

# Community Business Launch

## 2024 Program Guidelines



Department of Housing and Community Development  
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Richmond, VA 23219  
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Applications Accepted on CAMS Starting: March 1, 2023

Last Day Applications Accepted on CAMS: May 5, 2023

CBL Projects Must be Complete by September 30, 2024

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# Introduction

The Community Business Launch (CBL) is a place-based entrepreneurial development strategy that fills a critical need or gap in the community's market by filling a concentration of vacant storefronts or available properties 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 on 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 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 businesses at all stages of life. Communities that continue to offer services and curriculum to new and existing businesses are most likely to cultivate an enduring business community in their footprint.

## Available Funds

The maximum CBL award for FY24 will be \$100,000 per community/applicant depending on matching funds from the applicant. The Virginia Department of Housing and Community Development will administer these funds under the Community Business Launch (CBL) Program.

DHCD awards funding to entities to implement their small business development strategy, to provide small business training, to conduct a business plan competition, and to provide mentorship and/or business retention services to graduates of the program regardless of their status as pitch winners.

# CBL Curriculum & Pitch Competition Requirements

The following entities are eligible to apply for FY24 CBL:

- local governments,
- non-profit economic development organizations,
- Main Street organizations,
- 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 program details and calculated wages associated with such work. Pay stubs or documentation of hours worked must be submitted during program monitoring, reporting, and close out. At least 10% of the total CBL grant must go towards administration of the program.
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. Knowledge Sharing: includes the facilitation/facilitators of business classes, educational materials, and mentorship/business retention aftercare for class participants. Fees for training and mentorship programs would be included in the training category. No more than 30% of CBL funding may be used for this category. As a service, curriculum/facilitators will have to be procured, requiring the grantee to have a procurement policy in place.
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, and wages for new employees. Businesses will need a procurement policy in place that they follow in order to use CBL dollars for services, including marketing, consulting, construction, etc.

## Required Grantee Matching

FY24 CBL applicants must match DHCD funds as follows:

- Applicants seeking up to and including \$50,000 must match with at least 25% (\$12,500) in cash and/or in-kind support. At least \$10,000 of this match must be in cash. All of the grantee cash match must go toward business prizes for the pitch competition.
- Applicants seeking between \$50,0001 and \$75,000, inclusive, must match with at least 50% (\$25,00-\$37,500) in cash and/or in-kind support. At least \$20,000 of this match must be in cash. All of the grantee cash match must go toward business prizes for the pitch competition.
- Applicants seeking between \$75,0001 and \$100,000, inclusive, must match with at least 100% in cash and/or in-kind support. At least \$30,000 of this match must be in cash. All of the grantee cash match must go toward business prizes for the pitch competition.

In-kind support may include, but is not limited to: staff/volunteer hours to implement CBL programming, landlord/tenant rent negotiation packages such as 3-6 months reduced lease payments, pro-bono services to businesses provided by local attorneys, accountants, contractors, etc., and/or free business association or Chamber of Commerce memberships.

## **Inventory of Available Properties and Vacant Storefronts**

Applicants will be required to identify a designated area, and provide a map with a critical mass of available properties and/or clustered vacant storefronts with owners willing to participate in the program.

Applicants should contact property owners in order to prepare property description sheets with properties prioritized on the available property inventory and map. Please use this [template](#) or a similar format.

Examples of designated areas include, but are not limited to, urban neighborhood commercial districts, historic downtowns, vacant shopping centers, and commercial corridors. Available properties should ideally be connected by unifying streetscaping and public amenities as much as possible. Examples of unifying streetscaping and amenities include, but are not limited to: sidewalks, street lights, street furniture, and crosswalks.

## **Prizewinning Business Requirements**

Business participants 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 CBL funding. In addition, it is the intent of CBL to generate business activity and tax revenue for the applicant locality, therefore non-profits will be ineligible for award funding.

Business Participant and Prizewinning Requirements best practices include:

1. An “orientation” as part of programming in which businesses interested in participating in CBL are made aware of all requirements to receive funding, as well as how their business plans and pitches will be evaluated. Business participants who intend to move forward with the curriculum should sign a “Participant Agreement”, outlining these requirements. View an example of a [Participant Agreement](#).
2. A Memorandum of Understanding (MOU) between applicant organization and all business participants receiving DHCD funds, outlining the deadline for business openings, where they intend to locate, what they intend to use funds for, how many full-time equivalent jobs they intend to create and/or retain, and agreeing to grantee reporting requirements annually for three years. View an example of a [Prizewinning Business MOU](#).

## **Business Plan Competition Guidelines**

### **Market Analysis and Outreach**

Building a 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. Please use this [template](#) or similar format, if a formal study has not been conducted to attach to the application.

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. A CBL entrepreneur recruiter should be someone who can easily talk to anybody and open doors for a wide range of people in the community, including people who have not been asked to be part of the business community before.

## Knowledge Sharing

CBL grantees host a six- to eight-week (minimum) small business curriculum that include the following REQUIRED five business plan components:

- A. Legal structure
- B. Marketing (including website and social media development), Sales, and Advertising
- C. Operations (Human resources/hiring, inventory management and distribution, and logistics)
- D. State and Local Compliance (licensing, permitting, health code requirements, insurance, etc.)
- E. Financial Planning & Management (including bookkeeping, profit & loss statements, breakeven analysis, business taxes, and other resources for financing a business)

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. CBL programs should make every effort to be inclusive in their marketing and to recruit a diverse group of entrepreneurs that reflects the makeup of the community, with extra effort to reach those entrepreneurs and small businesses that have historically lacked access to such opportunities.

Applicants are encouraged to allow participation from entrepreneurs who may not intend to compete for funding.

In addition to classes, communities with successful CBL outcomes also offer long-term mentoring and business counseling to class participants for at least another year after the pitch night. Business start-ups often encounter unexpected difficulties during their early years. Experienced business counselors can help guide new business owners through common pitfalls and keep them on track to meet their goals.

## Pitch Competition & Business Plan Evaluation

Business plan workshops should culminate in a business pitch competition with a panel of judges and prizes for the winning business idea(s). Businesses should be evaluated on both their business plan and their pitch, and each business plan should include all five of the required business components covered during training, and referenced above under “Knowledge Sharing”. Prizes must include DHCD grant funds in addition to the local partner’s matching resources such as cash funds, in-kind services, and/or rent

allowances. Business participants should be aware of the programs scoring rubric and how they are being evaluated, and 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. Businesses should also be aware of what the programs prize packages entail. Please use this [template](#) or a similar one for the Pitch Night Prize Package Resource Worksheet.

## **Recommended Matching**

In addition to cash prizes, DHCD recommends that communities use the CBL program to identify in-kind support such as professional services, business group memberships, trade discounts, build out budgets for their retail space, and discounted or pro-rated rent schedules for winning businesses. Both class participants and prizewinners should meet local business leaders, especially those with linkages to the business ideas in the classroom.

It is recommended that applicants provide additional financial assistance and resources to business participants looking to capitalize their business idea, regardless of whether or not they are selected for grant awards. Additional financial assistance and resources can include, but are not limited to: local funding pools such as revolving loan funds, Community Development Financial Institutions (CDFI) in your service area offering low-to no-interest loan funds, local or regional investor circles, etc. Businesses should be directly connected/introduced to these resources by the program administrator.

## **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 5:00 PM on May 5, 2023. 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 Jessica Hartness at 804-837-6399 or [jessica.hartness@dhcd.virginia.gov](mailto:jessica.hartness@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 the designated area with available properties and vacant storefronts identified
- B. Property description sheet for each property and/or vacant storefront on the map
- C. Proof of Match/Budget
- D. Project Timeline
- E. Marketing Plan for Competition
- F. Draft Class Curriculum
- G. Letters of Support
- H. Business Competition Scoring Rubric
- I. Market Characteristic Worksheet
- J. Pitch Night Prize Package Worksheet

## Application Questions

1. Administration of the grant generally requires three main roles: fiscal management, day-to-day management, and broad oversight/accountability. Please discuss how and by whom these roles will be filled.

- a. Fiscal management of the cash resources from DHCD including payment of awards to the competition winner(s). Note that DHCD does have a suggested policy for distribution of these funds.
- b. Day-to-day management of the competition and retention services. This requires recruiting entrepreneurs for classes; keeping the competition on track; convening and leading meetings of the coordinating committee; providing a point person for general outreach to, support of, follow-up for entrepreneurs in the program.
- c. Broad oversight and accountability of the local pilot to serve as DHCD's point of contact and would serve as the entity with which DHCD would contract.

2. Partners: Please discuss in detail any additional partners, the roles each will play and what resources they bring.

3. Inventory of Vacancies and/or available properties: Please describe the project area illustrated in the attached project area map, including:

- a. A summary list of the total number of available spaces that are detailed in the attached property worksheets;
- b. The distance between the two spaces that are the most far apart; and
- c. Information about amenities in the project area that support retail such as streetscaping (sidewalks, street furniture, safe/accessible parking, etc.), promotional programming/events, business development incentives, and security.

4. Tenant Mix - Market Analysis: What are the retail business types that this project is targeting for recruitment? Please describe the process by which these business types were determined (e.g., market analysis; community survey).

5. Entrepreneurial Ecosystem:

- a. Please describe key course elements of the business training that the program will support.
- b. Please describe the proposed prize pool and pitch competition prizes. (e.g., A total prize pool of \$70,000 with two first place winners of \$20,000 plus one year of digital marketing support by a local company, a quarter page for Black Friday ads in the local paper; one second place winner of \$10,000 plus one year of digital marketing support by a local company, etc.)
- c. What ongoing business retention resources and services will be made available to business owners that participate (whether they are prize winners or not) and how will entrepreneurs access these resources?
  - i. Business Counseling and/or Mentoring. Example: The SBDC provides regular one-on-one business counseling sessions and will assist business competition participants at no cost for one year as part of our local program.
  - ii. Sources of loan or other capital. Example: Our local Main Street program is a KIVA Zip Trustee and can assist businesses that support their mission to access up to \$5,000 in loan funds. Capital City Microloan Fund, Inc. offers microloans up to \$50,000.

iii. Other Resources. Example: A locally owned public relations company is very interested in entrepreneurship and has agreed to help coordinate a marketing campaign to locally generate interest and excitement in our economic strategy and related entrepreneurship opportunities.

6. Does your community intend to host subsequent business launch rounds without DHCD funding? If yes, how frequently and how will they be funded?

7. Has your community applied to DHCD for CBL funding before? If yes, what has changed and/or how will this CBL project be different than before?

8. Explain how this project specifically seeks to remedy certain community needs created or exacerbated by the COVID-19 pandemic. Describe how the project will support individuals, communities, or industries that faced disproportionate public health or economic impacts from the pandemic.

## Outcomes

Expected outcomes for FY24 CBL communities are as follows:

Award Amount	Number of new/expanded businesses	Number new full-time equivalent jobs created
<b>Up to \$50,000</b>	3	5
<b>\$50,001-\$75,000</b>	4	7
<b>\$75,001-\$100,000</b>	6	10

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.

# Grant Scoring Criteria

Grant applications are scored on a 0-100 point scale. Grant funds are limited and only those proposals meeting the leverage and critical criteria, and exceeding the minimum 70-point threshold will be considered for funding. Funds will be allocated from top scoring until all funds are exhausted. The project scoring methodology is as follows:

Criteria	Points
<b>Leverage &amp; Critical Criteria</b> Includes: <ul style="list-style-type: none"><li>-Knowledge sharing/workshops &lt; or =30% of DHCD funds</li><li>-Prizes &gt; or = 50% of DHCD funds</li><li>-Match of 25%, 50%, or 100% as required</li><li>-Appropriate grantee match for ask</li><li>-Critical mass of storefronts within walking distance</li></ul>	Y/N to meeting all five criteria
<b>Market Analysis and Outreach</b>	20
<b>Project's Impact on District Improvement</b>	30
<b>Organizational Capacity &amp; Readiness</b>	30
<b>District Amenities and Support for Entrepreneurs</b>	20
<b>Total</b>	<b>100</b>

# Additional Information & Requirements

## Audit Requirements

DHCD has instituted an agency-wide audit policy. All applicants must upload a copy of the organization's W-9 and most recent audit or financial statements, as applicable, to DHCD's Centralized Application Management System (CAMS) by the grant's application deadline. All grantees that receive funding during a specific program year are required to submit financial documents or audits in accordance with the agency policy.

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
Total annual expenditures $\leq$ \$100,000 (Regardless of source)	Financial Statement(s) prepared by organization**
Total annual expenditure between \$100,001 and \$300,000 (Regardless of source)	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 $\geq$ \$750,000	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

\*\*Does not require preparation by a CPA

The full DHCD Audit Policy, including an explanation of the specific document requirements, can be found online at:

<https://www.dhcd.virginia.gov/sites/default/files/Docx/auditpolicy/dhcd-audit-policy.pdf>

### **Memorandum of Understanding**

If the application is selected for funding, a Memorandum of Understanding (MOU) between DHCD and the grantee must be executed and the organization must be in compliance with DHCD's audit policy (denoted above) before any funds are disbursed. The MOU will outline project deliverables, conditions, fund disbursement, and termination.

### **Grant Payments (Remittances)**

Grant funds may only be used for eligible expenses incurred after the signing of the MOU. Funds will be disbursed as outlined in the MOU. Financial support documentation for all project related expenses and leverage must be uploaded to CAMS prior to closeout as outlined in the MOU. DHCD reserves the right to end funding at any point should the project prove nonviable. This includes, but is not limited to, lack of progress in conformance with the approved MOU. All applicants must apply for direct deposit of funds by registering for Electronic Data Interchange with the Virginia Department of

Accounts. Forms must be mailed via post mail and can be downloaded here: <https://www.doa.virginia.gov/forms.shtml#edi>.

### **CAMS Reporting**

Reporting through CAMS is required for all projects. This includes interim progress reports, annual reports post project completion, and/or a final report as outlined in the MOU. Business participants should be made aware during Orientation and in the Participant Agreement that by receiving grant funding, they will be required to collect and provide the following information to the applicant organization at least once a year, for three years. Reporting data includes:

- Number of full-time equivalent (FTE) jobs created by the business
- Number FTE's retained by business
- If their building is leased or has been purchased by occupants
- Amount of private investment into business