



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

2008-09 Special Provisions for Small Business 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 categories of Special Economic Development Activities and/or Basic Eligible Activities to facilitate economic development,

Grantees are required to maintain records that document and track job creation and job retention activities for clients in order to meet the required HUD national objective and public benefit requirements.

Eligible Special Economic Development and Basic Eligible Activities: The eligible activities for providing *Business Assistance* to assist business startup, expansion or retention include:

- Grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development activity
- Economic development services including outreach efforts to market available forms of assistance, screening applicants, reviewing and underwriting applications for assistance, preparation of all necessary agreements, management of assisted activities and the screening, referral, and placement of applicants for employment opportunities generated by eligible economic development activities, including the costs of providing training to fill those positions
- The acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, and other real property equipment and improvements.

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 business client provided assistance under the Small Business Assistance component must demonstrate that the business meets minimum HUD public benefit standards.
- b. Each grantee will be required to meet the HUD "Aggregate Public Benefit Standards".
- c. To meet the Aggregate Public Benefit Standard, the grantee must demonstrate that its program:
 1. Creates or retains at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used.
- d. Each Small Business 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."**
 1. ***Jobs Created / or Retained:*** The National Objective referenced above is accomplished by documenting that at least 51 percent of the jobs that will be created or retained by the CDBG-assisted business expansion or retention project will be

filled by persons of low-and moderate-income as defined by the U.S. Department of Housing & Urban Development income guidelines.

- e. Grantee agrees to obtain and collect information from business clients that will document the family income of new employees hired as a result of assistance from HUD CDBG funds. This information collected should verify the family incomes of all employees that the businesses designate as being low-and moderate-income hires by requiring that each new or retained employee complete the **Employee Income Certification Form** (attached hereto as ED Form 1) or provide another acceptable form of income verification. A representative sampling of Employee Income Certification Forms (at least 30%) must be verified by other income documentation. Grantees must submit monthly reports on jobs created and retained through the MOCD's 7c2 on-line reporting system.
- f. 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 monthly reports of jobs created/retained information in the MOCD 7c2 system. Monitoring will also occur through periodic site visits to review Grantee business client records and files. Income verification records will be maintained by the Grantee at their sites.
- g. Grantee agrees that it will provide MOCD regular monthly reports compiling business client job creation and retention numbers documenting client income for jobs created or retained for those businesses served by CDBG funds as outlined. Monthly reports detailing jobs created/retained will be submitted on line through the MOCD 7C2 On-line reporting system.
- h. Grantee agrees that only **permanent jobs** directly related to the assisted activity are considered for purposes of determining whether the project generated the requisite amount of public benefit. Grantee agrees to use the following parameters to define **jobs created or retained** as required by HUD:
 - 1. For **job creation**, it is required that a recipient (the business) demonstrates that CDBG assistance resulted in the creation of permanent, full-time (or full-time equivalent) private-sector jobs. A **permanent new job** is defined as a job classification that provides 1,750 hours a year of employment. Full time equivalent jobs (FTE) are also considered towards establishing a final job count. When entering employee information into the 7c2 reporting system, grantee must report employment hours in the Hours/Week section.
 - 2. For **job retention**, the grantee should document that the **permanent jobs** would actually be lost without the CDBG assistance. There should be evidence that prior to providing CDBG assistance, it was clearly and objectively demonstrated that without CDBG assistance, the jobs would be lost.

Examples of clear and objective evidence include: **reasonable documentation of business's risk, 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.

If the national objective is being met is through benefit to low- and moderate-income persons, an income survey of current employees must document that at least 51 percent

of the **jobs retained with CDBG dollars** are held by low- and moderate-income persons. An **Employee Income Certification Form** will be used to survey the incomes of the current employees to determine their low- and moderate-income status prior to making a funding decision. If funding is approved, a representative number of the retained employees must be income-screened for low- and moderate-income eligibility to document the reliability of the survey results.

- i. Grantee will monitor business clients for a period of up to 24 months to meet their job creation or retention goals. In the event of an economic downturn or other unplanned circumstance, a business may request an extension (in writing) to this term to be reviewed on a case-by-case basis.
- j. MOCD may be assisted in the collection of job creation information by agencies designated as Neighborhood Economic Development Organizations (NEDOs) or other designees.
- k. Grantee will enter into a “**Client Services Engagement Agreement**” with each business client to ensure continued documentation of job creation and retention tracking and reporting requirements detailed in these Special Provisions.

Print Name of Executive Director

Date

Authorized Signature by Executive Director