

CDBG-CV Best Practices Webinar Series: Economic Development/Business Assistance

October 13, 2021

ICF

BUSINESS AS
NEW NORMAL



HUD Welcome

Duncan Yetman, HUD

Session Overview and Introductions

Carrie Kronberg, ICF

Session Overview

- Learning Objectives

- Participants will learn unique approaches to identify and solve challenges in the implementation of CDBG-CV economic development programs, support economic recovery, and develop strategies to prevent job losses during a global pandemic.
- Participants will gain understanding of effective, replicable, best practice models to implement in their CDBG-CV programs.

- Agenda

- Introductions
- Panelist Community Presentations
- Q&A

Introductions

- **Steve Posey and Natasha Main**, City of Colorado Springs, Colorado
- **Sabina Craig**, City of Aiken, South Carolina
- **Kevin Geiger and Ann Kroll**, State of Vermont
- **Sarah Kerner**, City of Springfield, Missouri

Poll Question #1

What is the size of your combined CDBG-CV allocation across all 3 rounds?

- A. \leq \$500,000
- B. \$500,001 - \$1,000,000
- C. \$1,000,001 - \$3,000,000
- D. \$3,000,001 - \$10,000,000
- E. $>$ \$10,000,000

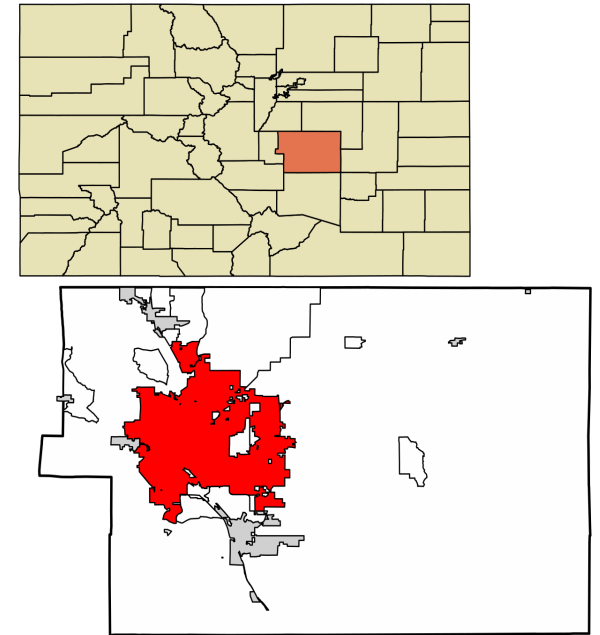
City of Colorado Springs, Colorado

Steve Posey and Natasha Main



City of Colorado Springs Profile

- Population
 - Colorado Springs population: **489,529** (15% growth since 2010)
 - Metro area population including El Paso/Teller Counties: **762,969**
- PPR Tieback: Stabilize and build resilience of small businesses impacted by COVID-19
- CDBG-CV 1 Allocation: **\$1,811,610**
- CDBG-CV 3 Allocation: **\$2,064,639**
- CDBG-CV allocations spent to date: **34%**
- 2021 Annual CDBG Allocation: **\$3,214,797**



Challenges Faced

10.4%

Unemployment
(El Paso County, July 2020)

22.6%

Share of Colorado Springs
homeowners who are cost
burdened
(ACS 2018)

50.2%

Share of Colorado Springs
renters who are cost
burdened
(ACS 2018)

MOST SENSITIVE INDUSTRIES

Food prep and service
Cashiers
Retail sales
Personal care aides
(Colorado Department of Labor &
Employment projections based on job
openings)

TOP 211 REQUESTS

1. Utilities
2. Income support
3. Housing
4. Food
(Pikes Peak United Way, Mar 16 – Jun 7)

El Paso County wages are

14.9%

lower than CO average
(2019 Colorado Department of Labor &
Employment)



Challenges Faced

- Many small businesses needed assistance but were unable to access PPP loans or other local Economic Development loans due to missing or incomplete financial records needed for the application
- Businesses needing help were embedded in the City's lower-income neighborhoods
- Covid-19 was creating a compound impact for business owners and employees
- Urgent need to deploy a program the city had never implemented

Program Partners



- The city Economic Development team had worked with Exponential Impact (XI) to launch a program called Survive & Thrive early in the pandemic
- Exponential Impact (XI) is a business incubator with a broad network of connections among community groups throughout the city
- Survive & Thrive offered a model that could be modified to target small businesses that had been unable to access other forms of assistance
- Community Development reached out to Civitas, LLC to provide technical assistance to the city and Exponential Impact

Marketing and Selection

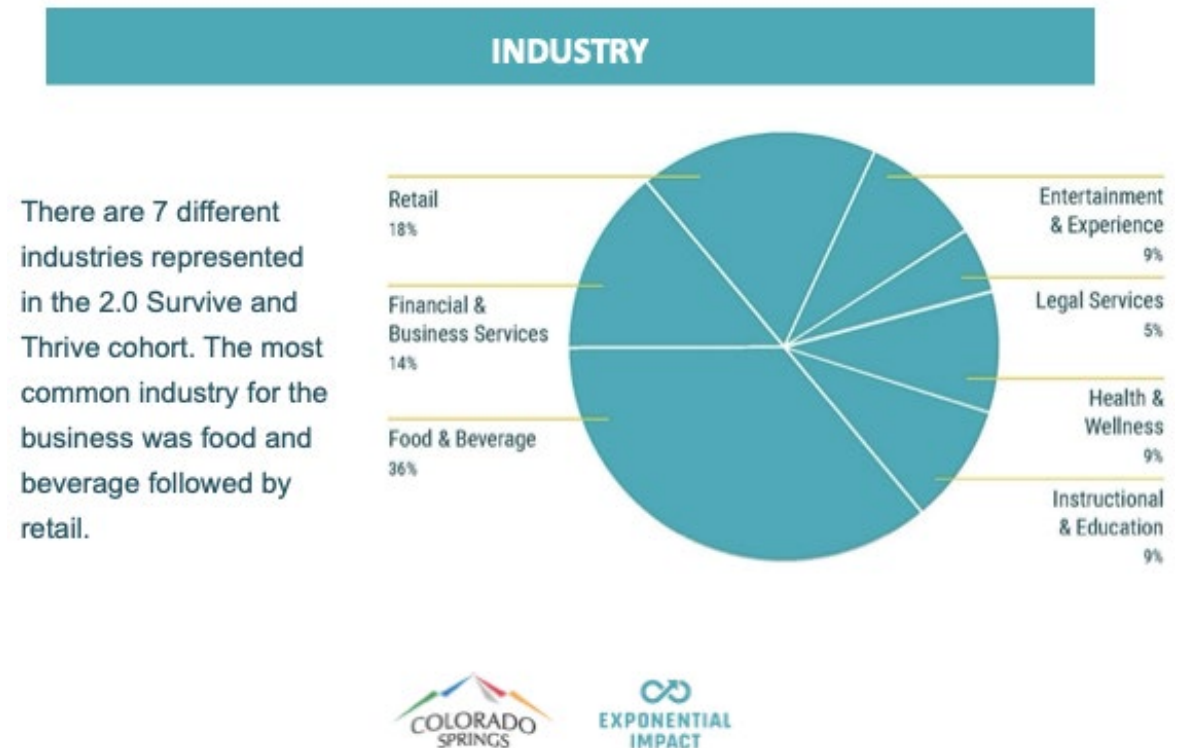


Goal of program was to stabilize neighborhood businesses and residents through mentorship, business training, and ongoing 1:1 support

- Survive & Thrive 2.0 targeted microenterprises in Southeast Colorado Springs
- Outreach in Spanish and English via community groups and direct outreach to businesses through mailers, phone calls, and emails
- Eligibility was clearly defined to help applicants determine if the opportunity fit their business
- Question and answer sessions were hosted during the application period to help business owners navigate the requirements
- Two reviewers and a committee evaluated each application with standard rubrics
- To reduce barriers, staff helped awardees confirm funding eligibility prior to receiving their first check

Survive & Thrive 2.0

- 21 small businesses were selected to receive grants up to \$20,000 plus holistic programming to provide participants with financial resources and support to build back stronger.
- Participating business owners were expected to finish the 2-month capacity-building program and received their funds in two tranches, one at the start of the program and one upon completion.



Survive & Thrive 2.0

- Participating businesses spent 2-3 hours/week on program activities including webinars, check-ins, and meetings with mentors
- Topics covered over the 8-week program are:
 - Financial Foundations
 - Resilience
 - Productivity
 - Marketing
 - Storytelling
 - Community Engagement/Reengagement
 - Next Steps

MENTORSHIP



"It helped me maintain my staff through this pandemic. The camaraderie created from the program helped me realize I wasn't alone in this. The mentorship was very effective. It was great to have someone guiding us. Money eventually gets spent, but the relationships can continue growing! These relationship will help us thrive!"

Carlos Gonzalez, Survive and Thrive 2.0 participant



Results

Business Demographics



Lessons Learned

- Build on successful programs
- Collaborate with the private sector
- Go Small!

City of Aiken, South Carolina

Sabina Craig



City of Aiken Profile

- Population: **31,041**
- PPR Tieback: Financial assistance to small businesses impacted by COVID-19
 - Equipment rental to foster social distancing, sanitation, and outdoor dining for restaurants impacted by COVID-19
- CDBG-CV 1 Allocation: **\$117,639**
- CDBG-CV 3 Allocation: **\$201,843**
- CDBG-CV allocations spent to date: **100%**
- 2021 Annual CDBG Allocation: **\$194,853**



Challenges Faced

- Business owners needed assistance immediately
- Business owners harbored fear and misconceptions about CV funding
- Educating business owners on other funding sources
- Educating business owners about social distancing practices (Small Business Assistance Program)



Hair Knowology Salon

Small Business Assistance Program

- Provided economic assistance to restaurants by renting tables, chairs, and sanitation equipment for outdoor dining allowed under Phase I of the state's reopening plan
- Helped small businesses retain or create jobs and remain open during the pandemic
- **14** restaurants assisted
- Advertised program through local media
- Provided one on one appointments with business owners to provide application and implementation support
- Expended **\$17,639** of CDBG-CV funds



New Moon Café

Small Business Revolving Loan Fund

- Leveraged **\$232,100** of CDBG-CV funds to help create a \$1 million revolving loan fund
- Community partners included:
 - Chamber of Commerce
 - Security Federal Bank
 - Aiken Corporation (a non-profit)
 - City of Aiken General Fund
- Advertised through City website, Chamber of Commerce website and local media
- Fund allowed small businesses to borrow up to \$10,000 with a 2% interest rate, amortized over 12 months after a 6-month deferment
- **47** businesses assisted
- **179** jobs retained



Marketplace Paints

Impact of CDBG-CV Funding



City of Aiken, South Carolina

What's Cookin' Downtown

- Before COVID-19, provided breakfast, lunch, dinner & catering
 - Adjusted to COVID by serving pre-cooked pickup meals and increased to go options
- Family business – Husband, wife and son
- Shut down resulted in **60%** decrease in sales
 - Initially owner opted to work for free rather than lose employees
- With CDBG-CV loan, owner did not have to let anyone go
 - Retained **15** full time positions and **2** part time positions
 - Loan used to pay operating costs – rent, utilities, salaries
- Increased operations to **80%** of normal after loan was funded
- Business owner is pleased with the way the city stepped in to help

Lessons Learned

- Get the word out as quickly as possible
- Make businesses more aware and comfortable
- Provide forgivable loan/grants to businesses who weren't creditworthy enough to qualify for the loan – find a way to assist those who couldn't qualify for the loan program

Poll Question #2

At what stage is your agency with CDBG-CV funded Economic Development?

- A. Program Design
- B. Program Launch
- C. Implementation
- D. Close Out
- E. N/A – We are not undertaking an Economic Development activity

State of Vermont

Kevin Geiger and Ann Kroll



State of Vermont Profile

- Population: **624,000**
 - 25,000+ sole proprietors in State of Vermont
- PPR Tieback: Financial assistance to sole proprietors with minimal capacity to survive COVID-19 economic disruption without support
- CDBG-CV 1 Allocation: **\$4,256,840**
- CDBG-CV 2 Allocation: **\$2,031,600**
- CDBG-CV 3 Allocation: **\$2,591,853**
- CDBG-CV allocations spent to date: **40%**
- 2021 Annual CDBG Allocation: **\$7,436,844**



Program Partners



- Brattleboro Development Credit Corporation (BDCC)**
- BDCC managed a portion of CDBG-Disaster Recovery following Tropical Storm Irene
 - Business Assistance Grants Program - \$4.5M



- Two Rivers-Ottawaquechee Regional Commission (TRORC)**

- TRORC managed CDBG-Disaster Recovery following Tropical Storm Irene
- Residential and Commercial buyouts - \$7M



Challenges Faced

- Difficulty (small businesses) tracking between business and personal expenses
- Businesses showed lack of proper tax accounting, recordkeeping of invoices
- Large quantities of very small dollar invoices
- Federal programs have federal rules
- Duplication of Benefits
- Some lack computer access
- Cash payments
- Trying to run a business, not complete a grant application
- Many businesses suffered, but the smallest had little reserves
- Small businesses are SMALL in many ways
- More help is needed up front to ensure eligible applicants with eligible costs and sufficient documentation

Sole Proprietor Business Stabilization Program

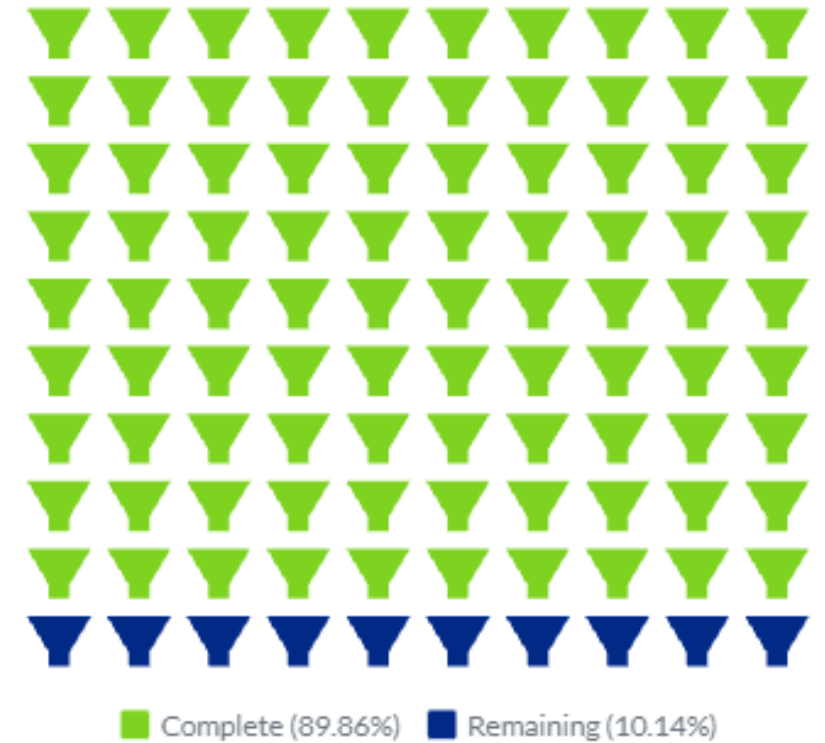
- Marketed 1st round through newspaper ads
- Outreach achieved through Economic Development network, trade group associations, press releases and immigrant networks
- Sent specific notice of program to immigrant communities, farm bureau and trade associations
- Reached out to businesses who didn't complete applications the first time
- Two rounds of grants with second round application streamlined



Results

**266 businesses served to date
which is about 90% complete**

- Most at the \$10,000 limit
- Able to say in business long enough to rebound
- Prevented bankruptcy
- Secondary suppliers paid
- Group often not eligible for other aid



Impact of CDBG-CV Funding



Baker Horse Trainer Massage Therapist
LAWYER House Cleaner Photographer
Caterer Builder Farmer
Logger Plumber Mason
Trucker Specialty Food Writer
Musician Rental Property Nail Salon Herbalist
Barber Uber Driver Piano Tuner
Tutor Trainer Consignment Shop
Consultant Hotel Event
Production Jeweler Hair Salon

"Thank you so much!" Beli Wagley, Owner

Lessons Learned

- Provide training at the outset
- Make personal calls and offer individualized assistance
- Provide examples of eligible costs
- Create Frequently Asked Questions (FAQ) list
- Capitalize on familiarity with the area
- Evolve through iterative process
- Collaborate with trusted partners
- Streamline application for ease of use
- Apply lessons from application round: 2nd round application included LMI eligibility as first question of application

Poll Question #3

At what stage have you experienced the most challenges in CDBG-CV implementation?

- A. Citizen Participation/Consultation
- B. Marketing and Outreach
- C. Underwriting
- D. Eligibility Determination
- E. Accomplishment Data Collection
- F. N/A

City of Springfield, Missouri

Sarah Kerner



City of Springfield, Missouri Profile

- Population: **168,568**
- PPR Tieback: Financial assistance to small businesses experiencing decreased revenue and increased costs due to COVID-19
- 2021 Annual CDBG Allocation: **\$1,651,307**
- CDBG-CV 1 Allocation: **\$916,138**
- CDBG-CV 3 Allocation: **\$1,122,015**
- CDBG-CV allocation spent to date: **82%**
 - CDBG-CV allocation for business assistance spent to date: **99%**



Business Assistance Program

- Program geared toward small businesses with low/moderate income owners
- Maximum award of \$10,000
 - Working capital
 - Operating costs
- March 26-May 3, 2020
 - Stay-at-home order was issued
- June 25, 2020
 - Loan Committee approved first CV loan



Program Partners

- In early March, we began outreach with community partners
 - Missouri Department of Economic Development
 - Downtown Springfield Association
 - Commercial Street Historic District
 - Springfield Finance Development Corporation
 - Chamber of Commerce
 - Minorities in Business
 - Greene County Commission



Challenges Faced

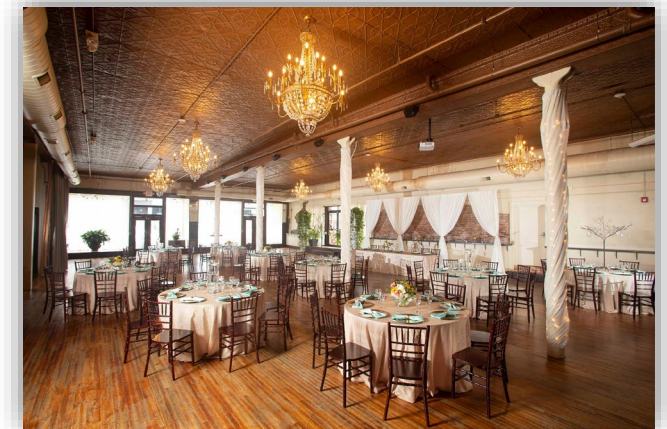
- Revenues were down
 - Stay-at-home orders
 - Occupancy limits
 - Social distancing and masking orders
 - Social distancing and masking orders
 - Consumer hesitancy
- Increased costs for day-to-day operations
 - To-go containers
 - 3rd party delivery fees
 - Website upgrades
 - PPE, sanitization, plexiglass barriers
 - Employee costs
 - Sick pay, testing
 - Competitive wages



Impact of CDBG-CV Funding

Savoy Ballroom Event Center & Dance Studio

- Hosts weddings, receptions, luncheons, proms and offers adult ballroom dance classes
- Husband & wife are LMI business owners – sole source of family income
- Event venue inside the City – subject to capacity limits and masking requirements vs. competing businesses outside City with no restrictions
- This type of business fell into gap of federal assistance
 - Did not qualify for Shuttered Venue Grant
 - PPP grants were very small because only FTEs were the owners



Impact of CDBG-CV Funding

- **\$808,323** allocated to business assistance grants
- Assisted **82** businesses
 - 23 women-owned
 - 8 minority-owned
 - 30 in historic business districts
 - 14 had been in business 20+ years
- **376** low/mod jobs retained
- **27** low/mod business owners assisted



Lessons Learned

- Existing working relationships in the community from the Commercial Loan Program gave insight into small business needs
- Communicate and share information
- Reduce paperwork, barriers and requirements
- Be adaptable when you can



Resources

Resources

- Economic Development Quick Guide
 - <https://files.hudexchange.info/resources/documents/CDBG-CV-Economic-Development-Quick-Guide.pdf>
- Financial Management Quick Guide
 - <https://files.hudexchange.info/resources/documents/CDBG-CV-Financial-Management-Quick-Guide.pdf>
- General Overview
 - CPD COVID-19 Grantee Guidance
 - https://www.hud.gov/program_offices/comm_planning/covid-19
 - CDBG-CV HUD Exchange Page
 - <https://www.hudexchange.info/programs/cdbg-cv/>
 - CDBG-CV Federal Register Notice (FR-6218-N-01)
 - <https://www.hud.gov/sites/dfiles/CPD/documents/FR-6218-N-01-CDBG-CV-clean-8-7-20-header-for-posting.pdf>
 - CDBG-CV Toolkit
 - <https://www.hudexchange.info/programs/cdbg-cv/cdbg-cv-toolkit/introduction/>
- Trainings
 - Webinar Series
 - <https://www.hudexchange.info/news/cdbg-cares-act-webinar-series/>

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Q&A