



MEMORANDUM

City of Angels City Council

Date: 7/16/2024
To: City Council
From: Amy Augustine, AICP and Michelle Gonzales
Re: Provide Staff Direction Application for Micro-Enterprise Community Development Block Grant

Recommendation:

City Council may:

1. Direct staff to proceed and return to City Council with a formal resolution to pursue the grant
2. Direct staff not to proceed, or
3. Other

Background/Discussion:

The California Department of Housing and Community Development anticipates the release of a Notice of Funding Availability (NOFA) for an “Over the Counter” (OTC) program at the end of July, followed by a 30-day comment period, then a final due date likely before October. OTC applications are first-come first-served (i.e., non-competitive). Therefore, the earlier an application is submitted, the greater the likelihood of receiving funding.

Applications can be for up to \$1.5 million to assist for-profit small businesses and most jurisdictions apply for the maximum. A similar grant was secured in the past with implementation planned through Destination Angels Camp. Ultimately, DAC declined to implement that portion of the grant requiring underwriting (making subgrants and loans). The grant term is three years. The grant is intended to encourage jobs for those without college degrees.

Per discussions between staff and the California Department of Housing and Community Development, the state recommended that staff not be tasked with undertaking business/grant underwriting.

Therefore, staff is proposing to hire a project underwriter to assist in implementing a program which would include, but not be limited to:

- Assisting commercial tenants in physically rehabilitating/upgrading a building, securing equipment to run a new business
- Assisting owner/operators in physically rehabilitating/upgrading a building, securing equipment to run a new business
- Providing working capital for start-up businesses
- Assistance in how to run a new business (e.g., the permitting process)
- Other tasks that may be identified

Due to the various guidelines of the CDBG programs, these tasks would be accomplished through either one grant application or two.

To qualify, the City must have documentation of its qualifications for community development block grants. As Council will recall, the city completed an income survey in April 2020¹ to qualify for CDBG funds. These studies have an accepted “lifespan” of five years assuming no major changes in the jurisdiction’s economy. The study is “good” for one more year before a new study will likely be required. Therefore, an application this year rather than next year would be timely and less costly.

Strategic Plan Alignment

A4 Economic Development - *Promote a wide variety of economic opportunities consistent with the city's social, cultural, environmental, and aesthetic resources*

A5 Economic Development - *Maintain and enhance the city's economic vitality while conserving the city's social, cultural, environmental, and aesthetic resources*

The grant application will facilitate economic development.

Financial Impact

If successful, the City would secure \$1.5± million to assist small businesses in the city through grants and/or loans. A portion of the funds would pay for a contractor to act as an underwriter for the program.

Attachments

None.

¹ In accordance with the Federal Regulation 24 CFR 570.483 (b) (1) (i) guidelines, training published by the California Department of Housing and Community Development and in compliance with HUD CPD Notices 14-013 and 19-02.