



Office of Economic and Workforce Development Community Development Block Grant City & County of San Francisco

ECONOMIC DEVELOPMENT (ECD) 18B GUIDELINES

TECHNICAL ASSISTANCE TO SMALL BUSINESSES

The primary focus of Economic Development (ECD) 18B – Technical Assistance to Small Businesses is to assist start-up and existing business types that employ or will employ greater than 5 low-to moderate-income employees. Grantees may also assist pre-startup businesses, but they should not make up the majority of the business clients served.

As an Economic Development CDBG and OEWD grantee, your agency agrees to assist small businesses to achieve the following¹:

- Self-sufficiency for low- and moderate-income and other disadvantaged entrepreneurs
- New and improved job opportunities
- New or expanded goods and services
- Increased personal income
- New tax revenue to a local economy

Grantees shall maintain documentation that at least 51% of the jobs created are held by or made available to low-to-moderate income persons by HUD income standards. This requirement is satisfied through the completion of the Employee Family Income Certification Form (ED Form 1) for all employees of businesses your agency assists (*Also refer to Additional Reminders*).

Client Activities and Outcomes

Grantees reporting on ECD 18B – Technical Assistance to Small Businesses will report on **Case Management**. Under the activity are corresponding **Outcomes**. When your client achieves an Outcome, you must register the client to the Outcome, and enter the Outcome date.

Case Management: A client is registered for Case Management after the initial meeting and the client seeks one-on-one assistance from the grantee. For example, after meeting with the client about the women's boutique business, the grantee continues to meet with the client and assigns a consultant to work with the client on: evaluating the sales channels/demographics and marketing strategy that fits the client.

Case Management Outcomes:

- **Businesses started:** Businesses launched as a result of the assistance provided to the business by your organization.

¹ Economic Development Toolkit, Chapter 2: Small Business Development
<https://www.hudexchange.info/resources/documents/Economic-Development-Toolkit-Manual.pdf>

- **New business assisted and an economic impact achieved:** A new business achieves more visibility and potential clientele with your assistance. The assistance includes, but not limited to the following (provide more detail in your monthly reports):
 - Facilitating the business grand opening
 - Introductions to the local merchant association and neighborhood groups
 - Grantee producing marketing materials and/or writing a story on the business in the local or neighborhood newspaper, website or listserv

- **Existing business assisted and an economic impact achieved:** Enroll a client as satisfying this outcome when your agency's assistance has helped a small business achieve one or more positive economic impact. An economic impact is usually measured by changes in revenue, business profits, personnel shifts, or wage increases. Examples of an economic impact for commercial corridor revitalization may be any of the following (provide more detail in your monthly reports):
 - Opened a new additional location
 - Introduced a new product line
 - Increased sales/revenue from previous years
 - Increased capital investments
 - Lease strengthened

- **Dollar amount of Equity (owner investment)**

- **Annual dollar amount of increase in Sales**

- **Leases drafted, negotiated, or renewed:** This outcome involves providing assistance to a client for the purposes of drafting, renewing or extending a lease with the proper help from your agency. If your agency does not have the direct assistance, clients shall be referred to resources or other agency with follow-up.

- **Jobs retained and created:** Please see below for Additional Reminders – CDBG Eligibility Requirements.

Other Outputs and Outcomes: Agencies shall also report on Workshops, presentations, trainings; Training participants; Community outreach events; Merchants walks conducted; Hours of counseling; Jobs created; Jobs retained; Loans funded; Dollar value of the loans funded; and SF Shines façade applications completed.

Additional Definitions

Business Account Number: Enter your clients BAN number if they are an existing SF Business. BAN numbers are publicly available on DataSF's Registered Business database here: <https://data.sfgov.org/Economy-and-Community/Registered-Business-Locations-San-Francisco/g8m3-pdis/data>

Community outreach events: Events must be relevant to the project goals.

Businesses Assisted: A client that receives business-related assistance through an individual consultation or one-on-one meeting can be counted towards these numbers. At a minimum, the consultation/meeting should be *no less than one-hour*.

A business/client that attends multiple-session trainings that result in an end goal (a business plan for example) can also be counted towards these numbers. Clients that attend workshops where education/information is provided but no in-depth assistance and/or outcomes are produced **cannot** be counted.

Business Status: Select the status of the business when you enter a business in GMS:

- **Pre-Start Up:** Client has identified business idea; has had no formal sales and is actively pursuing business idea through research and development including: market research, business plan and is motivated to start business within one to two years.
- **Start-Ups Assisted:** Business has been operating for 0-1 years and has two or more of the following characteristics: formal sales; obtained necessary permits and licenses; has incurred business expenses; created at least one job (including the owner).
- **Existing Businesses Assisted:** Business has been operating for at least one year or more and has two or more of the following characteristics: formal sales; obtained necessary permits and licenses; has incurred business expenses; created at least one job (including the owner).
- **Existing business-relocation:** Existing business with one of the following characteristics:
 - Elected to move to a different or new location;
 - Forced to move to a different location.

Additional Reminders – CDBG Eligibility Requirements

Business Services Client Engagement Agreement:

A written agreement between CDBG funded service providers and small business client receiving assistance that identifies the responsibilities of the small business to document and provide CDBG data is required for each client file. Grantees are allowed flexibility to determine the final format for such an agreement tailored to their own specific client needs. A sample client services engagement agreement template is provided on the MOHCD site.

Submitting Loan Information:

To Report Loans in GMS, go to “Clients” select “View Businesses.” If the business is not already in GMS, you will need to input the clients business information (see GMS Help). For businesses in GMS, find and click the business name and the “Loans” tab. The loans tab is connected to the business.

Documenting CDBG National Objective for 18B Business Technical Assistance: Agencies that provide small business services are eligible for CDBG by documenting the service area benefited under low- to moderate- income area benefit (L/M Income Area Benefit), or the creation and/or retention of low- to moderate-income jobs (L/M Income Jobs).

A. First Option: L/M Income Area Benefit

- According to CDBG National Objectives, to qualify as a L/M Income Area Benefit, the services provided should satisfy the following:
- Benefit all residents of an area which is primarily residential, **AND**
- An activity must meet the identified needs of L/M income persons in the area where **at least 51% of the residents are L/M income persons**. See section 105(c)(2) of the Housing and Community Development Act of 1974 as amended.

Documenting L/M Income Area Benefit: In addition to maintaining records of each client, all agencies shall provide:

- Boundaries of the service area and the basis for determining those boundaries, and
- The percentage of low-income to moderate-income persons in the service area (an entire area served by the program area).
- Available information from the latest Decennial Census shall be used to determine the number of persons that resided in each such tract/block group at the time of the last census and the percentage of such persons who were low to moderate income (based on the CDBG definition) at that time. For more information on documenting under L/M Income Area Benefit, see Section 24 CFR §570.208(a)(1)(vi) and contact your OEWD grant coordinator for assistance.

B. Second Option: L/M Income Jobs Created and Retained

- For service areas that do not meet the CDBG National Objectives under L/M Income Area Benefit, agencies must maintain documentation that jobs were created or retained as a result of your agency's assistance and that at least 51% of the jobs created are held by or made available to low-to moderate-income persons by HUD income standards.
- For grantees that need to report on jobs created/retained for Low to moderate income people, you must obtain and collect information from the clients regarding employee family income. Grantees can only report on jobs created/retained within income ranges that is defined in the **Employee Family Income Certification Form (ED Form 1)**.
- **Jobs Created:** this is the total numbers of new employment positions that have resulted from the technical assistance your agency has provided to a business client. Only full time equivalent (FTE) jobs² are counted; this includes part-time employees that contribute toward a FTE. Seasonal and/or contractual jobs does count towards the total number of jobs created. See HUD Code 24 CFR §570.506(b)(5). -
- **Jobs Retained:** This is the total number of jobs that were saved as a result of the assistance provided to the business by your organization. Without your assistance, the business was in danger of laying-off employees, closing down, or moving out of the area. For agencies reporting under L/M Income Jobs, HUD requires a description of the activities performed that kept the business from laying-off employees, closing or moving.

² A **permanent new job** is defined as a job classification that provides 1,750 hours a year of employment. However, full time equivalent jobs (FTE) are considered toward establishing a final job count. For example, two part time jobs of at least 875 hours per year each can count as one FTE job toward meeting the HUD public benefit standard.

- Examples of clear and objective evidence include: **reasonable documentation of business's risk, commercial lease documents, financial records or other records provided by the business or other entities that clearly indicate the need for CDBG assistance to continue the business's operations in the jurisdiction.** The grantee should maintain documentation that supports the conclusion that without the infusion of the CDBG funds, the jobs would be lost. See 24 CFR §570.506(b)(5).

For information on documenting the presumption of L/M income employees, see Section 24 CFR §570.208(a)(4)(iv) and (v). To document the presumption of a L/M income employees, 18B grantees can use a mapping tool. Learn more about using the mapping tool by contacting your Project Manager.

Other Required Documents for Economic Development CDBG Grantees

In addition to the Mayor's Office of Housing and Community Development (MOHCD) ["Grantee Document Checklist"](#) and ["Operating Procedures Manual,"](#) Economic Development CDBG grantees are also required to keep specific program documents per the fiscal year as applicable.

The following documents and templates can be found in the MOHCD site [CDBG Forms and Documents](#). Please check periodically as updates are made each fiscal year.

- ED Form 1- Employee Family Income Certification Form
- ED Program Guidelines by HUD Code
- Sample Business Services Client Engagement Agreement
- Form H – Request for approval of Subcontract and Equipment Purchase
- Form I – Bids and contracts database Information Form
- Maintain client files reported in the Grant Management System (GMS)
- Citywide Nonprofit Standard Monitoring Form (Required for monitoring site visits)
- Maintain client files in the Grant Management System (GMS)