



City of Somerville, Massachusetts

Office of Strategic Planning and Community Development

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Mayor

Somerville COVID-19 Business Emergency Relief Fund Program Guidelines

The City of Somerville has established the Somerville COVID-19 Small Business Relief Fund to provide up to \$10,000 forgivable loans using available U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds to aid the recovery of businesses impacted by COVID-19.

The City anticipates substantial interest in this program and that resources will not be sufficient to meet the needs of all of the applicants. The City will need to make hard choices among many worthy and needy businesses and have designed the selection process to prioritize the businesses that most align with the requirement of the funder (HUD) and the City's goals for the program. Therefore, applications will be required to meet minimum eligibility criteria and then graded according to a list of comparative criteria. Eligible applicants that earn the highest grades will be prioritized for awards.

Funds will be allocated via a thorough review process focused on delivering the greatest impacts both for owners and workers as well as for the community. Funds are intended to help local businesses remain viable and to retain or create jobs despite disruptions related to COVID-19.

Eligible Uses of Funds

Funds can be used for working capital expenses, including but not limited to rent or mortgage payments, payroll expenses including healthcare, and utility expenses.

Minimum Eligibility Criteria

In order to be considered for an award, the applicant must meet basic program eligibility requirements that are a combination of U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) requirements and additional City requirements.

- **Federal HUD Community Development Block Grant (CDBG) Requirements:** Applicants must comply with the funding source eligibility requirements as funding is provided by the U.S. Department of Housing and Urban Development Community Development Block Grant program,

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Applicants must meet a HUD National Objective, **either** as a qualified microenterprise or as low/moderate income job creation project:

- Microenterprise
 - Applicants must have five (5) or fewer full time equivalent employees. AND
 - Applicants must meet the household average median income requirements. Total household income for the business owner must be at or below 80% of the average median income to qualify for funding.
- Job Creation
 - Applicants must create or retain at least one (1) job. The job must be filled by an individual who meets the household average median income requirement. Total household income for the individual must be at or below 80% of the average median income to qualify. Rehiring at least one position recently laid off due to COVID-19 related impacts or retaining a furloughed employee who meets income eligibility standards likely would allow an applicant to meet this requirement.
- **Additional City Requirements**
 - an applicant must be a Somerville-based business.
 - The business must have been operating in Somerville prior to October 1st 2019
 - The business must have had at least one (1) full time employee besides the owner at some point during 2019 or if not, operate out of a brick and mortar location
 - The business must have lost at least 25% of revenues as a result of COVID-19-related impacts
 - Applicant must submit a completed application by the submission deadline

Ineligible Applicants

The following applicants will not be considered for an award:

- Applicants that do not meet the Minimum Eligibility Requirements
- Sole proprietors without a brick & mortar location
- Businesses with past-due tax liabilities, tax liens, or who have filed for bankruptcy.
- Applicants who are eligible for small business funding provided by other municipalities.
- Liquor and tobacco stores, cannabis stores, pawn shops, adult entertainment, and passive real estate investment businesses are ineligible to receive federal funding as this is prohibited by HUD

Comparative Criteria

All applicants who meet the Minimum Eligibility Criteria will be graded in accordance with City program priorities, including

- **COVID-19 Impact:** applicants which demonstrate a severe impact to business operations and revenue due to COVID-19 will be prioritized, especially those who face ongoing operational challenges due to the requirements and practicality of social distancing measures.

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Use of City grant funds	Incomplete or insufficient plan or description of how the money will be used or how the funds will positively impact the viability of the business	General plan for the use of the money, but the description lacks specificity or details about impact	Specific plan for use of the money with discernable positive impact on business viability	Well-thought-out post-Covid-19 plan drafted with a clear strategy for the use of grant funds ; funds will make an clear impact on the success of the business
Public Construction Impact	Business not interrupted or impacted by public construction during 2019	Business minimally interrupted or impacted by public construction during 2019	Business moderately interrupted or impacted by public construction during 2019	Major impact or interruption due to public construction project during 2019
Disadvantaged businesses	3 points will be awarded each for each category of disadvantaged business ownership <ul style="list-style-type: none">● Minority owned● Woman owned● Veteran owned (must demonstrate at least 51% ownership)			

The maximum possible score is 59 points. Applications will be scored by an evaluation committee made up of both City staff and community representatives. Applications will be ranked according to the average score given by the evaluators and those with the highest score will be ranked at the top. Funding awards will be made, starting with the highest scoring applicants. Awards will continue to be made, in order by ranking, until all funds are exhausted. If funds are not exhausted, the City may elect to issue another application round with any remaining funds. In the case of a tie am

Successful applicants will receive a notice of award from the City of Somerville.

It is anticipated that many of the funding awards will be for the maximum award size of \$10,000, as most businesses are facing substantial impacts, already. However, the amount awarded will correspond only to the amount of need that the applicant can document. The City will need proof. For example, if an applicant can only document one monthly commercial rent payment, then the award will equal the size of the commercial rent payment.

Loan Forgiveness

The City must ensure that the applicant can prove that it was eligible for funding. Loans will be forgiven once the program requirements are satisfied.

- Forgiveness will take place for **microenterprise projects** once the City receives and confirms:
 - A signed microenterprise self certification form.

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- Proof of invoices, utility bills, lease agreements, or other working capital expenses.
- Proof of payment in the form of a detailed credit card statement, bank statements, cancelled checks, or receipt of payment, for the entire loan amount used towards eligible expenses.
- Forgiveness will take place for **job creation projects** once the City receives and confirms:
 - A signed job agreement.
 - Payroll reports before issuance of loan and after loan is awarded (to confirm that a jobs was created)
 - A signed self-certification form for the employee that fills the position created through the use of CDBG funds.
 - Proof of invoices, utility bills, lease agreements, or other working capital expenses.
 - Proof of payment in the form of a detailed credit card statement, bank statements, cancelled checks, or receipt of payment, for the entire loan amount used towards eligible expenses.

Until these conditions are not met, the loan must be paid back.

If at any point it is revealed the applicant has provided misleading or incorrect information, the City reserves the right to disqualify the applicant and the application.

Questions?

- **Ask questions by email:** Contact Nick Schonberger, Program Coordinator at nschonberger@somervillema.gov for more information, details or clarifications.
- **Attend weekly virtual town hall meetings and information sessions:** The OSPCD Economic Development Division hosts weekly virtual town hall meetings in three languages:
 - English-language Business Town Hall: Thursdays at 3pm
 - Portuguese-language Business Town Hall: Wednesdays at 5pm
 - Spanish-language Business Town Hall: Fridays at 3pm

Program Status

Funds are limited and the City reserves the right to discontinue or modify requirements and funding for the program. Note that filling out an application for the program does not imply that funding for the applicant is available or that the applicant is automatically approved. Funding must be approved by the City and a contract signed between the parties. Expenses incurred prior to March 27th, 2020 are not eligible expenses.

The City of Somerville has the right to reject the Emergency Relief Loan application or terminate any agreement if a participant is found to be in violation of any conditions set forth in these guidelines. OSPCD reserves the right to make adjustments regarding conditions and parameters outlined in these guidelines