



Mayor's Office of Community Development City & County Of San Francisco

2008-09 Special Provisions for Microenterprise Assistance Grantees

As a "Grantee" of funding from the Mayor's Office of Community Development's HUD CDBG program for specific activities that are eligible under the category of Micro-enterprise Assistance, Grantees are required to maintain records that document and track micro-enterprises served in order to meet the required HUD national objective requirements.

Eligible Micro-enterprise Assistance Activities: A micro-enterprise is defined as a business that has five or fewer employees, one or more of whom owns the enterprise. Persons developing micro-enterprises are defined as persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a micro-enterprise at the time it is formed.

The eligible activities for providing *Micro-enterprise Assistance* to assist business startup, expansion or retention include:

- Providing credit, including grants, loans, loan guarantees and other forms of financial support which will establish, stabilize or expand micro-enterprises; and
- Providing technical assistance, advice, and business support services to owners of micro-enterprises and persons developing micro-enterprises; and
- Providing general support, including peer support programs, counseling, child care, transportation, and other similar services, to owners of micro-enterprises and persons developing micro-enterprises.

Covenants of the Grantee:

As a condition of receiving HUD CDBG funding for the purpose of carrying out these activities under this Agreement, the "Grantee" hereby covenants that:

- a. Each micro-enterprise client provided assistance under the Micro-enterprise Assistance component must demonstrate that the project meets the required HUD National Objective.
- b. Each micro-enterprise assistance activity funded under the CDBG program must meet the following National Objective: **"The development of viable communities by expanding economic opportunities, principally for persons of low- and moderate-income."** The National Objective can be accomplished as follows:
 1. ***Limited Clientele.*** This provision of federal regulations allows the jurisdiction to look at the income of the owner of the micro-enterprise or of the persons developing a micro-enterprise for purposes of determining the low- and moderate-income benefit of the clientele. Under this option, **any person receiving assistance under a CDBG-assisted Micro-enterprise Assistance activity must be a low- and moderate-income person.** The program must either determine a client's income eligibility based on family size and income.
- c. Grantee agrees to allow the Staff of the MOCD or their designees the right to monitor Grantee's compliance with these Special Provisions through the submission of regular monthly client reports listing microenterprise clients assisted through periodic site visits to

review Grantee microenterprise client records and files. Income verification records will be maintained by the Grantee at their sites.

- d. Grantee agrees that it will provide MOCD regular monthly reports compiling microenterprise clients assisted through CDBG funds and will document their income. These reports will be submitted on line through the MOCD 7C2 On-line reporting system.
- e. Grantee will monitor micro-enterprise clients for a period of up to 24 months for compliance with the National Objective and to assess their sustainability and growth.
- f. MOCD may be assisted in the collection of job creation/retention information by agencies designated as Neighborhood Economic Development Organizations (NEDOs) or other designees.
- g. Grantee will enter into a “**Client Services Engagement Agreement**” with each business client to ensure continued documentation of income, job creation/retention tracking and reporting requirements detailed in these Special Provisions.

Print Name of Executive Director

Date

Authorized Signature by Executive Director