



City of Covina

Downtown Neighborhood Business Workforce Augmentation Program Description and Guidelines

Program Description

The City of Covina Downtown Neighborhood Business Workforce Augmentation Program (Program) is designed to assist eligible commercial businesses within the Town Center Specific Plan (TCSP) by offsetting staffing costs of newly hired, income-eligible employees. Details regarding the boundaries of the TCSP can be found in Attachment D.

This program is funded through Community Development Block Grant (CDBG) funds totaling \$100,000, and is designed as a job creation program. This will allow for four businesses to receive up to \$25,000 in forgivable loans, which should be used for personnel costs to hire an income-eligible employee located within the TCSP. Pre-application will be required for participation of the program. Pre-Applications will be accepted and evaluated on qualifications and program focus. Businesses chosen to move forward will be required to obtain documentation from the job applicant at the time of hiring which proves that the applicant's income is at or below 80% of the Area Median Income (AMI) for their household size. Details regarding income limits can be found in Attachment E . A minimum of fifty-one percent (51%) of the employees hired by business under the program must be qualified as low-and moderate-income household. Businesses who are awarded these funds will be awarded a \$25,000 forgivable loan, which will be forgiven after one year of successful participation and program compliance.

Only one (1) application per business will be considered. Owners of multiple businesses may only submit one (1) application for one (1) of their business located within the City. Applicants who have participated in the program previously is not eligible to apply for assistance again.

Program Procedure

Pre-applications for participation in the Program are available online at <https://covinaca.gov/city-departments/community-development/special-projects/>, or a paper copy can be requested in-person at Covina City hall (Special Projects Division). Pre-Applications will be accepted on a rolling basis until funds are depleted. Pre-applications will be reviewed for qualifications and those that meet the basic qualifications will be scored based on program focus areas. If an applicant scores below 75 points on their application they will be deemed ineligible to continue. Should more than 4 applications be received, applications will be scored and those with a passing score of 75 and above on their application will be invited to complete a full application with supporting documentation. A waitlist will be maintained until further notice.

Each application must be completed in its entirety, signed and submitted with all required documents as listed in the application. Applications will be reviewed in the order in which they are received. Incomplete applications will not be processed. An appointment is required with program staff to submit the application. To request an appointment, contact Alice Leung, Management Analyst from the Special Projects Division at (626) 384-5509 or email aleung@covinaca.gov. Application approval is subject to funding availability. Program staff's eligibility determination is not a commitment of funds. Funds shall only be committed upon the full execution of the Contract Agreement and other pertinent documents.

Program Eligibility Criteria

To be eligible for the Program, the business must be located in the City of Covina and meet the following requirements:

- a. Business must be listed in Attachment A to qualify for funding.
- b. Located within the Town Center Specific Plan Area, as detailed in Attachment D.
- c. The business must not be delinquent on any existing debt obligations to the U.S government (no past defaults).
- d. No outstanding code violations.
- e. Business must meet all State and local building and zoning codes.
- f. Building must directly front/face a public right-of-way.
- g. A Covina business license is required, or must have a pending application.
- h. Business will need to provide liability insurance.
- i. Businesses that bring sales tax generating business to TCSP.
- j. The business will need to provide a business plan that includes a budget, initial start-up costs, fixed costs, variable costs, and critical/optional expenses, and profit margins. Please refer to Attachment C for Business Plan Outline.

- k. UNIQUE ENTITY IDENTIFIER (UEI) Registration: Grant recipients must be registered with SAM.gov and maintain an active Unique Entity Identifier to receive federal funds.

Ineligible Businesses

- Businesses not visible from the public right-of-way or publicly owned space.
- Home-based businesses.
- Independent contractors (i.e., consignment booths, salon chairs, etc.).
- Any national chain that is not locally franchised.
- Massage parlors and bail bond services.
- Corporate-owned fast-food restaurants (franchisees are eligible).
- Check cashing, bars, liquor stores, smoke/cannabis shops, firearms retailers, pawnshops.
- Non-profit organizations.
- Real estate salespersons.
- Financial businesses primarily engaged in the business of lending, such as banks and finance companies.
- Passive businesses owned by developers and landlords that do not operate an active business or occupy the assets acquired, improved, or operated with the grant proceeds (except Eligible Passive Companies under § 120.111).
- Life insurance companies.
- Businesses located in a foreign country (businesses in the U.S. owned by aliens may qualify).
- Pyramid sale distribution plans. (i.e. Amway, Herbalife, Mary Kay.)
- Businesses deriving more than one-third of gross annual revenue from legal gambling activities.
- Businesses engaged in any illegal activity.
- Private clubs and businesses which limit the number of memberships for reasons other than capacity.
- Government-owned entities (except for businesses owned or controlled by a Native American tribe).
- Businesses principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting.
- Loan packagers earning more than one-third of their gross annual revenue from packaging SBA loans.
- Businesses with an Associate who is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude.
- Businesses in which the participating city or any of its Associates owns an equity interest.
- Multi-national or publicly traded businesses are not eligible for this program.
- Businesses in Medical, Dental, Physical therapy Rehabilitation and Veterinarian hospitals are not eligible for this program.

- Adult businesses which:
 - Present live performances of a prurient sexual nature; or
 - Derive directly or indirectly more than *de minimis* gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Business or owner listed on the Federal Excluded Parties List (EPLS) maintained on www.sam.gov.
- Business owner must not be a City of Covina employee.

Documentation Criteria

The 4 (four) highest-scoring qualifying submissions will be invited to complete a full application with all documentation. All documentation will need to be return to the City within (2) weeks of notification of eligibility by the City. The documentation criteria are as follows:

1. Must provide a copy of their current lease agreement/mortgage statement for the commercial space their business occupies.
2. Provide a completed W-9 and CA 590 form.
3. Organizational documents such as fictitious business statements, articles of incorporation, operating agreements, etc.
 - For corporations: copy of recorded Articles of Incorporation **and** Bylaws.
 - For partnerships (general or limited): copy of Partnership Agreement and GP-1 or LP-1.
 - For LLCs: copy of recorded Articles of Organization **and** Operating Agreement.
 - For sole proprietorships: recorded Fictitious Name filing, if available.
 - If a trust is involved: Trust Agreement **and** names of trustees and signers.
4. All business owners with a 20% or greater ownership must submit the following:
 - a. An acceptable form of government issued identification.
 - b. Federal tax returns for the prior three years to include all supporting schedules and statements (if available).
 - c. Fiscal year-end business financial statements within 60 days of the application date: Cash Flow, Profit & Loss Statement, Balance Sheet, Statement of Changes in Equity if applicable.
 - d. Last two (2) months of business and or personal bank statements.
 - e. Federal tax returns for the prior three years to include all supporting schedules and statements (if available).
 - f. A completed Authorization to Release Information form
5. A copy of current Covina Business License

6. A copy of business insurance and liability.
7. Document which specifies what person/s in a corporation or partnership is authorized to sign documents and assume debt on behalf of the business.
8. A Business Plan as outlined in Attachment C.
9. A copy of the business time-off request policies.
10. Business applicant will need to provide printout(s) demonstrating that business is registered with SAM.gov and maintain an active Unique Entity Identifier to receive federal funds.
11. Upon approval of application, the business will need to maintain employee(s) hired under this program for at least one (1) year. Business will be required to provide documentation of employment for persons at 80% or less of area median income. A quarterly report will be required for review to determine compliance with Program requirements.

All of the above criteria are important, and the absence of any one may be sufficient to deny a grant request. Please note that Participant may be required to submit additional documentation, as requested by Program staff, in instances where additional application clarification is required.

Job Creation Requirement & Term

Program Participation Period:

The required period of time for program compliance and loan forgiveness is one year (Participation Period) from the hiring date of the eligible job created. The grantee is responsible for retaining any documentation evidencing eligible expense use and subject to an audit to evidence such use of loans. Should the grantee not meet the obligations as required in the Contract Agreement, loaned funds will be due and payable to the City.

Sale of Business During Program Term

Any business receiving program funding shall disclose the information and details of the loan upon sale or transfer of the business to any subsequent owner. In the case of sale of a participating business during the one-year program term, the new buyer must provide a complete application and written agreement to the City affirming assumption of all conditions of the grant for the remainder of the term.

Close of business

Any business receiving program funding shall disclose the information and details of close of business 30 days in advanced. The City may require the business to return a portion of or the entire loan, including but not limited to any fees or costs incurred.

Created Jobs Defined:

If a CDBG loan is awarded, it will be on the basis of job creation for low- to moderate-income persons. "Jobs created" is defined as a full-time equivalent position or positions which are filled by a person or persons who are not a current or previous employee. Full-time is defined as 40 hours of work per week. To qualify, the person hired must be from a low-to moderate-income household. To qualify as low-to moderate-income, information must be obtained on family size and income so it is evident that gross annual family income does not exceed the low-to moderate-income limit. Gross annual income limits can be found in Attachment E. The following additional policies apply for new employment positions:

- a. Multiple part-time positions may equal full-time equivalents (i.e., two new part-time positions each working 20 hours per week would be considered one full-time equivalent).
- b. Only permanent positions count – temporary jobs may not be included.
- c. Seasonal jobs may be counted only if the season is long enough for the job to be considered as the employee's principal occupation.

Annual household income eligibility as established in the U.S Department of Housing and Urban Development (HUD)," Moderate-Income" limits is based on the following two (2) factors:

- a. The total number of persons residing in the household; and
- b. The total amount of the gross annual household income.

Household Defined:

A **Household** is defined as all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of persons who share living arrangements. Therefore, household member information must include, at a minimum, the following:

- 1) Full names and ages of all family members as well as any unrelated persons living in the residence; and
- 2) Signature of the primary applicant(s), certifying that the information provided related to the annual household income and household members is correct.

Eligible households must be below the "Moderate Income" limits for confirmed household size. These limits will be updated when new income limits are provided by HUD.

Full-time Equivalent (FTE) Defined:

For the purposes of this program, Full-Time Equivalent (FTE) is defined as forty (40) hours of paid full-time work in a seven-day period. In the medical and dental fields, the industry practice defines full-time positions as 32 to 36 hours of work in a seven-day period. Therefore, the only

exception to the forty-hour definition of FTE position requirement will be for positions created in the medical and dental fields, when the written personnel policy of the participating business states clearly the number of hours that constitutes full-time positions as 32 hours or more.

Pre-application and Scoring Process

1. Pre-Applications will be accepted and evaluated for completeness and Applicant eligibility.
2. The Rating/Scoring Criteria will be comprised of qualified businesses that will encourage transit-oriented development, and creating a more memorable, accessible, economically-vibrant, and regionally attractive downtown as well as bringing the most sales tax generating business to TCSP. Pre-applications will be evaluated in accordance with the scoring criteria as listed below.

Rating/Scoring Criteria of Pre-Application		Maximum Possible Points:
Part 1	Business Plan. The business plan should precisely define its business, identifies its goals, and services as the business’s resume. Please refer to Attachment C Business Plan Outline for reference.	25 points
Part 2	Type of for-profit Business (See Attachment A for type of project business is categorized under.) <ul style="list-style-type: none"> • New Retail/Commercial - 15 points • Food and drink establishments – 25 points • Art gallery and supplies – 10 points • High-tech industrial uses - 5 points • Entertainment – 15 points • Manufacturing – 5 points 	25 points
Part 3	Owner/Operator Experience. The management team’s business experience that directly or indirectly relates to their business.	10 points
Part 4	Economic and Quality of Life Impact. The economic impact and the business’ impact on the quality of life of the community in which the business is located.	10 points
Part 5	Future Prospects for Growth.	10 points

	The future prospects for short- and long-term growth of the business.	
Part 6	Business Ambiance. Describe the décor, colors and textures, front desk, furniture and fixtures, lighting, music, entertaining material, marketing/promotional perks, staffing, and restrooms and how they attribute to the business ambience. Describe how does the business create a comfortable ambience and a memorable experience for the customers.	20 points
Total Possible Points:		100 points

Application and Award Process

Step 1.	Pre-Applications will be accepted and evaluated for completeness and eligibility. Each pre-application processed in the order received.
Step 2.	Pre-applications will be reviewed for qualifications and those that meet the basic qualifications will be invited to complete a full application with supporting documentation within (2) weeks of notification of eligibility by the City. If the full application and all documentation is not completed and return to the City within (2) weeks of notification of eligibility by the City, the applicant will be disqualified.
Step 3.	City will begin the underwriting process. Only applications that are complete, with all of the required documentation, will be reviewed and underwritten. Program staff will review application information and provide an eligibility determination within 14 business days. Program staff will advise Applicants of any deficiencies within incomplete applications, and indicate corrective measures required. Program staff shall notify all ineligible Applicants of their status by written correspondence.
Step 4.	Upon approval of application, Program staff shall schedule an appointment with each qualified Applicant to review program requirements, hiring goals, and reporting and documentation requirements. Applicant will review and sign the grant agreement and all other pertinent documents.
Step 5.	Fund disbursement. A single distribution payment of the total contract dollar amount will be made upon approval/execution of the contract by the business owner/manager. The approximate processing time between executed forgivable loan agreement and fund disbursement is 3 weeks.

Step 6.	Applicant will have three months from the date the forgivable loan agreement was executed to fulfill the employment position, or if for three consecutive months the required position has remained vacant, the forgivable loan agreement will be terminated, and the loan balance will be due and payable.
Step 8.	<p>Business will need to demonstrate hiring was targeted for persons at 80% or below of area median income. A minimum of 51% of the employees hired by business under the program must be qualified as low-and moderate-income household. If a business is having difficulty hiring a qualified low-and moderate-income person, the City can refer to the Business upon request, a local agency that works with low-and moderate-income individuals who are seeking employment.</p> <p>Business will be required to provide an original copy of a completed and signed "Employee Income Self-Certification" form of employment for all new employment. The template is provided in Attachment B.</p>

Step 9.

During the Participation Period, the Participant is responsible for providing:

- a. Monthly payroll of all employees under program. The payroll shall include at a minimum the following for each required employment position: employee name, job title, hours worked per week, the hourly rate for participating employees, plus any other documentation as determined by the Special Projects Staff. Monthly payroll will be due on the 15th of each month from when full-time equivalent employment started.
- b. A quarterly report to the Housing Division for review to determine compliance with Program requirements. The Quarterly Report will indicate the number of jobs created and a short narrative of accomplishments for the program. The Quarterly Report shall be filed within **one week** from the last day of the quarter. A quarterly report is effective as soon as grant contract begins, regardless of start date of employment for job created. If documentation of expenditure is not provided, funds must be returned to the City. The template is provided in Attachment F.

Example of reporting due dates as follows:

YEAR	QUARTER	PERIOD COVERED	DUE DATE
2024	1	July 1 – September 30	October 7, 2024
2024	2	October 1 – December 31	January 7, 2025
2025	3	January 1 – March 31	April 7, 2025
2025	4	April 1 – June 30	July 7, 2025
2025	1	July 1 – September 30	October 7, 2025
2025	2	October 1 – December 31	January 7, 2026
2026	3	January 1 – March 31	April 7, 2026
2026	4	April 1 – June 30	July 7, 2026

ATTACHMENT A

TYPE OF PROJECT

Funding priority will be recommended for projects that meet the overall design scope and criteria for the location, create jobs for low- to moderate-income persons, expand economic opportunities and generate sales tax. The following project types will be considered project funding:

- A. New Retail/Commercial
 - 1) Appliance
 - 2) Vehicle
 - 3) Furniture
 - 4) Clothing and shoes
 - 5) Electronic/computer
 - 6) Kitchen equipment
 - 7) Gift stores
 - 8) Health and Sporting Goods stores
 - 9) Book and Entertainment stores
 - 10) Musical Instruments and sound equipment store
 - 11) Upscale grocery and import stores
 - 12) Boutique Day Spa
- B. Food and drink establishments
 - 1) Dinner houses/restaurants
 - 2) Upscale fast food
 - 3) Coffee Shops
 - 4) Bakeries
 - 5) Cafés
 - 6) Gastropubs
 - 7) Microbrewery
- C. Art gallery and supplies
- D. Entertainment-related activities
 - 1) Movie theaters
 - 2) Concert venues
 - 3) Theatre
 - 4) Other live entertainment
- E. High-tech industrial uses

- 1) Aerospace-related
- 2) Computer
- 3) Bio-Tech

F. Manufacturing

Manufacturing is defined as follows: To be engaged in the production of something different and distinct from the original article. Substantial transformation is required, resulting in a change to its superficial appearance and altering its substantial character. Manufactured goods are goods made by machinery in large quantities, from primary goods such as steel and textiles, and baked goods.

ATTACHMENT B

CDBG JOB CREATION EMPLOYEE INCOME SELF-CERTIFICATION FORM

Project Name: DOWNTOWN NEIGHBORHOOD BUSINESS WORKFORCE AUGMENTATION PROGRAM

Name of Employee: _____

Address: _____

Employer: _____

Job title: _____

Hire Date/Start Date: _____ Number of hours worked per week, on average: _____

Please indicate job position is full-time or part-time (please check one): F/T P/T

1. Number of People in Household (household size): _____

2. Please circle your household size and income level (from all sources):

2024 INCOME LIMITS

Number of Persons	Extremely Low-income	Low-income	Moderate-income
1	\$29,150	\$48,550	\$77,770
2	\$33,300	\$55,450	\$88,800
3	\$37,450	\$62,400	\$99,900
4	\$41,600	\$69,350	\$110,950
5	\$44,950	\$74,900	\$119,850
6	\$48,300	\$80,450	\$128,750
7	\$51,600	\$86,000	\$137,600
8	\$54,950	\$91,550	\$146,500

*Please note that the 2024 median household income for Los Angeles County is \$98,200.

*Income Limits will be updated when new income limits are provided by HUD.

3. Ethnic Background:

Racial Background:

Mark next to the category that best describes your origin.

Single Categories:

American Indian/Alaska Native

Asian

Black/African American

Native Hawaiian/Other Pacific Islander

White

Double Categories:

American Indian or Alaska Native and White

Asian and White

Black or African American and White

American Indian or Alaska Native and Black or African American

Other for individuals not identified above

Household information - check one:

A female heads the household where this client resides.

A male heads the household where this client resides.

ethnic background

Mark next to the category that best describes your ethnicity.

Yes, Hispanic/Latino

No, Not Hispanic/Latino

I certify that the above information is true and accurate, and that supporting documentation can be provided upon request.

Employee's Signature

Date

Agency's Approval

Date

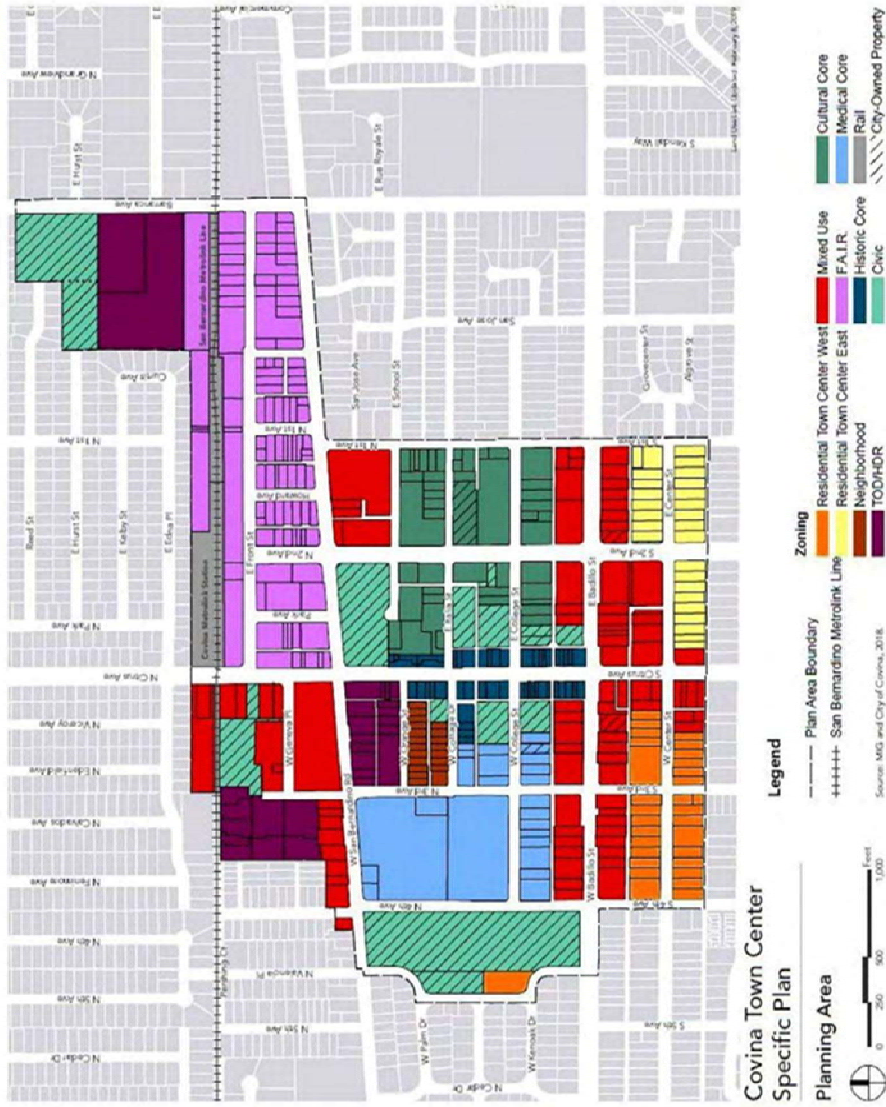
ATTACHMENT C
Business Plan Outline

<p>1. Description of Business</p> <ul style="list-style-type: none">• Name and location• Legal structure• Principal owners• Nature of the business• History of the business• Franchise: include Franchise Agreement with FTC Disclosure <p>2. Product or Service</p> <ul style="list-style-type: none">• Describe product line(s) or types(s) of service• Describe materials and supply sources• Methods of production• Quality and cost of production or service <p>3. Market Information</p> <ul style="list-style-type: none">• Market area and trends• Customers and potential new customers• Competition, names, locations and size• Advantage of your product/service over others <p>4. Advertising</p> <ul style="list-style-type: none">• Methods of advertising and promotion• Sales methods• Pricing policy• Customer service <p>5. Facilities</p> <ul style="list-style-type: none">• Location• Size and zoning• Age and condition• Expansion opportunities	<p>6. Management and Personnel</p> <ul style="list-style-type: none">• Management expertise• Key personnel (position, qualifications)• Professional services• Present and future manpower requirements• Personnel breakdown-skill levels, hours, wage rates, unionization, etc. <p>7. Benefits to the Community</p> <ul style="list-style-type: none">• Job created/retained• Building rehabilitation• Meeting community needs• Increase community tax base <p>8. Summary of Future Plans</p> <ul style="list-style-type: none">• Short range and long range• Expansion• Relocation• Three years of projections (first year broken down by month) <p>Note: the business plan is an important component to your loan package. It will show how well your proposal has been thought out. One paragraph for each number item is sufficient. An overall length of 2-5 pages is adequate</p>
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LAND USE ZONING DESIGNATIONS

The CTCSP land use designations regulate the allowable uses within the Plan area (Figure 3-1 and Table 3-1). The descriptions for each land use designation below reflect future conditions.

Figure 3-1



3-4 LAND USE AND ZONING

ATTACHMENT E

Please note that these limits will be updated when new income limits are provided by HUD.



NUMBER: 24-0006	SUBJECT: FISCAL YEAR 2024 INCOME GUIDELINES FOR COMMUNITY DEVELOPMENT	
DATE: May 14, 2024	EFFECTIVE DATE: Immediately	PAGE 1 OF 2

**TO: PARTICIPATING CITIES
COMMUNITY-BASED ORGANIZATIONS
OTHER PUBLIC AGENCIES
COUNTY DEPARTMENTS
LACDA DIVISIONS**

The Fiscal Year (FY) 2024 income guidelines in the table below are for use in Community Development Block Grant (CDBG). These guidelines should be used to determine compliance with each program's objective of providing benefit to income-eligible persons. They are also used in determining eligibility for the Public Housing and Section 8 Programs and are effective until a new schedule is issued.

The CDBG Program defines annual income according to the Section 8 Housing Assistance Payments Program, thus we are subject to the definition of "Extremely Low-Income," per the 2014 Consolidated Appropriations Act. Since the 30% Average Median Income (AMI) limits are not the same as the "Extremely Low-Income" limits, the CDBG Program must use the income guidelines, as outlined below:

2024 INCOME LIMITS

Number of Persons	Extremely Low-Income	Low-Income	Moderate-Income
1	\$29,150	\$48,550	\$77,770
2	\$33,300	\$55,450	\$88,800
3	\$37,450	\$62,400	\$99,900
4	\$41,600	\$69,350	\$110,950
5	\$44,950	\$74,900	\$119,850
6	\$48,300	\$80,450	\$128,750
7	\$51,600	\$86,000	\$137,600
8	\$54,950	\$91,550	\$146,500

*Please note that the 2024 median household income for Los Angeles County is \$98,200.

Community Development Division – Grants Management Unit (CDD-GMU)
Putting Dollars into Action

These guidelines refer to the terms in determining income levels for the above-mentioned programs. To clarify any misunderstanding from the differences in terms between the Public Housing, Section 8, and CDBG, the following is provided for your information:

COMPARISON OF TERMS IN DETERMINING INCOME LEVELS		
CDBG	SECTION 8	% OF MEDIAN
Extremely Low-Income	Extremely Low-Income	Equal to or less than 30%
Low-Income	Very Low-Income	31% to 50%
Moderate-Income	Low-Income	51% to 80%

Agencies funded by CDBG and approved by the Los Angeles County Development Authority to use the *Public Service Self-Certification Form* for income documentation must immediately integrate the revised income guidelines into their forms. Updated forms in multiple languages have been included with this bulletin for your utilization.

Should you have any questions, please contact your CDBG Contract Manager.

Sincerely,

Linda Jenkins

Linda Jenkins (May 14, 2024 16:52 PDT)

LINDA JENKINS, Director
Community Development Division

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Attachments

