

Guidelines

For

Storefront Beautification Micro Grant Program (SBMGP)

Funded by

City of Stockton Economic Development Department

With

Community Development Block Grant Funds

(CDBG)

Adopted by Stockton City Council on October 16, 2018 Council Resolution No. 2018-10-16-1403
Revised October 26, 2020

**CITY OF STOCKTON
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
STOREFRONT BEAUTIFICATION MICRO GRANT PROGRAM GUIDELINES**

1.0 MISSION AND OBJECTIVES

The City of Stockton has established a micro grant program to provide funds for minor storefront improvements to commercial businesses located in the City's limits. The mission of the Storefront Beautification Micro Grant Program (SBMGP) is to assist with transforming commercial corridors into visually appealing neighborhood destinations. The SBMGP guidelines have been formally adopted by the City of Stockton and are in conformance with the U.S. Department of Housing and Urban Development (HUD) regulations pertaining to the use of the Community Development Block Grant (CDBG) funds. This program supports small business retention/development and neighborhood revitalization which coincides with the goals of the City of Stockton, Economic Development Strategic Plan.

2.0 BUSINESS ASSISTANCE PROGRAM OVERVIEW

2.1 TYPE OF ASSISTANCE

The City of Stockton will reimburse up to a maximum of \$2,000 in the form of a grant for storefront improvements and shall be approved and awarded by the Economic Development Department, upon staff review and recommendation.

2.2 SOURCE OF PROGRAM FUNDS

The SBMGP is capitalized with Community Development Block Grant (CDBG) funds provided by HUD to the City of Stockton. CDBG funds are federal funds and as such have several federal requirements that must be met, as described below. Due to the availability of other incentive programs specifically targeted to Downtown Stockton, a cap (not a set-aside) of \$8,000 per fiscal year will be available to applicants within the boundaries of the Downtown Stockton Management District area.

3.0 CDBG PROGRAM ELIGIBILITY

3.1 OVERALL ELIGIBILITY

In order to be eligible for CDBG funding, the activity must qualify as meeting the National Objective of the Community Development Block Grant (CDBG) program, as set forth by the U.S. Department of Housing and Urban Development (HUD) in 24 CFR Part 570.208. The National Objective is summarized as follows:

- Low Mod Limited Clientele – Under this category, the owner of the business must qualify as low- and moderate- income (LMI) or 51 percent of the beneficiaries must be LMI persons that benefit from the program.

Each applicant being assisted with CDBG funds must complete a Self-Certification Family Income Verification form. This form must be completed and provided to the City of Stockton so that the demographic and income information can be included in the annual report submitted to HUD. See **Exhibit "A"** – Self-Certification Family Income Verification form.

The business must also qualify as a microenterprise, as defined as by the CDBG program as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise. The applicant must be able to verify the number of employees through payroll records. Funds must be needed to retain or expand the business.

3.2 ELIGIBLE APPLICANTS

Funds under this program are restricted to certain eligible properties/applicants:

1. Commercial property owners and/or business owners are eligible.
2. Projects must be for the purpose of improving storefronts for properties zoned commercial, retail, or office use and must contribute to the economic development and/or quality of life within the area neighborhood.
3. Properties must be located within City limits.
4. Building tenants must obtain a signed approval for the proposed storefront improvements from property owner.
5. For sign and awning projects, tenants must show at least two years remaining on their lease at the location of the proposed project and have the option to renew for at least two additional years from time of application submittal.
6. Applicants will be awarded one grant per storefront and will not be eligible for additional grant funds for a period of five (5) years after project completion.
7. All proposed projects that require permits and approvals through the City of Stockton's Planning, Building, Engineering, and Fire departments must be obtained prior to construction.
8. Business license must be current, and business must be in good standing with the City of Stockton.
9. Applicant must not owe any outstanding property taxes, fees, judgments, or liens to the City of Stockton and have no outstanding code violations.
10. All storefronts must be street facing.

3.3 ELIGIBLE PROJECTS

Storefront improvements made through the SBMGP must be for the purpose of improving the exteriors of commercial or office spaces and must contribute to the economic development and enhancement of commercial corridors. Proposed projects will be evaluated by Economic Development Department staff for exterior aesthetic elements related to the replacement and/or improvements of*:

- Windows & Doors
- Signs
- Paint
- Awnings
- Exterior Lighting
- Planters and trellises

**Cleaning efforts such as sidewalk power washing and landscape improvements are strongly encouraged to be included in each project.*

3.4 INELIGIBLE PROJECTS

Ineligible SBMGP activities/properties include the following:

- City, State, or Federal owned buildings.
- Card rooms, liquor stores, paycheck cashing, car dealerships, and cannabis dispensaries*.
- National chains and/or franchised owned businesses.
- Interior or exterior repairs not related to the exterior façade aesthetics.
- New building construction.
- Purchase of real or personal property or equipment.
- Personal debt not associated with the business.

- Use funds to support other businesses the applicant may be affiliated with.
- Projects completed before applications were submitted or before executed agreement.

**The City of Stockton reserves the right to deem additional types of businesses ineligible.*

3.5 OTHER FEDERAL REQUIREMENTS

There are a number of federal laws and requirements that are triggered by the use of CDBG funding. The City of Stockton will take the lead and ensure compliance with these CDBG regulations in conformance with standards set by HUD.

National Environmental Policy Act (NEPA) regulations require an Environmental Review Record (ERR) to be submitted for each project/business funded with CDBG monies prior to award or approval of funds. The City of Stockton is required to completed the proper NEPA review, along with any state review under California’s Environmental Quality Act (CEQA) review. The ERR level of review is based on the type of project proposed and all aggregated activities to be undertaken.

Applicants will be informed of any additional time required for application processing due to environmental review. The ERR will be done as soon as the City of Stockton determines that the project is eligible for funding. No costs will be charged to the applicant for this process. Once an application is submitted, no activities can be performed on the project until completion of the ERR.

Required DUNs number, verification of not being on federal debarred list, and insurance. All businesses who wish to receive funds under this Program will be required to obtain a DUN’s number. The DUN’s number is free and can be obtained online at www.dnb.com. In addition, and prior to funding, the City of Stockton will require that each business be checked to confirm they are not on the federal debarred contractors list. As noted earlier, HUD also requires that the City of Stockton collect certain income and demographic data from the business. Applicants will be required to obtain all proper licenses and insurance to operate legally within the community.

Conformance to Codes requires that all storefront improvements conform with City of Stockton building and zoning codes and be performed by a licensed general contractor or subcontractor. The applicant is responsible for any and all building permits or other permits that may be necessary, and the associated fees.

Cost Estimates require that applicants submit a minimum of two cost estimates to determine cost reasonableness for the project as defined. The project amount will be based on the lowest acceptable bid as determined by the assigned SBMGP administrator. However, if a higher bidder is selected, the applicant will be required to pay the difference.

4.0 REIMBURSEMENT GRANT PROCESSING AND APPROVAL

4.1 GRANT APPLICATION PROCESSING

Grant applications will be processed on a first-come, first-served basis. The City will accept grant applications via the online Neighborly portal at <https://portal.neighborlysoftware.com/stocktonca/participant> and review them for initial eligibility. SBMG applications must include the following:

- Completed Storefront Beautification Micro Grant Application;
- At least two cost estimates for the project;
- Two photos of the storefront façade in its current condition, revealing images closeup and from a distance including adjacent businesses;

- Conceptual images or drawings of the improvements or repairs to be made including paint color swatches, designs, etc.; and
- Self-Certification Family-Income Verification Form.

4.2 GRANT APPLICANT CONFIDENTIALITY

Persons serving as a City of Stockton representative for this Program will not disclose any of the Grantees personal and confidential information as part of the grant approval process. All confidential information of businesses will only be disclosed to persons required to view the information as part of loan review and approval or due to internal HUD-required City audits. If the City of Stockton receives a request for public records for a grant applicant then only non-confidential information, as verified by legal counsel, will be provided.

4.3 NO CONFLICT OF INTEREST ALLOWED

In accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the local government, nor any other person who exercises policy or decision-making responsibilities in connection with the planning and implementation of the CDBG program shall directly or indirectly be eligible for this program. Exceptions to this policy can be made only after public disclosure and formal approval by the governing body and authorized in writing by the City of Stockton's legal counsel.

5.0 ADMINISTRATIVE PROCEDURES

1. **Grant Application:** The applicant must submit a complete application online via the Neighborly portal. No loan application will be processed by City staff until all required documents have been submitted.
2. **Determination of Eligibility:** Grant applicants will be reviewed by the Economic Development Department staff regarding the eligibility of the applicant and proposed improvements. City staff shall conduct an initial inspection of the property.
3. **Environmental Review:** An environmental review is required for all CDBG-funded projects. When necessary, the State Historic Preservation Office (SHPO) and/or the National Advisory Council must be consulted. The actual procedures will vary on a case-by-case basis as mandated by 24 CFR Part 58. Projects funded with Redevelopment tax increment are categorically exempt per Title 14, Chapter 3, Article 19, Section 15301 of the California Environmental Quality Act (CEQA).
4. **Evaluation of Proposed Project Costs:** The assigned program administrator shall review all cost estimates for consistency to the detailed scope of work and shall evaluate the proposed project costs to ensure that the bids are fair and equitable.
5. **Grant Approval:** Based on the analysis of the information obtained, a grant decision will be made by the Economic Development Department.
6. **Grant Agreement:** A grant agreement will be executed between the applicant and the City of Stockton authorizing a notice to proceed with the project.
7. **Inspection of Property/Disbursement of Funds:** City staff will inspect the property to ensure compliance with program guidelines and that the submitted work invoices represent work completed. Funds for CDBG and/or other source funded commercial activities will be disbursed in the form of a grant to the applicant. Payments will be made upon completion and inspection of the project with proper invoices and proof of payment from the applicant by the assigned program administrator.