



Diane Nichols Tradd
Assistant City Manager/DPD Director

Craig Thomas
Deputy Director

MEMORANDUM

TO: Eileen M. Donoghue, City Manager *EMD*

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

DATE: May 12, 2020

SUBJECT: COUNCIL MOTION OF 4/28/2020 BY COUNCILOR CHAU
REQUEST CITY MANAGER INVESTIGATE THE POSSIBLE USE OF CDBG FUNDS
FOR EMERGENCY GRANTS/LOANS TO LOWELL SMALL BUSINESSES SIMILAR TO
PROGRAMS IN WORCESTER, FITCHBURG, AND CAMBRIDGE

The City of Lowell Economic Development Office, in collaboration with the Community Development Office, made \$150,000 available for a grant program to assist Lowell's small, independently owned, brick-and-mortar retailers, restaurants, and personal service businesses that have been most significantly impacted by the COVID-19 pandemic.

The Lowell Small Business Emergency Relief Grant Program is funded through the Community Development Block Grant (CDBG) Program from the U.S. Department of Housing & Urban Development (HUD). Small businesses will need to comply with at least one (1) of the following HUD/CDBG income criteria:

- Applicant will retain at least one (1) full-time job or full-time job equivalent*, held by a Lowell resident who has a combined household income within "very low" or "low-to-moderate" income ranges-see Appendix D for income thresholds; **or**
- If applicant has laid-off all employees due to COVID-19, applicant will pledge to either rehire at least one (1) full-time job or full-time equivalent* or retain a furloughed full-time employee or full-time equivalent who meets income eligibility standards per CDBG's guidelines.

In addition to the income-eligibility and job creation/retention requirements, successful applicants will also need to meet the following criteria:

- Lowell-Based business
- Brick-and-Mortar business
- Business must have been in operation prior to March 30, 2019 (+1 yr.)
- Business must have had at least one (1) full-time employee or full-time equivalent prior to March 1, 2020
- Business has at least one (1) year remaining on business lease or proof of commercial real estate ownership
- Total annual revenue not exceeding \$1,000,000
- Demonstrate a 25% loss in revenue for March 2020 (as compared with March 2019)
- Retain at least one (1) full-time or full-time equivalent employee on payroll (excluding owner)
- Show best effort to reopen and resume business operations upon issuance of the Commonwealth of MA executive order.

The Lowell Small Business Emergency Relief Grant Program is funded through the Community Development Block Grant (CDBG) Program from the U.S. Department of Housing & Urban Development (HUD). Grant awards of up to \$5,000 are available to eligible businesses until funds have been depleted. The Grants will be awarded on a case-by-case basis giving priority to small businesses that suffered the most financial impact. Grant funds can be used for short-term capital assistance for rent, utilities, payroll expenses, and any other expenses accrued as a direct result of the pandemic. Grant funds cannot be used to pay for debt accrued prior to COVID-19 (March, 2020). Preference will be given to small businesses that have not been able to apply and/or receive funding through the Small Business Administration (SBA).

To ensure that the application process and guidelines were as inclusive as possible, the City of Lowell partnered with the Entrepreneurship Center @ CTI and the Cambodian Mutual Assistance Association of Greater Lowell (CMAA) to provide technical assistance and language support to our non-English speaking business community. In addition to English, the program guidelines are available in Spanish, Portuguese, and Khmer.

The application period closes on Monday, May 11th @ 4:00 PM. The Economic Development Office will provide a report to the City Council with a list of eligible businesses that were funded through this program.

The Economic Development Office will continue to look for funding sources to expand the capacity of this program. Additional CDBG funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act may become available for future economic development activities. The City of Lowell has yet to receive any CARES Act CDBG funds or the updated regulations on how to distribute these funds.

DNT/ns

cc: Christine McCall, Director of Economic Development
Christopher Samaras, Director of Community Development