

LA COUNTY RECOVERS



LA County Small Business Rent Relief (SBRR) PROJECT GUIDELINES

Project Authority/Funding

On October 19, 2021, the County of Los Angeles Board of Supervisors (Board) approved an allocation of up to \$7.5 million in American Rescue Plan (ARP) Act of 2021 funds to be used for providing rental assistance to small businesses that have rental debt due to the COVID-19 pandemic.

Equity Lens

The equity lens will use the COVID-19 Vulnerability and Recovery Index which identifies communities most in need of immediate and long-term pandemic and economic relief interventions based on relative risk using indicators that assess risk factors for COVID-19 infection, vulnerability to severe outcomes if infected, and ability to recover from the health, economic, and social impacts of the pandemic. The Index stratifies communities into five need tiers, ranging from highest to lowest need. The percent of funds to be distributed per tier are: 40%-Highest Need, 35%-High Need, 20%-Moderate Need, 3%-Low Need, and 2%-Lowest Need. Applications will be sorted by tier and a lottery will be held for each tier to determine ranking order.

Subrecipient

National Council for Community Development Inc., dba The National Development Council.

Eligible Businesses

Eligible businesses shall meet the definition of a Qualifying Small Business Tenant (QSBT) as approved by the Board on June 22, 2021, and stated further below:

- A person or entity that operates or has operated in the past 24 months an independently-owned and operated business that has its principal place of business in the unincorporated area of Los Angeles County.
- Business must have been located at a brick and mortar location as of June 22, 2019.
- Business must be open and actively operating their business at time of application submittal and execution of grant agreement.
- Have an annual average number of nine or fewer full-time equivalent employees.
- Have annual total gross revenues of no more than \$1 million.
- Demonstrate a gross revenue loss of at least 25% over a 12-month period falling at least in part within the period of the County's COVID-19 emergency order.
- Additional criteria as outlined within these guidelines will also apply.

Grant Application Selection Criteria

Application portal will be open for a specified time period of no less than one week and shall include a weekend. Applications will be sorted by tier per equity lens listed above and a lottery will be held for each tier to determine ranking order.

Ineligible Applicants

- Financial institutions, such as banks, lenders, pay day lenders, auto title lenders, check cashers, other businesses whose stock in trade is money and mortgages, and other similar entities;
- Passive businesses owned by developers and landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds (except Eligible Passive Companies under § 120.111);
- Insurance companies, such as life insurance, auto, home, bail bond, and other similar entities;
- Businesses located in a foreign country or with foreign entities with a business interest greater than 20%;
- Pyramid sale distribution plans;
- Businesses deriving more than one-third of gross annual revenue from legal gambling activities;
- Businesses engaged in any illegal activity;
- Private or social clubs;
- Businesses which limit the number of memberships for reasons other than capacity;
- Government-owned entities (except for businesses owned or controlled by a Native American tribe);
- Businesses principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting;
- Loan packagers earning more than one-third of their gross annual revenue from packaging SBA loans;
- Businesses in which the Lender, or any of its Associates owns an equity interest;
- Businesses which:
 - (1) Present live performances of a prurient sexual nature; or
 - (2) Derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Nightclubs;
- Corporate-owned fast food restaurants (franchisees are eligible);
- Check cashing, liquor stores, smoke/cannabis shops and firearms retailers;
- Any business where it or its principals or management have been debarred from doing business with the County, State, or Federal;
- Government business or on any Office of Foreign Assets Control or similar list;
- Home-based businesses;
- Bars where no food is prepared on site;
- Businesses engaged in psychic services such as astrology, fortune telling, palm reading, tarot card reading, etc.;
- Lobbying firms or businesses who dedicate 50% or more of their time or resources to lobbying activities;
- Pawn shops;
- Businesses that do not have a brick and mortar location. Businesses must be located at the same brick and mortar location at a minimum of 24 months as of June 22, 2019;
- Business storage units; and
- Hair salon stations, nail stations, or other personal care businesses where a sublease is required.



Maximum Number of Applications Submitted

Only one application per QSBT will be entertained. The County of Los Angeles reserves the right to limit the number of applications submitted per principal. A principal shall be defined as any individual that has an ownership interest of 20% or greater.

Grant Amounts

Minimum of \$5,000, up to \$40,000.

Eligible Use of Funds

To be used by the QSBT to pay their landlords for unpaid rent commencing March 4, 2020, to present, due to the COVID-19 pandemic. No grant funds will be provided for rental debt owed prior to March 4, 2020.

Grant Funds Disbursement

Grant funds will be disbursed directly to QSBT.

Multiple LA County Assistance

Businesses that have already received assistance from other Los Angeles County ARP Act-funded programs or projects, ARE NOT eligible for this Project. Businesses must state if they have received other financial assistance during the COVID-19 pandemic and how such financial assistance was utilized.

Good Standing

For QSBT that are Corporations, LLCs, or LPs must have an "active" status with the State of California Secretary of State. Please check for active status at: <https://businesssearch.sos.ca.gov/>.

Business License

Business must provide a business license showing the business address is located within the unincorporated areas of Los Angeles County. For those that need assistance with business licensing, please visit: <https://ttc.lacounty.gov/business-license-general-information/>.

Required Documentation

- QSBT will be given a maximum of 15 business days to provide any missing information. Failure to provide needed documentation will constitute forfeiture of application.
- Copy of fully executed rental or lease agreement between landlord and QSBT.
- Current invoice or rent statement showing unpaid rent owed from March 4, 2020, to present. Invoice or rent statement must show for which months, commencing March 4, 2020, to present, are unpaid and due to landlord.
- Copy of Notice to Landlord of Inability to Pay Rent Due to COVID-19, which can be found at <https://dcba.lacounty.gov/wp-content/uploads/2020/04/Self-Certification-4.21.20.pdf>.
- Grant Agreement to be executed QSBT.
- COVID-19 Statement of Impact from QSBT.
- Current business license for QSBT. If current license is not available, expired business license with proof of renewal payment made.



Required Documentation (Continued)

- QSBT must provide signed IRS and State Tax Returns 2020.
- Government-issued photo identification for QSBT principals.
- Organizational documents of QSBT. In order to issue grant award payments in a timely manner, it is imperative that applicants submit applications with information that matches what has been filed with the State of California Secretary of State. To file a Statement of Information (SOI), please visit: <https://llcbizfile.sos.ca.gov/SI>. Please plan accordingly and consider filing electronically when possible. Please see the Secretary of State's website for processing timeframes.
 - Sole Proprietor:** Fictitious name filing, if applicable.
 - Corporations:** Filed State of California Secretary of State SOI showing all officers. Provide copies of all filed amendments to the SOI. Two officers will be required to sign the grant agreement.
 - Limited Liability Companies (LLC):**
 - Secretary of State SOI (LLC) forms LLC-1 and LLC-12, and LLC-2, if applicable.
 - Operating Agreement
 - Trusts:** Provide a copy of signed and notarized Trust Certification.
 - Partnerships:** Provide a copy of the signed Partnership Agreement.
 - Non-Profits:** Provide a copy of the IRS tax exempt determination letter.
- QSBT must provide IRS Forms 941 for Quarter 3 2021, or other payroll documentation as determined by the County of Los Angeles to verify employee size.

The County of Los Angeles may revise these guidelines as needed to ensure SBRR's goals and requirements are met successfully.

Processing Grant Applications Mandatory Response Timeframe

Processing/Documents

Missing Documents

Timeframe/Action

15 business days to provide; otherwise, application deemed incomplete and deny application.

Communication

It is expected that QSBTs respond to any communication efforts within two days of receipt of a call or email. QSBTs failure to respond will constitute forfeiture of application.

