

Community Development Block Grant Small Business Loan Program

As a response to the COVID-19 epidemic, the U.S. Department of Housing and Urban Development (HUD) has released funds to local municipalities to help support economic development. The City of Norwalk (CITY) is making a portion of these funds available to businesses, with 20 employees or less, to apply for loans of up to \$10,000 to pay for lease/ rent/ mortgage for the business location.

Overview

- Available funds are a one-time loan of up to \$10,000 at 0% interest
- Funds must be used for business lease/rent/mortgage payments
 - Maximum of 3 months assistance
 - Demonstrate lease/ rent/ mortgage payment is in arrears

Business Eligibility

Businesses must meet all requirements listed below to be eligible for the program.

- Be physically located within Norwalk city limits
- Be located in a commercial or industrial location
- Employ 20 employees or less, including the owner(s)
- Possess a valid City of Norwalk Business license as of date of application
- At least one employee lives in a CDBG eligible area (Census Tract or Block Group is more than 51% or more low income); OR
- At least one employee meets eligible income requirements – current household income at or below 80% of County Median Income¹
- Demonstrate in arrears on rent/lease/mortgage payments at some point since March 17, 2020 due to stay-at-home order

¹ The table below lists the HUD Low Income Level for the Fiscal Year (FY) 2020. Gross income is defined as all income received, before deductions, of all household members 18 years or older. Such income includes wages, salaries, unemployment, assets, disabilities, and pensions.

	Household Size (Number of Persons)							
	1	2	3	4	5	6	7	8
Maximum Family Gross Income	\$63,100	\$72,100	\$81,100	\$90,100	\$97,350	\$104,550	\$111,750	\$118,950

Source: Los Angeles Almanac, <http://www.laalmanac.com/social/so24.php>

Required Documentation

- Completed, signed application (application may be signed electronically)
- Disclose all Federal loans applied for regarding COVID-19 relief
 - Delinquent/defaulted loans in last 7 years may disqualify
 - COVID-19 HUD or SBA Aid may affect benefit
- 2018 or 2019 Business Federal Income Tax Return (latest year filed)
 - If business has been open less than one year, last six months of business bank statements are required
- Copy of valid City of Norwalk Business License
- Documentation of previously received PPP loan, SBA fund, or any other COVID-19 federal relief funding, if applicable
- Disclosure of delinquent or defaulted federal loans in the last seven (7) years, if applicable
- Payroll for each employee current employed at the business for January and February 2020
 - Include name and address of each employee
 - Please see City website to confirm employee CDBG eligibility
- Proof of lease/rent/mortgage delinquency
 - Eligible documentation includes overdue bill or letter from the landlord for no more than the latest three (3) months
- Copy of current Business Lease Agreement **OR** Copy of Deed

Application and documents must be submitted by 11:59 pm Thursday June 11, 2020 for application to be considered complete. All applications shall be submitted electronically via email to smallbusinessloans@norwalkca.gov .

Nonprofit Businesses Additional Required Documentation

For non-profit businesses, the qualifying criterion applies as well as the documentation above as for-profit businesses and additional documentation listed below:

- Nonprofits that have received federal funding regarding COVID-19 relief in the amount of \$10,000 or more are ineligible to apply for the Norwalk loan program
- 2018 or 2019 Non-Profit Federal Income Tax Return, Form 990 (latest year filed)
- If federal tax return not available, last 6 months bank statements

Exemptions from Form 990 include most faith-based organizations, religious schools, missions or missionary organizations; subsidiaries of other nonprofits – those that may be covered under a group return filed by the parent organization; many government corporations; or state institutions that provide essential services. The City will review description of Mission/Significant Activities in federal tax return.

Ineligible Businesses

- Businesses within the following categories: gaming, liquor or tobacco stores, marijuana dispensaries and manufacturing, and any business or activity that does not comply with local, state, or federal laws
- Businesses who have received federal funding regarding COVID-19 relief in the amount of \$10,000 or more are ineligible to apply for this loan program
- Businesses that do not have a valid City of Norwalk business license

Eligible Use of Funds and Evaluation Criteria

Business owners are required to use funds for lease/rent/mortgage only. Loan funds are eligible for up to three months of assistance, up to \$10,000. Businesses must provide relevant documents in support of use of loan funds.

Business Plan

A business plan will be required as a condition of receiving the funds. Please contact the Long Beach Small Business Development Center or SCORE Long Beach/South Bay for assistance in preparing the business plan:

Long Beach Small Business Development Center (SBDC)

Tel: (562) 938-5100

For appointments: www.longbeachsbdc.org/callme

For workshop/webinar calendar: www.smallbizla.org/webinars

SCORE Long Beach / South Bay

Bill Morland - Chairman

<https://longbeach.score.org>

(562) 528 5919

Awarding the Loan

City staff will confirm eligibility of business and contact business representative via email. An agreement will be provided to the business outlining the terms and conditions of the award. Upon receipt of a fully executed agreement with the business, the City will disburse funds according to HUD regulations up to \$10,000.

The City will pay the landlord/bank directly in accordance with HUD Regulations.

All documentation will be placed in business program file and all activities recorded in the Integrated Disbursement and Information System (IDIS) for HUD reporting purposes.

Loan Terms

The first loan re-payment will be due July 1, 2021. The repayment period will be over 5 years at 0% interest. There is no prepayment penalty. The loan could be forgivable upon the applicant providing the City with a copy of a filed 2020 federal income tax return for the business or non-profit. No other SBA, PPP, or other funds received shall be used for rent/lease/mortgage payment.