



Office of Economic and Workforce Development Community Development Block Grant City & County of San Francisco

ECONOMIC DEVELOPMENT (ECD) 18C GUIDELINES

TECHNICAL ASSISTANCE TO MICROENTERPRISES

The primary focus of Economic Development (ECD) 18C – Technical Assistance to Microenterprises is to owners and developers of Microenterprises that are Low-to Moderate -Income. A microenterprise is a business with five or fewer employees, including the owner(s).

As an Economic Development CDBG grantee, your agency agrees to assist microenterprises to achieve the following¹:

- Self-sufficiency for low- and moderate-income and other disadvantaged entrepreneurs
- New and improved job opportunities
- New or expanded goods and services
- Increased personal income
- New tax revenue to a local economy

Client Activities and Outcomes

Grantees reporting on ECD 18C – Technical Assistance to Microenterprises will report up to two activities: *Intake/Referral and Case Management*. When your client achieves an outcome, you must register the client to an outcome and enter the outcome date.

Grantees shall also report on non-client activities. ECD 18C grantees shall report on: Workshops, presentations trainings; merchants walks conducted; and ED partners meetings attended.

1. **Intake and Referral**: This activity involves grantees meeting with a client to understand the client's business needs. At the initial meeting, the client will complete an intake/assessment and the client services engagement agreement. Clients that are referred to partner agencies are also reported under this activity. ***At a minimum, the consultation/meeting with a client should be at least one hour.***

¹ Economic Development Toolkit, Chapter 4: Small Business Development
http://www.hud.gov/offices/cpd/economicdevelopment/toolkit/edt_manual.pdf

Intake and Referral Outcomes

- **Better understanding of resources and business basics:** This is the number of microenterprises/clients that have a better understanding of business basics as a result of the agency's assistance. Business basics may include, but are not limited to: how to start a business, available resources to small businesses (loans, consulting services, trainings, legal assistance, etc.) or city/state/federal codes for the client.
 - **Referrals to partner agencies successfully connected:** This outcome involves the grantee referring a client to another partner agency with the expertise to assist the client. Register the client once you have confirmed the client has connected with the partner agency. Referrals may include, but not limited to, assistance on building credit, loans, OEWD's Invest In Neighborhoods commercial corridor programs, or legal assistance (eviction prevention and business issues).
1. **Case Management:** A client is registered for case management after the initial meeting (Intake/Referral) and the client seeks one-on-one assistance from the grantee.

For example, after meeting with the client about the women's boutique business, the grantee continues to meet with the client and assigns a consultant to work with the client on: evaluating the sales channels/demographics, marketing strategy that fits the client, and possibly a loan.

Case Management Outcomes

- **Start-up training/curriculum completed:** Enroll start-ups (*see additional definitions*) as satisfying this outcome when the clients have completed your agency's training or curriculum that might include: how to start a business, strategic management plan, basic accounting, financial management, employee hiring/management, marketing, sales, or operations management.
- **Microenterprises launched:** This outcome involves a microenterprise opening/starting as a result of direct assistance from the agency, not limited to legal assistance, finance services, assisting with city permits needed to register/open a business, and referrals to resources or other agency with follow-up.
- **Graduate or existing business assisted and an economic impact achieved:** Enroll a graduate or existing business (*see additional definition*) as satisfying this outcome when your agency's assistance has helped a microenterprise achieve one or more positive economic impact. An economic impact is usually measured by changes in revenue, business profits, personnel shifts, or wage increases.
- **Assisted with Individual Development Plan (IDP) development:** For clients interested in developing a longer term partnership, an IDP may be developed to manage multiple action items.

An IDP is a working document that sets out attainable broad objectives and minor goals for a business. The IDP is provided for the client and updated at each meeting and when an accomplishment is completed. The IDP shall have steps needed for clients to achieve their goals

and information for resources to assist the client. An updated copy should be available for grant coordinators to review. Grantees shall have at least 10% of the unduplicated clients registered as IDPs. A Sample IDP template is available on the [MOHCD documents download site](#) in the "Economic Development" section.

- **Leases drafted, negotiated, or renewed:** This activity involves providing assistance to a client for the purposes of drafting, renewing or extending a lease with the proper help from your agency. If your agency does not have the direct assistance, clients shall be referred to resources or other agency with follow-up.

Additional Definitions

Microenterprises assisted: A client that receives business-related assistance through an individual consultation or one-on-one meeting can be counted towards these numbers. At a minimum, the consultation/meeting should be ***no less than one-hour***.

A business/client that attends multiple-session trainings that result in an *end goal* (a business plan for example) can also be counted towards these numbers. Clients that attend workshops where education/information is provided, but no in-depth assistance and/or outcomes are not produced cannot be counted.

Business Status: Select the status of the business when you enter a business in GMS:

- **Pre-startup assisted:** Client has identified business idea; has had no formal sales and is actively pursuing business idea through research and development including: market research, business plan and is motivated to start business within one to two years.

HUD defines a "person developing a micro-enterprise" as any person who has expressed interest and who is, after an initial screening, expected to be actively working towards developing a business that is expected to be a micro-enterprise at the time it is formed. Agencies must maintain documentation of screening and determination that the person meets the definition in the client's file (HUD Code 24 CFR § 570.201(O)(3))

- **Start-ups:** Business has been operating for 0-1 years and has two or more of the following characteristics: formal sales; obtained necessary permits and licenses; has incurred business expenses; created at least one job (including the owner).
- **Existing Businesses:** Business has been operating for at least one year or more and has two or more of the following characteristics: formal sales; obtained necessary permits and licenses; has incurred business expenses; created at least one job (including the owner).
- **Existing business-relocation:** Existing business with one of the following characteristics:

- Elected to move to a different or new location;
- Forced to move to a different location.

Additional Reminders – CDBG Eligibility Requirements

Business Services Client Engagement Agreement:

A written agreement between CDBG funded service providers and small business client receiving assistance that identifies the responsibilities of the small business to document and provide CDBG data is required for each client file. Grantees are allowed flexibility to determine the final format for such an agreement tailored to their own specific client needs. A sample client services engagement agreement template is provided on the MOHCD site.

Individual Development Plans (IDP)

Sample IDP template is available on the [MOHCD documents download site](#) and through your grant coordinator.

Submitting Loan Information:

Grantees that are required to report on loan information in GMS, go to "Clients" select "View Businesses." If the business is not already in GMS, you will need to input the clients business information (see GMS Help). For businesses in GMS, find and click the business name and the "Loans" tab. The loans tab is connected to the business and will look like the image below:

The screenshot shows the 'San Francisco Mayor's Office of Housing and Community Development' GMS interface. The 'Clients' menu is selected, and the 'Loans' tab is active. The 'LOANS' form contains the following fields:

LOANS		Save
Loan (1) Delete		
* Loan Amount	100	
* Lender	Conventional Institution	
Conventional Institution Name		
Terms of Loan		
* Interest Rate	2.1	
* Use of Loan	<input checked="" type="checkbox"/> Working Capital <input checked="" type="checkbox"/> Equipment <input type="checkbox"/> Inventory <input type="checkbox"/> Purchase Real Estate <input checked="" type="checkbox"/> Refinance Existing Debt <input type="checkbox"/> Marketing <input type="checkbox"/> Tenant Improvements <input type="checkbox"/> Other	
* Loan Term (# of months)	15	
* Number of jobs created and/or retained as a result of the loan (# of full time-equivalent)	30	
* Date funded	9/1/2015	
Click here to add 'Loan'		

18C (Micro-enterprise) Grantees: Report on Low- to Moderate-Income Clientele

- The micro-enterprise category specifically includes pre-starts as a business type that should be served ONLY IF the pre-start business is to be developed into a micro-enterprise (5 employees or fewer, including the owner). If the pre-start business will be developed into a small business it **is not** CDBG eligible. Grantees must complete the client's family income verification form.
- Any person receiving assistance using CDBG funds must be a low- and moderate-income person. Any clients above the moderate-income threshold **cannot receive services funded by CDBG funds**. The program must determine a client's income eligibility based on family size and income.
- If the pre-start business will be developed into a small business it **is not** CDBG eligible (24 CFR § 570.201(O)(3)).

Other Required Documents for Economic Development CDBG Grantees:

In addition to the Mayor's Office of Housing and Community Development (MOHCD) "[Grantee Document Checklist](#)" and "[Operating Procedures Manual](#)," Economic Development CDBG grantees are also required to keep specific program documents per the fiscal year.

The following documents and templates can be found in [MOHCD's Community Development Forms and Documents page](#). Please check periodically as updates are made each fiscal year.

- Family Income Verification Form (For all business owners)
- Form H – Request for approval of Subcontract and Equipment Purchase (if applicable)
- Form I – Bids and contracts database Information Form (if applicable)
- Citywide Fiscal and Compliance Monitoring Form (Required for monitoring site visits)
- Business Services Client Engagement Agreement
- Maintain client files reported in the Grant Management System (GMS)

If you have any questions regarding your program area activities, please Patty Medina at patricia.medina@sfgov.org or (415) 554-5110