Development Office, the North Adams Community Development Office, Breezeway Consulting for the towns of Shelburne and Buckland, and the Franklin Regional Housing Authority for the town of Montague. Greenfield, organized monthly meetings with regional partners to share, which was really helpful as the CD program was rolling out.

On our level, we had peer collaborations with six peer groups around the state who were also implementing the CV around the state, from the Cape all the way to the West. We met weekly for an hour, sometimes two hours and we would bring our quirky situations that we would all dissect to help determine eligibility and cost readiness.

I got to say, of the group, I had the most quirky situations. And I was so thankful to have a group to be able to work out the details with. We were determining contracted labor as related to the criteria of five or fewer employees. And if a business gave out a W-9 to irregular contractors, how did that count?

Every situation was unique; it was very rare that we had something that was really streamlined and as new staff came on board to any of our groups, we supported the training and shared our forms and our processes. We didn't feel isolated, because we were all working together.

Next slide, please. To put it well, MJ Adams, our Regional Administrator from the city of Greenfield said it best. "How do we spell success in Franklin County? Collaboration. Our stone soup effort quickly gave hope and resources to 75 micro-enterprises." She said it so well,

because we are a region that collaborates very well and COVID really -- we had this all in place before COVID so when COVID hit, we were ready to rock.

Next slide, please. Regarding outreach, we did the basic tactics that most people would do, and we had a website, a web page on our website that had all the links and the frequently asked questions and forms. Each town provided on their website links to our page. So but the most useful was a recorded Zoom overview of the program with forms and process that the owners were able to watch any time and they did.

I kept hearing, "I watched the video and it helped me understand." That was kind of weird because I was thinking what time of the night were they watching it? We had an online application with additional documentation mailed, dropped off or uploaded to a secure drop box into the business's folder. We put a secure box outside our front door at our office for after hour drops. We just tried to make it as easy as possible for people to provide -- to complete the application.

Next slide. Once the income eligibility was confirmed, we had all the docs, and we had all the docs. Next slide, please. Yeah. Once we had the income eligibility confirmed and we had all the docs, the packet went to our review team. We appreciated the time and commitment our two retired reviewers gave to this project.

We had a lawyer and a business owner who met weekly for one to two hours since October 2020 when we launched. Together with our CDC team, we evaluated the packet, the cost reasonableness and if the business was relevant for the community. It was great to have an outside team with expertise. We saw how so many business owners couldn't complete the profit and loss statements, had accumulated debt, that had significant challenges. This provided us access to more owners with deeper information about how they were operating so that we could provide one-on-one business assistance and counseling.

Next slide, please. When all the documentation was reviewed on our end and the project was then sent to the city or town for final approval, the award letter was sent for approval to the business owner, and then they would reply that they accepted the terms. Then the owner and I would meet to review the loan documents, the forgivable process, the status of the business so that we could provide additional assistance and the best part, was handing the check and saying, "Is the check made out correctly?" And, "What do you think about that amount?"

Many owners cried. Some said this saved their business; some had never received any support like this and couldn't believe it was real. They thanked me for the hours that went into hand-holding through the process and all of them thanked everyone involved who made this possible.

Next slide, please. So here are some final thoughts. We have learned a lot. We wanted to get the funds out as fast as possible and immediately. We kept bumping into how the program was being interpreted which slowed us down because many people were interpreting things differently. We didn't -- we saw things shifting as time went on.

For example, if an owner paid an invoice, is that reimbursable or only non-paid invoices was reimbursable? It took our state months to try to figure out which way that was going to go. If owners, right. So another one was we wanted less paperwork.

So I'm sure everybody has a feeling about this, but for us, the owners had so much paperwork to submit on our end and getting the proper receipts was really challenging. They would give us snapshots of just the numbers on the receipts, but not necessarily the name of the business or their bank statement. So there was just so many back and forth to get enough accurate information in a time-saving way. But it was just cumbersome.

And then again, because this program was rolling out so fast, we were inventing our forms and some of our processes. It would have been really useful, if in the future, we understood what was expected from like say an audit, or have the forms given to us from other -- from the state or HUD that would help us just reduce the amount of hours that we put into creating these forms. But again, we worked all together which in this collaboration made it so -- just made it so much easier because we weren't doing it ourselves.

Next slide, please. If you want to see our application and forms and other information that we've posted, and how we've explained it to business owners, please visit our website. We have funded many businesses in our rural downtown Main Streets. Businesses in our 24 towns were funded and spread out through all various industries. You can see some of the samples in the pictures that I've provided.

Next slide, please. Please reach out if you have any further to discuss. Thank you for the invitation to share my 18 months of really living the life here. Thank you.

Justin Archer Burch: All right. Thanks so much to our presenters and I think we'll take a minute now to just ask you all to come off of mute and Evelyn's going to elevate a couple of the questions that have come to her and through the Q&A.

Evelyn McKenney: All right, everyone. Thank you for such a robust discussion, such valuable information. I see that the participants have stayed throughout the webinar. There are some really great questions, many which have been answered, but there is -- there are a couple that we've not yet gotten to, so I am actually just going to jump right in if that's okay.

The first question is would you please share the DUN websites. This particular individual says, "We were running on the same delay when we looked up the grantee's DUN number. Thank you very much for your information."

Kayla Savage: Yeah, Josephine, we would be -- Kansas here. We would be glad to send that information out after the webinar, if we can just work with the sponsors here, and that way we can get it to everybody so that everybody has that. We'd be happy to send that along.

Evelyn McKinney: Okay. That sounds great. If it's simply a website and you're able to drop that into the chat as well, that would be helpful too.

Kayla Savage: Okay.

Evelyn McKinney: The next question I can actually answer this. Will this recorded webinar be available for review? The short answer is yes, but I'm going to and I'm going to defer actually to a team member so that he can tell you specifically where it will be available to view.

Moderator: The recording and PowerPoint will be made available on the HUD exchange on the training page for this webinar.

Evelyn McKinney: Thank you very much. Oh, here's a question that came in. Justin, this actually is for you. And the question is, "Why do we see less resources going to rural places?"

Justin Archer Burch: Yeah, I think there's a couple of answers to that for those of you who are more familiar with urban environments. One, the philanthropically underserved is largely just because there's not a ton of pipeline into rural and there's still knowledge gaps there that exist. And it's sort of an equity point. Rural is 20 percent of the U.S. population, but only receives about six percent of private grant making.

Tribal is even more worse. They're about two percent of the population and I think only receive about .04 percent of private grant making. So we don't see a lot of that private leverage, but I think rural advocates are really pushing. We certainly have seen rural become more popular in the last five to six years with greater understanding from philanthropy to fund there.

On the public side, it can oftentimes be population-based formulas. So the Feds have a certain population-based formulas which reduce the amounts of dollars that go to rural states. And then at the state level, lots of states have population-based formulas, which then allocate more dollars to urban environments than they do rural, which can create hardships generally, because rural can be a heavier and a harder lift, especially due to our lack of concentration.

But rural places matter and it's an equity conversation and I feel like if we are 20 percent of the population and we're equity minded, we should at least be getting 20 percent of the resources, which I think links back to LISC sort of rural promise of pushing funders to make that commitment.

Evelyn McKinney: Wonderful. Thank you very much for that. I'm actually going to start -- I have a question. Let's start, I actually have a couple of questions. So I'm going to actually start with the boots on the ground. Franklin County CDC. Amy, thank you so much. You gave so much insight and certainly talked about the many challenges, not only as facilitators and/or administrators of the grant. But you also started to speak a little bit about the small businesses and just the insurmountable amount of paperwork, as well as coaching.

But wondering what was -- was there like a "biggest challenge" that you ran into when serving the small businesses and entrepreneurs?

Amy Shapiro: Yeah, that's a great question. Yeah, this project was so insightful because it, like I said, it allowed us to get really close to what was happening to a wide variety of business sectors

and small businesses. And what we found was that they were so unprepared to fill out the paperwork to apply for these programs. They didn't have their profit and loss accurately up-to-date.

They didn't have their taxes done. They didn't really have the pulse on the numbers. They were so busy running the business and trying to pivot through COVID. So we jumped on developing a bookkeeping program where we were connecting bookkeepers to these businesses and just started helping them get up to speed so that they could apply for all these funds and weren't left behind.

That was a really big challenge that we saw right away and started working with them over time. And it's proved to be very successful.

Evelyn McKinney: Thank you. So you not only identified a challenge, but you also worked just to create a solution which is so valuable. Let's go now -- let's take a step up and let's go to the state level. Let's talk to Kayla and Debbie with Kansas Department of Commerce. Curious to know just with all of the work that you've done and really being a key ambassador and almost a pioneer in the CDBG space, are there any lessons that you would or could share with us that could prove to be valuable about your process?

Kayla Savage: Sure. I think that Debbie had some specific information or specific thoughts on being mindful about IDIS and having the information there. So Debbie, do you want to talk about that?

Debbie Beck: I can tell you the greatest thing we did was do all of these grants to small businesses, which were necessarily needed. The flip side of that, the worst part of doing all the businesses we did, was every one of those had to be listed separately in the federal tracking system and drawn separately and jobs done separately to close them out, which was very time-consuming, state time to get other issues done. So I can say that was probably the hardest thing.

The other thing I kind of wanted to bring up from [inaudible] earlier, you've seen the numbers where we showed CDBG program income. But what the state did is, when COVID came about, back when it first started at the beginning of March before we knew we'd get any COVID money of any kind, we had between 40 to 50 local program income accounts that we had done clear back in the 80s. And there was a lot of those that hadn't used their funds.

So what we forced them to do was to use their local funds before they could be eligible to come in for any of our CV money, so that we can get those out and that's where the \$4.9 million went out. They either had to do it -- we allowed them to do it as grants or low interest and by low interest, we said one percent or less.

Some of them did it as forgivable. We kind of had -- those that did it as grants, were probably happy because then we don't have to deal with that program income account out there anymore and track it. So we were happy to have all that done.

Kayla Savage: So that was something I forgot to mention, Evelyn and others, that we kind of utilized a program that was already in existence that had been kind of underutilized or little bit dormant on the local level, to get those dollars back out there. And as most of you have mentioned, the importance of it was just to save those small businesses that were deeply impacted by the shut downs of the economy. So that was one area that we learned a little bit from. So with the tracking system and I know all the work that Amy has done too and a lot of folks had done is collecting those documents upfront or collecting that documentation up front, it's kind of like we were in a situation where we were building a plane as we were flying it. And so, if you can reverse engineer and think about what you would need on the back end, that I think is most helpful, for sure, to make sure you got all that information up front.

And two, Amy mentioned it, that these people are busy. They are just -- they're running their business. They're trying to make sure people are showing up and that people are well when they're showing up. So asking them for their proof of payments and proof of documentation upfront is actually benefiting both the program and the recipient as well because there's nothing worse than months down the road, trying to find a receipt or an invoice or something like that. And it just feels kind of like an extra burden that wasn't necessary.

The other thing that we -- I would say another lesson learned, this is the last comment I'm going to make on this one, Evelyn, is that we've talked about duplication of benefit, and we also learned in Kansas that by round three of CDBG-CV, we no longer needed to include meal programs because USDA had come out so strongly to support meal programs across the United States, fortunately.

That was really an underutilized -- it wasn't utilized as much as we thought it was going to be originally. And so, reaching out to those partners both locally and on a regional and federal level of what they are coming out with, what they're rolling out, or what they're considering rolling out and communicating your own program as well and your own beneficiaries, is really important if it might touch another one of those areas so that you can plan accordingly, and not have to de-obligate funds.

Evelyn McKinney: Wonderful. Thank you so very much for that. And let's go -- so, now let's talk about the ecosystem. And so, Elizabeth, you shared so many systems-level nuggets of information. But also in a very comprehensive and laid out process. There is a question which is, "What qualitative and quantitative sources can we use to support ecosystem mapping for small businesses," and just as an add-on, how in the world do you get started?

Elizabeth Demetriou: Thanks Evelyn. I'd say to get started find out who's already having that conversation and what they've already collected. You'll be surprised at how much you can collect that you didn't know existed. And then also really utilize anchor institutions. There are often classes that do studios and might take you on as a project and do that research and pull that data for you.

But for qualitative, I think the best place to start is to have interviews to talk to people that are on the ground doing the work, or in other agencies that are supporting the work. The conversation will be beneficial no matter what you find out, because you'll be making a connection, and

maybe you will bring somebody else into the process and into the fold and make them an advocate to help you in your efforts.

So first have conversations, talk to people, take stock of what's already there. For qualitative, there are Federal Reserve reports. There's SBA reports. There might be local plans that have been developed in your market like a SEDs. There might be a place on social media or a website where information about your locality lives. So check that place out, understanding that that's not how everybody works.

But sometimes you can go to meeting minutes for certain committees and you'll get information that you may not have known about. For quantitative research, one of the things that we're doing as a follow-up to the Playbook is to figure out what resources work best or available in rural areas because I know that a lot of the resources that were presented on the webinar that we did and that might be highlighted in the guide, might not be applicable.

So we are looking at that, but some things that are available, there's the U.S. Census, Opportunity and Insights Economic Tracker. You can request a loan data from local banks and CDFI partners and ask them who is getting denied a loan? What are the characteristics of those businesses? And maybe that's how you target the efforts of one of your programs. And so, to understand where the gaps are, do an assessment on the services that are available, have conversations with people, pull data when you can and use all of that to create a more coordinated approach to small business recovery.

Evelyn McKinney: Awesome. Wonderful. Wonderful. Wonderful. We are at 3:26 p.m. Justin, I am going to hand over final thoughts to you. For everyone that's attended my last few words to you will be thank you so much for hanging in there with us. We hope that you've learned a lot. But again, Justin.

Justin Archer Burch: Thanks so much, Evelyn. I just want to echo that thank you to our partners in Kansas and at the Franklin County CDC and our colleague, Elizabeth. We will have closing remarks from ICF about where this can be accessed, and again, want to thank HUD for joining us today, and providing some additional input around CDBG-CV.

So if we can, ICF, can you please share where they can access the recording?

Moderator: Thank you so much. The recording and materials will be made available on the HUD exchange and on the class page for this session.

Justin Archer Burch: All right. Thank you so much, and thanks everyone for joining us.

(END)