

City of Denton

Small Business Rent / Mortgage Relief Program

Overview

On March 11, 2021, the American Rescue Plan Act was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund also known as the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) program. The purpose of SLFRF is to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. Funding objectives are outlined as:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs
- Support immediate economic stabilization for households and businesses
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic

The City of Denton was allocated \$23.29 million in federal aid across two years. Half of this funding (\$11.65 million) became available in May 2021, and the remaining half will be available in May 2022. As part of the Fiscal Year 2021-2022 budget adoption, City Council approved the use of SLFRF to fund a grant program supporting small businesses.

Eligible businesses must be able to demonstrate an economic loss associated with the COVID-19 global pandemic as required by the SLFRF program and must be in the City of Denton. Applicants may apply for up to \$40,000 of their business property rent or mortgage payments. Recipients will be required to report how the funds were used to support and sustain the business at a 6 month and 12 month period over the term of the grant.

Funding Assistance	Available Funding	Maximum Award	Performance Start Date	Performance Duration (Months)
Rent/Mortgage Relief	\$2,000,000	\$40,000	TBD	12

Eligibility (Who may apply)

Eligible business applicants must meet the following criteria:

- Able to demonstrate an economic loss associated with the COVID-19 global pandemic
- Businesses with 25 full-time equivalent (FTE) employees or fewer as of March 1, 2020 (part-time employees should be counted as 0.5 FTE each)
- Business with under \$5 million in annual revenues
- Business has been in continuous operation for at least 2 years as of March 1, 2020
- Business organized as partnerships, sole proprietorships, LLCs, cooperatives, or other business structures
- Business able to provide one (1) year of federal income tax returns
- Business headquartered in the City of Denton

Ineligible applicants:

- Businesses not headquartered in a City of Denton
- Businesses with over 25 full-time equivalent employees or more as of March 1, 2020
- Businesses with over \$5 million in annual revenues
- Businesses debarred, suspended, or divested from contracting with federal, state or local governments
- Businesses without an Employer Identification Number (EIN)
- Businesses engaged in multi-level marketing
- Businesses that derive any portion of their annual revenue from gambling activities
- Businesses engaged in lobbying
- Houses of worship or religious institutions
- Government entities
- Nonprofits
- Individuals
- Full time, permanent City of Denton employees are ineligible to receive these funds

Eligible Expenses for Reimbursement

Rent and mortgage payments for the business property made between March 1, 2020 and August 1, 2020 are eligible for reimbursement under the program. This time period covers the most restrictive requirements placed on business operations and openings at the beginning of the pandemic. Invoices and proof of payment documentation must be submitted with the application. Documentation totals should match total expense reimbursements requested.

If an individual owns multiple businesses, they are eligible to apply on behalf of only one business. If an applicant can document that a rent or mortgage payment for the business property that would have been due between March 1, 2020 and August 1, 2020 has been deferred but is still due on a date after August 1, that rent or mortgage payment is eligible for reimbursement. Rent or mortgage payments from March 1 to August 1 that have been forgiven and are not required to be paid at a future date are not eligible for reimbursement.

Eligible Expenses for Use

Once the reimbursement is awarded and accepted, the funding may be used in various ways to support and sustain operations with a goal of returning to pre-pandemic business levels. Eligible expenses for use of funding award are:

- Personnel Costs – Salaries for part/full time employees
- Personnel Benefits – Employment benefits such as health insurance, paid leave, etc..
- Rent/Mortgage – Payment for the rent/mortgage of the business space
- Professional Services – Fees paid for professional services such as vendors, consultants, tax assistance, etc..
- Equipment – Purchase of long-term use items such as computer equipment, furnishings, operational equipment
- Supplies – Purchase of short-term, single or disposable use items such as office supplies, cleaning equipment, etc..
- Construction – COVID / Health and safety related building modifications
- Other – Other COVID related expenses not captured in a previous category

Applicants will be required to submit a proposed budget on how awarded funds will be spent to promote business continuity.

Required Documentation

The following documentation will be required with submission of an application:

- Documentation of expenses eligible for reimbursement (invoice/bill and proof of payment)
- Current Balance Sheet & Profit & Loss Statement
- Payroll record as of March 2020 to document number of employees
- 2018 and/or 2019 Federal Income Tax Return
- Registration with the Secretary of State or County Clerk

Reporting Requirements

Small businesses awarded grant funding will be required to submit a final grant report within 30 days of the grant's ending term date.

Application Review Information

Grant awards for businesses will be calculated based upon a business' ability to document expenses eligible for reimbursement between March 1, 2020 and August 1, 2020 and scoring criteria.

Scoring

Economic Impact (25 Points)

- Documentation of economic loss
- On-going COVID 19 response
- Working funds (*Working funds are the difference between a company's current assets, such as cash, accounts receivables (customers' unpaid bills) and inventories of raw materials and finished goods, and its current liabilities, such as accounts payable.*)
- Likely impact of not receiving grant

Business Scale (15 Points)

- Number of employees (FTE's)
- Annual revenues
- Years in operation

Equity (10 Points)

- Race/Ethnicity of ownership
- Gender of ownership
- Low-to-moderate income location