

State Community Development Block Grant Program

Small Business & Entrepreneurial Assistance (SBEA)

NORTH CAROLINA

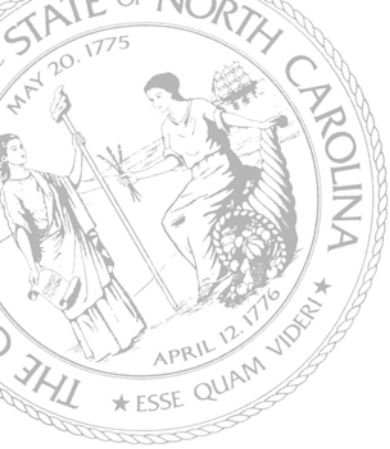
the state of minds



N.C. Department of Commerce

Mission Statement:

To improve the economic well-being and quality of life for all North Carolinians.

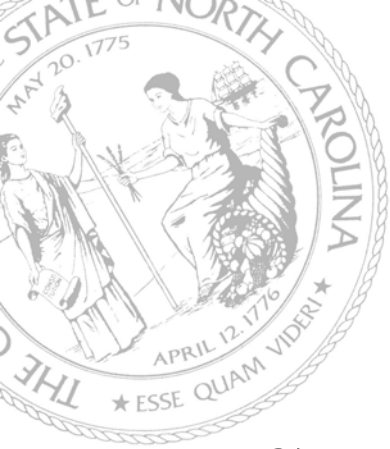


Vickie Miller

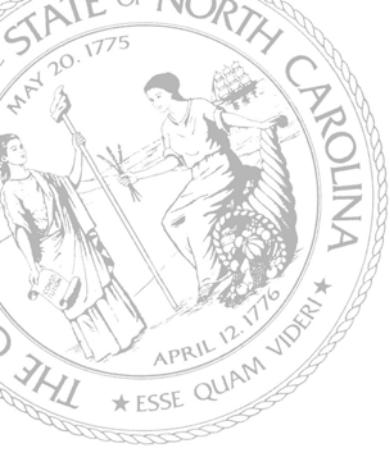
Assistant Director

Division of Community Assistance

North Carolina Department of
Commerce

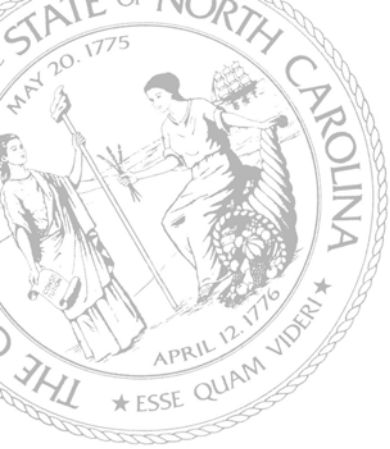


Small Business & Entrepreneurial Assistance (SBEA) Grant Program



Demonstration Program

- New CDBG grant demonstration program created in 2007;
- State-wide demonstration/pilot program;
- Expect participants to share success stories;
- Must document project stages, training, events and successes.



SBEA Purpose

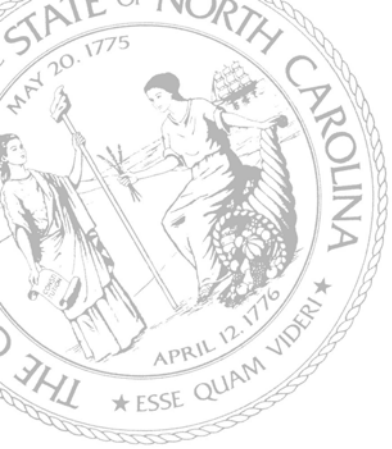
To provide funding to **local governments** to develop a coordinated effort to stimulate growth (create and retain **jobs for LMI person**) within the **existing small business/entrepreneurial sector** in NC's **most distressed communities** (priority) and to aid these communities in the development of an **entrepreneurial environment**.



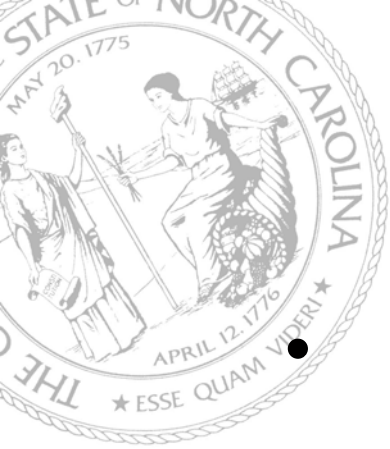
NC's Most Distressed Counties

1. Tier 1 Counties
 - (2009 3J Tax Credits)
 - 40 counties (& municipalities)

2. 21st Century Communities
 - 31 counties (& municipalities)



Two Components to SBEA



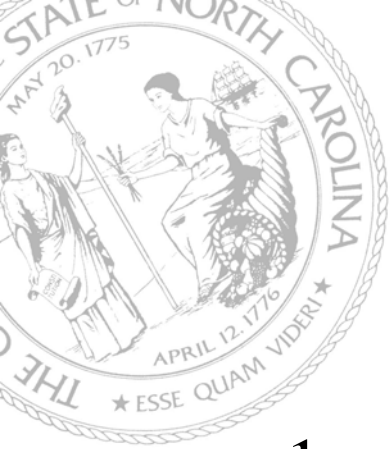
First: Creation of New Jobs

- Permanent, full-time jobs = at least 1600 hours per year.
 - 70% of jobs must be filled by LMI persons
- Preference given to projects paying higher wages.
- Employers are encouraged to offer qualifying health insurance for all full-time positions at the establishment and pay at least 50% of employee premiums.



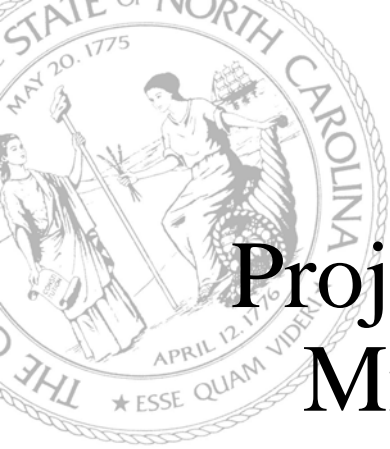
Second: Creation of Entrepreneurial Environment

Project must include measures to create or nurture an environment that will sustain entrepreneurial development in the community after project funding has ended.



Target Businesses

1. Existing businesses two years old or older;
2. With 100 or fewer employees;
3. Ready to expand but need funding to act as catalyst to do so.



Award Amount

Projected Program Funding for 2010 - \$1 Million

- Individual grants of \$150,000 - \$250,000
- Expect to make 5 – 7 awards
- Project timeframe will be 24 – 30 months
- Job creation based on amount of award.
 - For example:
 - Individual grant of \$250,000
 - $\$250,000 / \$25,000 \text{ per job} = 10 \text{ new jobs}$
 - 70% of jobs must go to LMI persons
 - 7 of 10 jobs must go to LMI persons



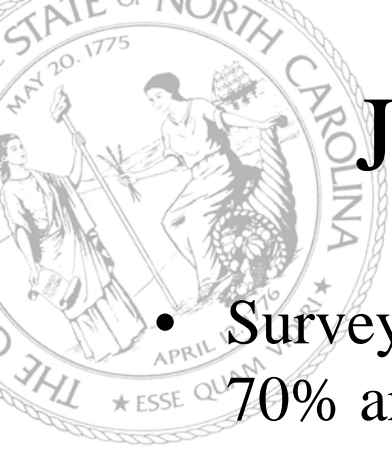
Job Creation Eligible Activities

- Infrastructure improvements (e.g., water, sewer, roads);
- Purchase of land;
- Construction of a building or other improvements;
- Renovation of an existing building to accommodate the business;
- Construction of tenant improvements/finishes;
- Leasing space in or purchasing an existing building;
- Purchasing capital equipment; and
- Providing job training that can be linked to specific jobs at a specific firm.



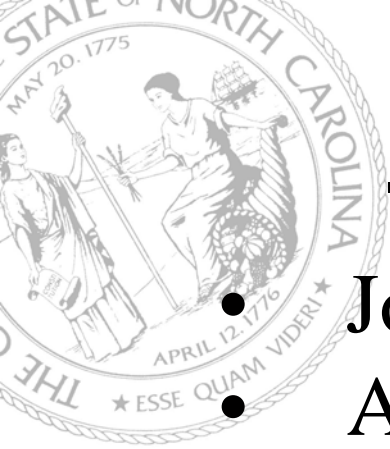
Ineligible Activities for Job Creation

- Revolving loan funds;
- Incubator projects for start-up businesses;
- Job training that can't be linked to a specific job at a specific firm.



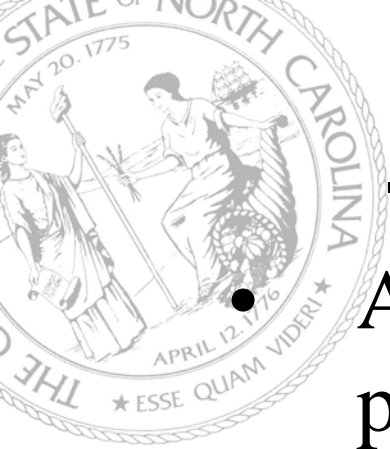
Job Retention Requirements

- Survey of the existing employees to ensure that at least 70% are low and moderate-income;
- Letter from 3rd party that has either issued a stop order or identified a serious deficiency (i.e. State Fire Marshall, DEHNR); and
- Company put in writing (on their letterhead) that they will move out of state or will shut down operations entirely if deficiency is not addressed. Please note that if the company states that they will move to another county within North Carolina, these funds cannot be used.



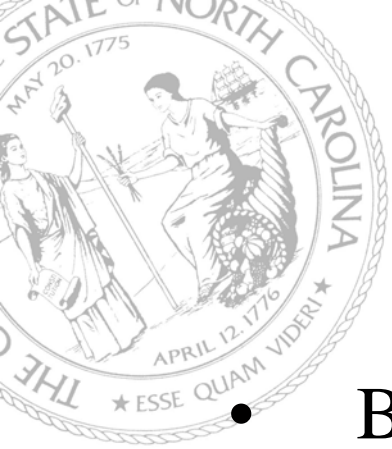
HUD Ineligible Activities

- Jobs transferred from other facilities;
- Assist companies that are in bankruptcy;
- General promotion of a community as a whole;
- Assistance to professional sports teams including automobile racing teams;
- Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele;



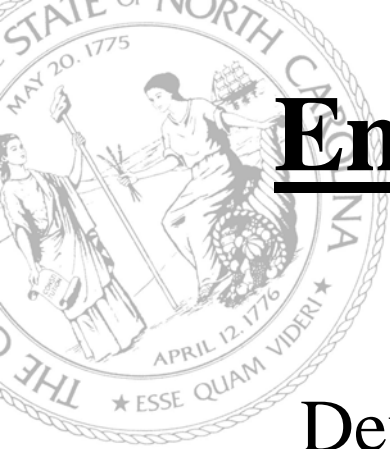
HUD Ineligible Activities

- Acquisition of land where no specific proposed use has been identified;
- Assistance to a business that is the subject of unresolved findings of noncompliance relating to previous CDBG assistance;
- Projects that do not create/retain jobs for low and moderate income persons.



Examples of Activities

- Business Expansion;
- Worker Training;
- Infrastructure Expansion;



Entrepreneurial Environment

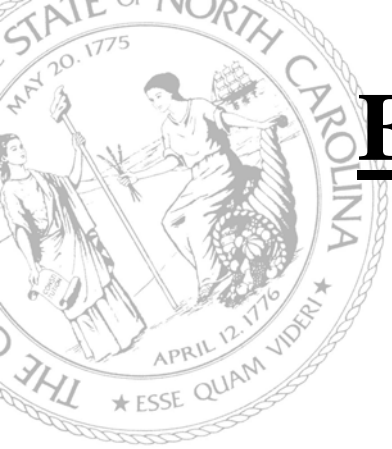
Develop a coordinated effort to equip project team members and community and business leaders to take deliberate steps to create an environment in which small businesses/ entrepreneurs can flourish.



Entrepreneurial Environment

Eligible Activities

- Planning for an entrepreneurial environment;
- Training of the project team and community leaders to learn about methods and tools for creating an entrepreneurial environment;
- Coordinating meetings to identify needs of entrepreneurs;
- Sponsoring events to market local entrepreneurs/businesses.



Entrepreneurial Environment

Ineligible Activities

- Outsourcing the development of a general strategic plan or feasibility study for the community;
- Payment of salary for anyone other than the grant administrator.



Entrepreneurial Environment

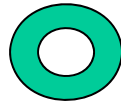
Key Part of the project

- Local communities need to create an entrepreneurial environment.
- Local communities will not revitalize their economy merely by getting grant funds for a business.
 - Bottom line is that local communities must exhibit a “pull yourself up by your bootstraps” attitude and spearhead the effort.
- Local communities need to be engaged, invested, and involved in establishing an entrepreneurial environment and promoting economic development.
- Local communities must make a conscious decision that this is important.



EE – How to Get There

• **Team approach**



- Diverse group committed to an entrepreneurial environment and to economic development
 - Elected officials, local government staff, businesses, non-profits, community leaders, etc.
- Team leader
 - Select someone to head the team who will be a “sparkplug”.
 - Dictionary definition: “a device that produces a spark for combustion in an engine cylinder.”
 - Sparkplug is someone who will provide leadership and energy, is persuasive and has a deep love of the community as well as a commitment to get the job done.

The seal of the State of North Carolina is partially visible in the top left corner. It features a circular design with the text "STATE OF NORTH CAROLINA" around the top and "MAY 20. 1775" and "APRIL 12. 1776" around the bottom. In the center, there is a figure holding a staff and a bundle, with the motto "ESSE QUAM VIDERI" below it.

EE – How to Get There (cont)

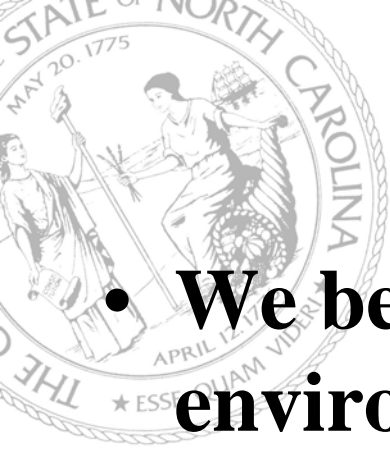
- **Training for the team**

- Knowledge of tools and skills to create the entrepreneurial environment and undertake the long-term commitment to economic development and creation of jobs.

- **Partnerships at local, regional, state level**

- Networking with partners and other available resource providers

- Governmental, educational, private, non-profit



EE – Our Purpose

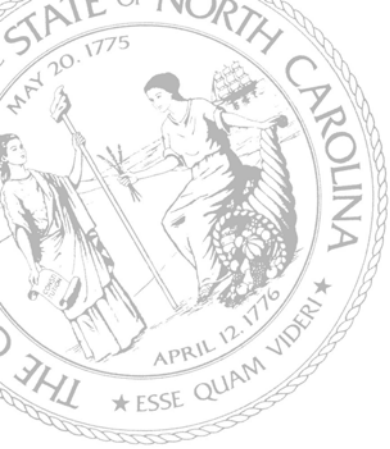
- **We believe that an entrepreneurial environment is critical to a local government's success.**
- **We want to give grantees the opportunity to gain tools and skills in this program.**
 - Often you have heard it said, “ Instead of giving a hungry man a fish to eat, give him a fishing pole and teach him to fish.”
 - We want to give you a “fishing pole” and provide the means for you to learn to “fish”.



HUD Performance Measures

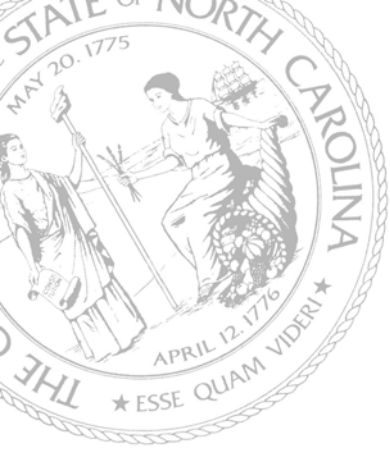
Background:

- The Government Performance and Results Act of 1993 (GPRRA) mandates that federal programs improve their effectiveness and public accountability by focusing on results. The CPD Performance Measurement System is HUD's response to the act.

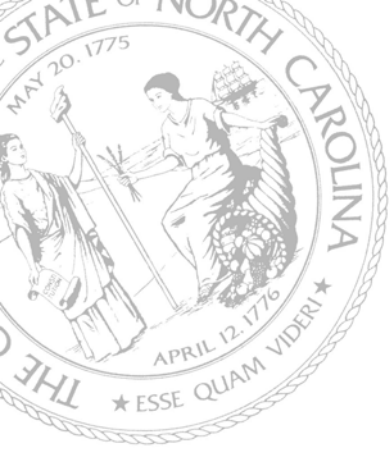


Performance Measures

- **Objective:** Creating Economic Opportunities
- **Outcome:** Economic development activities that focus primarily on improving the availability/accessibility of jobs for residents



Application Process



Application Process

- SBEA funds awarded to local governments through a competitive process
 - Completed application submitted by pre-determined timeline



Rating Criteria

- **Appropriateness and Feasibility of Business Activities**
300
 - Appropriateness of Plan for Creating an Entrepreneurial Environment
300
 - Local Commitment and Community Partnerships
200
 - Timely and Effective Public Participation
100
 - Grant Administration Capacity and Past Performance
100
 - Distressed Community Designation
50
 - **Total Points**
1000/1050



Other Considerations

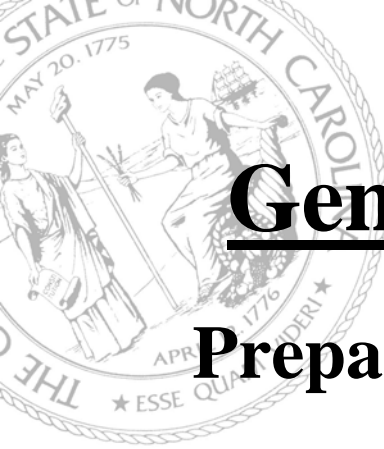
- Promote place-based economics.
- Consistent with comprehensive economic development strategies of community.
- Part of approach to serve local entrepreneurs and to create a supportive environment.
- Leverage funding from other sources.
- Assist businesses that will stimulate economic development after the grant has ended.
- Strong project team.



General Application Steps

Prepare a Project Description

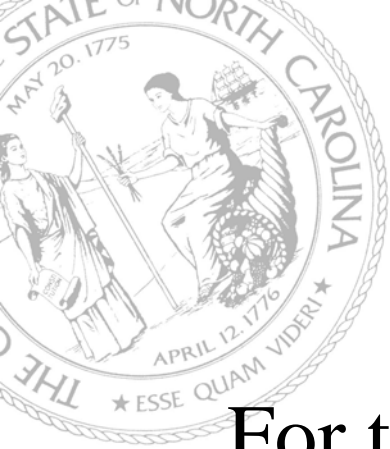
- Project Title
- Project Overview
- Partners
- Expected Results and Outcomes
- Project Administration (up to 15% of total budget which includes the EE amount of \$5,000)



General Application Steps Continued

Prepare a Project Budget

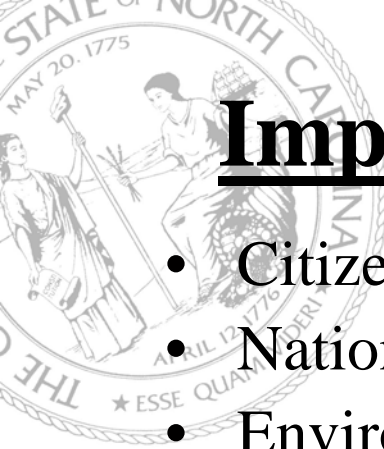
- Total amount of funds for project
- Sources of all funds for project.
- Amount of funds budgeted for each activity
- Planning costs - \$8,500 max
 - Creating an entrepreneurial environment - \$5,000 max
 - Application costs (if project funded) - \$3,500 max
- Administration Costs
- Planning + Administration may not exceed 15% of the total project cost.



Compliance Requirement: Citizen Participation

For the pre-application:

- Must have 2 public hearings prior to submitting application package
 - Advertising public hearing in the non-legal section of a newspaper with general circulation in the area;
 - Timely access to meetings, information, and records related to the project;



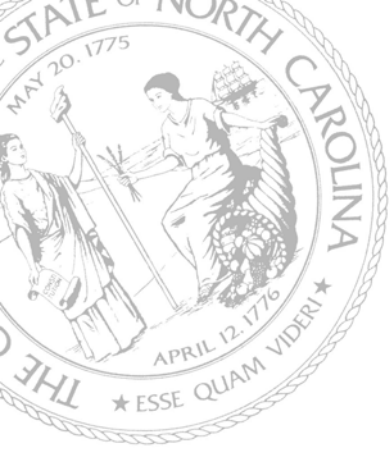
Important Compliance Requirements

- Citizen Participation;
- National Objectives;
- Environmental;
- Equal Opportunity;
- Fair Housing;
- Section 504 of the Rehabilitation Act of 1973;
- Section 3 Requirements;
- Procurement;
- Assessment Policy (infrastructure);
- Anti-displacement and Relocation Assistance Plan;
- Davis-Bacon and Related Labor Acts;
- Lead-Based Paint Hazards;



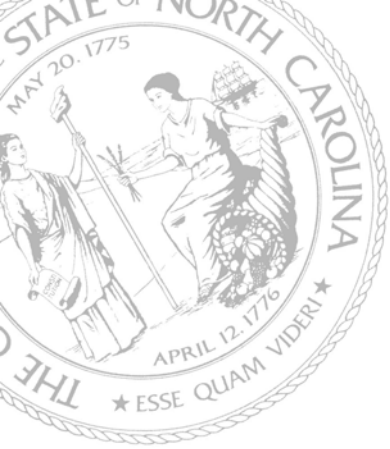
A Word About Environmental Requirement

- Cannot obligate or expend any funds with the intent of reimbursing with CDBG or other funds until approved in writing by DCA
- Premature obligations and/or expenditures will render the project ineligible for CDBG funding.

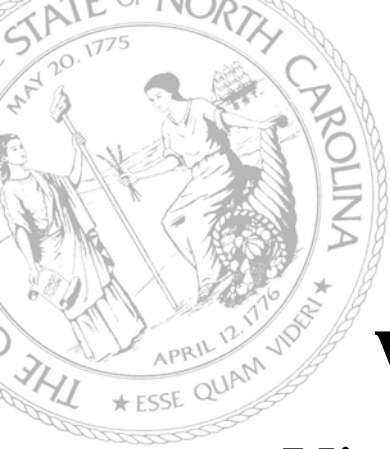


Word About Drawdown

- Looking for projects that can be implemented according to agreed upon terms, once approval given in writing that funds can be obligated and expended.
- Delays may result in re-allocation of funds.



Questions?



SBEA Contacts

919-733-2850

www.nccommerce.com/cdbg

Vickie Miller, Assistant Director

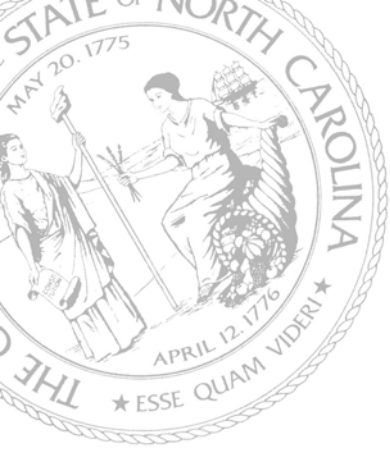
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Thank you !