



2022 CBL Program Design

Department of Housing and Community Development
600 East Main St, Suite 300
Richmond, VA 23219
804-371-7000

Community Business Launch
Program Design
Fiscal Year 2022

Applications Accepted on CAMS Starting: January 2, 2021
Last Day Applications Accepted on CAMS: April 16, 2021
CBL Projects Must be Complete by September 30, 2022

Contents

Introduction	3
Available Funds	3
Requirements	3
Uses of Funds	4
Required Grantee Matching	4
Inventory of Vacant Storefronts	4
Prizewinning Business Requirements	5
Business Plan Competition Guidelines	5
Market Analysis and Outreach	5
Business Planning Training	5
Pitch Competition	6
Recommended Matching	6
Retention and Repetition	6
Application Requirements	6
Outcomes	7
Funds access	7
Audit Requirements	7
Appendix A: Property Description Sheet	9

Appendix B: Market Characteristic Worksheet	10
Appendix C: Pitch Night Prize Package Resource Worksheet	11

Introduction

The Community Business Launch (CBL) is a place-based entrepreneurial development strategy that fills a critical mass of vacant storefronts with expansion or start-up ventures. Local CBL programs train entrepreneurs, creatives, and small business owners about business planning practices. This training culminates in a group of finalists pitching their ideas to a panel of judges, with winners receiving grant funding and support services from the community to kick-start their new venture.

While only a limited number of entrepreneurs may win the business competitions, the CBL gives rise to many budding entrepreneurs that have been prepared through the CBL grant to create or expand successful businesses.

A CBL program generates excitement while educating the community business opportunities for local people. A CBL grant from DHCD leverages other financial and in-kind resources to prepare multiple entrepreneurs to operate successful businesses, whether they win or lose the pitch competition. Additionally, many CBL grantees replicate the CBL strategy repeatedly without DHCD resources to amplify job and business creation. When preceded by a thorough market analysis and relentless outreach, then followed by ongoing business retention efforts, a CBL program is a key building block in a coordinated, comprehensive, and sustainable entrepreneurial eco-system of community-based entrepreneurs and small business at all stages of life.

Available Funds

The projected funding for FY22 is \$180,000. The Virginia Department of Housing and Community Development will administer these funds under the Community Business Launch (CBL) Program. The maximum CBL award for FY22 is projected to be \$30,000 per community/applicant. A community/applicant may apply for less. DHCD may award funding to entities to implement their small business development strategy and to conduct a business plan competition.

Requirements

The following entities are eligible to apply for FY22 CBL:

- local governments
- non-profit economic development organizations,
- Main Street Associations,
- regional economic development groups, and
- chambers of commerce

Uses of Funds

Grant money for CBL programming may be used for:

1. Administration: the coordination of all programs details and calculated wages associated with such work. Pay stubs or documentation of hours worked must be submitted with reimbursement requests.
2. Marketing and outreach: Communicating market analysis results, business type priorities and recruiting entrepreneurs utilizing videos, newspaper ads, social media campaigns/boosts, website landing pages, direct in-person outreach and/or any printed materials used to promote the program.
3. Training/classes: includes the facilitation/facilitators of business classes, educational materials and mentorship programming for class participants. Fees for training programs, like CoStarters, would be included in the training category. No more than 30% of CBL funding may be used for this category. If an applicant submits for more than 30%, they must provide an explanation as to how the selected programming would be more beneficial than other options in the region.
4. Business Awards: At least 50% of the total CBL grant must go to business competition winners in the form of cash prizes. Prize funds for the winners of the competition may be used for: working/operating capital, rent/real estate, equipment, inventory, property improvements, wages for new employees, and marketing.

Required Grantee Matching

FY22 CBL applicants must match DHCD funds with at least 25% in cash and/or in-kind support. At least \$10,000 of this match must be in cash. A portion of, if not all, of the cash match must go toward prizes for the pitch competition.

Inventory of Vacant Storefronts

Applicants will be required to map a critical mass of clustered vacant properties with owners willing to participate in the program. Eligible storefronts for new/expanded businesses must be street level. Upper story office space is ineligible for funding.

The inventory of vacant storefronts should be inside a boundary that spans no more than a three- to five-minute walk, end-to-end in any direction. Vacant storefronts should be connected by unifying streetscaping as much as possible. Examples of designated areas are urban neighborhood commercial districts, historic downtowns, vacant shopping centers, and commercial corridors.

Applicants should contact property owners in order to prepare property description sheets properties prioritized on the vacant storefront inventory and map. See Appendix.

Prizewinning Business Requirements

Businesses must be ready to locate inside the designated area if they participate in the pitch competition. Businesses must open/expand in the designated area to be eligible for funding. In addition, it is the intent of CBL to generate business activity and tax revenue for the applicant locality, therefore non-profits or community center businesses will be ineligible for award funding.

Business Plan Competition Guidelines

Market Analysis and Outreach

Building a large pipeline of potential business owners is the first step to getting the CBL program moving. Applicants/grantees are strongly encouraged to begin the CBL program with a market analysis of potential businesses that the local community can and would support in the target area. With this information in hand, a locally-based CBL program staff member can begin to recruit local people who are already actively making, selling, and moving in those types of businesses.

Marketing the program widely establishes a strong foundation for successful CBL programs. Direct outreach is also a key component to this phase. There is no single profile or background for a successful entrepreneur. The CBL entrepreneur recruiter should be someone who can easily talk to anybody and open doors for a wide range of people in the community, especially those that have not been asked to be part of the business community before.

Business Planning Training

With a packed house of potential business owners, CBL grantees will host a six- to eight-week course that includes the following four business plan components:

- A. Description of business/Legal structure
- B. Marketing
- C. Operations
- D. Financials

The classes and competition must be open to anyone interested in learning how to open or expand a business and must be free of charge. Applicants are encouraged to allow participation from entrepreneurs who may not intend to compete for funding.

Pitch Competition

Business plan workshops should culminate in a business pitch competition with a panel of judges and prizes for the winning business idea(s). Prizes must include DHCD grant funds in addition to local partner matching resources such as cash funds, in-kind services, and/or rent allowances. As much as possible, judges should be transparent in their evaluations and decision-making and offer follow-up resources for non-winners to pursue in order to keep their ideas moving forward.

Recommended Matching

In addition to cash prizes, DHCD recommends that communities use the CBL program to welcome new business owners into their commercial district and facilitate relationships as well as in-kind support. Both class participants and prizewinners should meet local business leaders, especially those with linkages to the business ideas in the classroom. In-kind support to prizewinners can take the form of mentorship, business services, or local organization memberships for a set timeframe. Property owners can offer reduced rents or build out budgets to potential tenants.

Retention and Repetition

After the pitch competition is over, many CBL recipients provide ongoing business support to retain and grow the businesses that take root during the CBL process. As the overall business community starts to see results, CBL grantees often repeat the CBL cycle again (and again) with other funding sources. Applicants that think long-term about business retention activities and funding sources for subsequent cycles after DHCD exits the program typically see the most durable and impactful results.

Application Requirements

All grant proposals and supporting documentation must be submitted in CAMS by 11:59 PM on April 16, 2021. Proposals not submitted accordingly will be disqualified. **DHCD invites and encourages applicants to discuss their concepts with DHCD prior to submitting the application in CAMS.** If you have any questions please contact Courtney Mailey at 804-385-0191 or Courtney.Mailey@dhcd.virginia.gov .

Applicants must submit completed responses to all appropriate questions and include all required attachments. The following attachments are required at the time of submission:

- A. Map of designated area with vacant storefronts identified
- B. Property description sheet for each vacant storefront on map
- C. Proof of Match/Budget

- D. Project Timeline
- E. Marketing Plan for Competition
- F. Draft Class Curriculum
- G. Letters of Support

Outcomes

Expected outcomes for FY22 CBL communities are as follows:

1. Three (3) new or expanded businesses;
2. Five (5) full-time equivalent jobs. Full-time equivalent is defined as forty (40) hours a week.

These outcomes will be achieved by successfully completing the business plan competition, assisting entrepreneurs with their creations/expansions, and continued support after the competition through the first three years of their existence.

Funds access

A contract between DHCD and the applicant/grantee outlining deliverables, conditions, fund disbursement and termination must be executed before any funds are disbursed. Funds may only be used for expenses incurred after the signing of the contract. CBL Funds are available on a reimbursement basis only. Funds may be drawn down to reimburse costs the applicant has incurred, as well as for business awards. The grantee is required to keep a record of and receipts for any draw down request that is submitted.

Audit Requirements

DHCD has instituted an agency-wide audit policy. All grantees that receive funding during a specific program year are required to submit one of the following financial documents:

Financial Statement**, Reviewed Financial Statement prepared by an independent Certified Public Accountant (CPA), Audited Financial Statement prepared by an independent CPA or an audit required by the Code of Federal Regulations (CFR), (2 CFR 200 Subpart F), audited by an independent CPA. Please see the table below to determine which document your organization is required to submit.

The threshold requirements outlined below are the *minimal* standards required by DHCD. We strongly encourage all organizations receiving funds from DHCD to undertake the highest level of financial management review to ensure practices and procedures are fully examined and evaluated.

Threshold Requirement	Document
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Total annual expenditures <u>≤\$100,000</u>	Financial Statement(s) prepared by organization**
Total annual expenditure between \$100,001 and \$300,000	Reviewed Financial Statement(s) prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures > \$300,000 (Regardless of source)	Financial Statement(s) that have been audited by an Independent CPA
Federal expenditures <u>≥\$750,000</u>	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

**Does not require preparation by a CPA

Entities shall file the required financial document in the Centralized Application and Management System (CAMS) within nine (9) months after the end of their fiscal year or 30 (thirty) days after it has been accepted (Reviewed Financial Statement, Audited Financial Statement, and Single Audit only) -whichever comes first.

The full DHCD Audit Policy, including an explanation of the specific document requirements, can be found online at: http://www.dhcd.virginia.gov/images/DHCD/DHCD_Audit_Policy.pdf.

Appendix A: Property Description Sheet

Please fill out one sheet for each vacant storefront included on the project map.

Address	
Owner	
Has the owner been contacted about CBL?	
Is owner hoping to sell or rent? If sell, is there an asking price? If rent, what is the asking rent and expected term?	
Is the space move-in ready?	
If no, what needs to happen in order for the space to be ready for occupancy?	
Is the owner willing to make improvements or provide TIA for the tenant to make improvements?	
Square Footage of Space	
Preferred/acceptable uses (<i>retail, restaurant, studio, etc.</i>)	

Appendix B: Market Characteristic Worksheet

Is there a current market analysis of market and customer characteristics for businesses in this district?	
Which three customer groups are most important for the economic vitality of your district? Examples: local residents, students, employees, visitors to other local attractions, visitors passing through to other places, etc.	
Business types being targeted for Customer Group #1	
Business types being targeted for Customer Group #2	
Business types being targeted for Customer Group #3	
Which business types are being specifically targeted for filling vacancies?	

Appendix C: Pitch Night Prize Package Resource Worksheet

Type (examples)	Source	Prize
Cash grant	DHCD, Local Government	Grand Prize - \$5,000 First Runner Up - \$2,500 Second Runner Up - \$1,500
One-year mentorship	SCORE	All prize winners
3 month lease waiver	Owner of XYZ Property	Highest ranking xyz business type
One-year membership	Chamber of Commerce	All prize winners
Bookkeeping services for one year	XYZ Accounting	First two prize winners