

# CARES ACT CDBG-CV MICROENTERPRISE PROGRAM SUMMARY

ADMINISTERED BY THE DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

## Background

The Massachusetts Department of Housing and Community Development (DHCD) made available \$22,453,787 to be allocated on a competitive basis for municipalities to deliver public social services and microenterprise assistance to address conditions related to impacts of COVID-19. These special CDBG-CV funds were appropriated through the CARES Act of 2020. All 314 non-entitlement communities in the Commonwealth were eligible to apply for these funds. The 37 largest cities in the state are considered “entitlements” and are not eligible to apply.

## DHCD Distribution of CDBG-CV Funds

- **CARES Act 1**  
\$19,651,876 was awarded to 36 non-entitlements from the *first* CARES Act allocation. Applicants responded to a NOFA published by DHCD on May 15, 2020, to apply for funds to implement microenterprise and public social service programs.
  - ✓ 39 applications were received by the deadline submission date, and two applications were received after the deadline. 36 grants were awarded from this CARES Act allocation of \$19,651,876.
- **CARES Act 2**  
\$2,801,911 was awarded to the 5 unsuccessful (and late) applicants from the *second* (\$23,601,911) allocation of CARES ACT funds, resulting in 41 communities receiving grants.

The balance of the second CARES Act funds was allocated to:

- ✓ \$10 million to the **Emergency Rental and Mortgage Assistance (ERMA) Program** to assist low-income residents of non-entitlement jurisdictions, administered through non-entitlement jurisdictions that subcontracted with a regional network of administering agencies.
- ✓ \$10.8 million was subcontracted to the **Massachusetts Growth Capital Corporation (MGCC)** to **help microenterprises** throughout the Commonwealth, including both non-entitlement and entitlement jurisdictions to assist them in addressing impacts from the coronavirus.

Between CARES Act 1 and CARES Act 2 funding, \$22,453,787 of CDBG-CV funds was awarded to 41 non-entitlement communities to carry out microenterprise and/or public social services programs to respond to, prepare for or prevent the impacts of the Coronavirus.

*\*This allocation exceeds the requirement that states must direct an amount equal to or greater than its first allocation to non-entitlement communities.*

- Of the **\$22,453,787** awarded to the 41 communities:
  - ✓ 36 grants (representing 174 communities) and \$16,522,173 in funds in were awarded to fund microenterprise programs.
  - ✓ 19 grants were awarded for microenterprise assistance exclusively
  - ✓ 17 grants were awarded for microenterprise assistance and public social service activities
  - ✓ Of the total, \$2,450,907 (10.9%) was allocated for local administrative costs
  - ✓ 1 grant was “returned” *Billerica was awarded \$225k that was returned because they were unable to implement*
  - ✓ 6 grantees received \$742,200 in supplemental funds to address microenterprise needs
  - ✓ 10 grants finished their program by 12/31/21
  - ✓ 26 grantees extended their programs beyond 12/31/21
- **Public Social Services**
  - ✓ 22 grants, approximately \$2.3m funded in public social service activities
  - ✓ 5 grants (\$1,088,602) were awarded for public social service activities exclusively

## Purpose of the Microenterprise Funds

The microenterprise assistance program was designed to provide a badly needed cash stimulus to small businesses meeting the HUD definition of microenterprise, those with five (5) or fewer employees. Additionally, the owners of the business needed to meet low or moderate-income requirements set for the program by HUD.

Grant funds may be used for working capital to cover business costs such as rent, staffing and utilities, or for technical assistance for the stabilization of the business during the grant period. Grant funds used by a business must prepare for, respond to, or prevent the effects of COVID-19. Grant assistance is limited to documented business losses related to COVID-19 and is capped at \$25,000 per business. The initial \$10,000 maximum cap per business was increased in response to the program's needs. The \$25,000 cap may also be waived by DHCD in isolated cases.



## Program Implementation

As indicated above, thirty-three (36) microenterprise grants were made, which distributed these funds to **174 communities**. Results were mixed, though by-and-large positive. Many communities found substantial need for immediate assistance to microenterprise businesses. However, some communities had less success with distributing grant funds. This was most often due to the lack of businesses in the community meeting program requirements, such as being over the income requirements, having too many employees or being unable to show qualifying losses.

Where some communities had lower demand, others had very high demand for the microenterprise grant funds. As a result, unspent grant funds of communities with low demand were transferred to cities and towns with greater demand. In fact, six (6) communities were awarded \$742,200 in supplemental funds that had been returned by other communities that had difficulty making awards. The six communities that received additional funds were Dennis, Edgartown, Stoughton, and Truro last summer, followed by Easthampton and Greenfield in December. Forty-seven (47) towns are served by these six, as they are mostly regional grants.

#### *Technical Assistance from DHCD Staff*

Massachusetts CDBG Program and Fiscal staff support the unique challenges of this emergency COVID-19 response program by actively soliciting feedback from grantees, providing guidance related to developing new programs, and increasing programmatic flexibility where possible.

Strategies include:

- Start-up trainings and sharing model forms
- Utilizing monthly reporting to gauge grantee progress and provide opportunity for feedback
- Connecting grantees to one another to share local program designs and successful practices
- As-needed consultation with DHCD staff to address specific eligibility scenarios
- Updating and sharing FAQ document with grantees to provide guidance on common questions
- Staff utilized surveys to understand what communities might need additional funds
- For communities with less presenting needs, provide consultation on funding reallocation options
- Implementing policy adjustments where allowable, to increase the flexibility of the program

## Community Impact



Overall, the program succeeded in accomplishing its intended goals, thereby retaining small businesses, essential services, and jobs, and supporting the local economies of smaller communities across the Commonwealth. Below is a summary of the program's goals and accomplishments to date. As of December 31, 2021, the last reporting period, in aggregate the program:

- Established combined goal of assisting 1,679 businesses
- Received 1,667 applications
- Approved applications to 865 businesses
- Made 832 loans/grants to businesses
- Retained an estimated 1,248 local jobs (approximately 1.5 jobs per loan<sup>1</sup>)
- Funds expended per estimated job retained: \$8,315
- Committed 68% of more than \$15.5 million budgeted
- Expended 68% of total budgeted funds
- Expended 98% of total committed funds

<sup>1</sup> This number is an estimate based on the following rationale:

- Every loan/grant assistance made benefits at least one owner (sometimes more). The HUD definition of microenterprise counts owners as employees. Business owners need to document losses due to COVID-19 that are equal to or greater than the requested assistance, and as demonstrated in the following examples, many were in danger of closure. The assistance in most cases preserves their primary sources of income and livelihoods.
- Although some assisted microenterprises are sole proprietorships or sole practitioners, most have one or more full or part-time employees. By HUD definition a microenterprise cannot employ more than 5 employees (including owners).
- Considering at least one and as many as 5 individual employees of microenterprises have all or part of their incomes preserved by each microenterprise loan/grant made, an estimate of 1.5 retained jobs per unit of assistance would therefore be a conservative estimate of benefit.
- Important: "Jobs retained" in this context is reliable qualitative information, which supports this narrative, but does not meet the HUD definition of "job retention," which is an entirely different standard, is based on full-time equivalents, and does not apply to microenterprise programs. Consequently, this data should not be used for formal CDBG/HUD reporting of job retention.

# HOW THESE FUNDS MAKE A DIFFERENCE...

## *Movement Matters*



## *North Adams*

A healing arts studio used \$9,950 towards rent, which meant they were able to stay in business during the pandemic and continue to help clients. According to the owner, it also meant their landlord could receive his rent in a timely manner, and she reports that the business is doing great!

## *Good Times Ice Cream Truck*



## *Cape Cod*

Nicki Waite, owner, received a forgivable loan to help with her business's cash flow. Last summer was extremely challenging for Nicki. Although she could safely take the truck to the beach, she had to cancel nearly 60 special events due to COVID. Other events that weren't canceled were downsized significantly. Nicki used the funding to make some necessary repairs on her truck and build an interactive website.

## *Engage Your Core Pilates*



## *Amesbury*

This woman-owned business would not have remained open without grant funds. The owner is a single mother of 2 children, one of whom passed away at the beginning of the pandemic. The owner used \$45,000 grant funds to pay rent and keep her two staff employed. She and her staff have repeatedly expressed gratitude for the grant funds that kept the business operable despite daunting odds.

## *Chef Amy Food Truck*



## *Martha's Vineyard*

This food truck has been serving up all types of healthy and great tasting cuisine on the island for several years. Amy is dedicated to making sure that no one goes hungry which means that she often serves meals from her truck to those that she knows have no means of paying her. When COVID struck Amy's, business was cut in half as stop work orders island-wide ended all construction and kept non-essential workers home. Amy continued to feed those without means to pay, while not knowing where her rent payments were coming from. The COVID Relief funds were used by Amy to cover rent and to purchase much needed supplies. Amy doesn't believe that

she would still be in business today if it had not been for these funds. In celebration Amy made served meals to anyone that needed one on Christmas Day this year.

### Greggory's Pastry Shop



Hadley

This shop has operated since 1988 but moved into a new space after the business was devastated by a fire in 2013. The bakery's owner, Gregg Thorton, was planning to introduce breads adding a new line to his already famous pastries and cakes. When the pandemic hit, he had to lay off all his staff and face an empty storefront. He was on the cusp of closing when he found out about the microenterprise grant program. He is now back to baking after receiving a \$25,000 grant.

### Original Body Wisdom

### Somatic Movement and Yoga Therapy



Hadley

Donna Brooks has had a personal fitness business for the past 30 years. *"This grant has been an amazing bright spot for my business and my life through the difficulties of COVID."* She had to make the necessary transition of pivoting her business to an online experience, which produced an added benefit. *"It has also increased my reach and visibility in hopes of expanding my business out of local limitations while still delivering what I have to offer locally. The guidance and personal support offered by Valley CDC every step of the way made me feel like I really have a team of caring professionals invested in my success. What a morale booster!"*

### Helena Sullivan Photography



Easthampton

A sole proprietorship owned by Helena Sullivan, received \$6,056 from the Easthampton Regional Microenterprise COVID Grant Program. During the pandemic, no one was interested in getting photographed in a closed room studio. With these grant funds, Helena bought a traveling light kit and outdoor photography equipment to pivot her business and take photographs outside.

*"These funds kept me from having to close my business. Having this grant helped me to pivot my business for the new normal, and hopefully be able to come back stronger."*

**Foodplay****Hatfield**

A sole proprietorship owned by Barbara Storper, received \$25,000 from the Easthampton Regional Microenterprise COVID Grant Program. Food Play is an educational business that produces content about food and nutrition for children, and families and presents live programming at schools, libraries, and community events. With the COVID grant funds, Barbara was able to convert and create online programs to deliver virtual educational programming. The funds helped the business to update its website, purchase new production equipment, and create a professional online presentation and e-commerce site.

**Feeding Hills Public Market****Agawam**

This business is a convenience store with a minority business owner who supports a family of six including a disabled family member and an elderly family member. The market was severely vandalized during the pandemic and was on the edge of closing until receiving a \$25,000 Regional COVID grant. The grant funds have been used to pay rent, utilities and for other working capital as the owners build back their business.

**Acton Bowladrome****Acton**

This business is a candlepin bowling alley where for decades it served as a community gathering place. Between March and July 2020, it lost 100% of its business as it was deemed nonessential. When it was able to reopen, the business struggled to operate at a 25% capacity with COVID restrictions. Sales were not covering the overhead and owner Josh Sundberg was forced to lay off employees and considered closing. Josh heard about the TRI Microenterprise forgivable loan program. At first hesitant to apply, he reached out to TRI for help.

*“The support from the TRI program managers not only eased my mind and the abundance of stress but made it so easy. I will forever be grateful that I did not have to close my doors and that my kids will be the 4th generation bringing fun, laughter and smiles to Acton (hopefully one day soon we can see all those full smiles without a mask.)”*



**Pets Pets Pets****Westford**

A thirty-one-year-old business where people from Westford and the neighboring communities could come to find their new companion be it four legged, feathered, or cold blooded. COVID hit their business hard as restrictions were put on store capacity and people determined that they would rather purchase online than to go out into the store. The lack of in person customer purchases dealt not only a blow to the purchase of care items but also to the purchase of pets themselves. Wayne and his family still needed to care for these animals, many of whom required warm water tanks and warming lights to sustain their lives beyond the normal feeding and care items. Wayne found that he was having to hold on to, and care for, his inventory much longer than he would have in normal circumstances. This drove up his pet store costs quickly, leaving Wayne to wonder if he was going to be able to keep the store open. Thanks to the TRI Microenterprise Loan program, Pets Pets Pets is still an ongoing entity in its 32nd year. They were able to use the funds to pay their back electric bill which was in danger of being shut off and to purchase much needed food supplies.

**Annie's American  
Handcrafted Jewelry and Gifts**
**Newburyport**

\$20,000 in grant funds allowed the business to pay rent and redirect business expenses to keep the business afloat. Annie's is one of the most successful retail businesses in Newburyport. Although the business was challenged by the pandemic, the owner was reluctant to reach out for help. The program worked closely with him to meet program requirements and with the invoicing process. To show the benefit of the program to other businesses, the owner agreed to be a part of a video marketing program, which may be viewed [here](#).

**Edgartown Paint Shoppe****Edgartown**

Donna, the owner of Edgartown Paint Shoppe, was determined to keep her business running through COVID. She and her husband had owned the Paint Shoppe more than fifteen years. Following the death of her husband in January of 2019 and COVID shutdowns, business losses in 2020 and 2021 threatened the future of the store. Donna needed to work another job to keep everything going but she recognized that the Paint Shoppe provides a community service and a job for her long-term employee/manager whose wife had recently been re-diagnosed with cancer. Donna

and her manager Bob were grateful for the relief these funds provided the business, saving Bob's job.

### *Good Dog Goods*



### *Oak Bluffs*

Kerry, the owner of this business, is a true Islander in every sense of the word. Good Dog Goods has been in Oak Bluffs for over twenty-one years and is only one of two places where folks on Martha's Vineyard can purchase pet supplies. As with many retail locations, her in person sales dropped dramatically due to COVID shutdowns and stay at home orders. The microenterprise funds allowed Kerry to pivot into home deliveries both in person here on the island as well as mail order. It was the key that allowed her business to survive. Kerry was able to purchase new pet products that people couldn't find in other places, which also increased her online business.

### *True Brew*



### *Dennis*

This business provides draft beer-oriented services and used microenterprise assistance to pay outstanding bills that were severely restricting business growth. This freed up credit allowing the owner to purchase a new vehicle and to expand service calls, including fixing taps off-Cape. COVID had caused so many Cape restaurants to close or operate at partial capacity that True Brew's business was severely hindered. By expanding to the Plymouth and southeastern Massachusetts area, True Brew's extra vehicle allowed the owner to bring on a new staff person to service off-Cape locations.

### *Sarah Holl Art Studio*



### *Dennis*

With the loosening of COVID restrictions over the summer months, this art studio was able to bring back art classes, which have historically supplemented her painting sales. The initial \$10,000 loan helped Sarah to update a static website so that she could switch from retail to online sales. Supplemental funds (when the loan amount was raised to \$25,000) allowed Sarah to purchase supplies for art classes over the winter and to create more paintings because of her successfully updated website and increased sales.

**Buckie's Biscotti****Dennisport**

Microenterprise funds were used to pay rent at their location on Main Street. They were able to stay open and thrive while also helping the building owner to maintain their livelihood and the building. Because the landlord was able to continue to receive rent in the renovated Main Street locations, she was able to pause the scheduled rent increases on businesses.

**A Heart for Art****Buckland**

This woman-owned gift shop in Buckland features locally made items in the picturesque tourist destination of Shelburne Falls. During the pandemic, the main tourist attraction in Shelburne Falls, the Bridge of Flowers, was closed from March 2020 to June 1, 2021. The business received \$5,000, which was used to pay rent for the months right after the pandemic hit.

According to the owner, the grant *"...was much appreciated and helpful in keeping the doors open when they could be open again."*

**Classic Touch  
Massage****Montague**

Prior to the pandemic, this business provided massage therapy to persons with developmental disabilities at their homes all over Western Massachusetts. Due to the pandemic, the clients' group homes were closed to outside visitors and the massage therapists could no longer work. The business received a microenterprise grant of \$4,398.

*"This grant was extremely helpful in enabling me to pay for necessary PPE required supplies to ensure that my business established COVID safe protocols. The funds also helped me purchase necessary equipment to reopen my business when it was safe to do so. I am grateful to have received this grant as it gave me the resources I needed to reopen my business."*

**Mr. Hamdi's Tailoring****Greenfield**

During the pandemic, this business was closed and then slowed substantially, as events requiring tuxedos and other tailoring were canceled. The business received a microenterprise grant of \$10,000.

The owner says the funds *“allowed me to pay my shop rent and utilities and prevented me from having to close my store. The loan allowed me to keep my shop space and wait out the closure. I am now back doing both tailoring and tuxedo rentals.”*

### Taproot Threads



### Greenfield

A woman-owned, family business in Greenfield that manufactures and sells screen printed clothing with original botanical and nature designs. Pre-pandemic, they vended at craft fairs and festivals. The pandemic shuttered in-person events (more than 85% of their gross sales), disrupted the supply chain for their materials, canceled the wholesale shows where they could discover new products, and closed childcare. The business received \$10,000 microenterprise assistance.

The owner says the funds *“allowed me to keep my studio space throughout the pandemic. It has also provided money for me to purchase supplies and equipment at a time when my income was greatly reduced.”*

### PDP Productions



### Shelburne

A recording studio and an audio production service for 30-40 live events, concerts, and music festivals a year. During the pandemic, all in-person events were canceled, and musicians no longer had the income to afford studio time. The business received microenterprise assistance of \$17,775.

*“The RMAP program kept my live audio and studio business afloat as my revenues dropped 75% due to COVID. Thanks to the RMAP program, I was able to continue to pay rent and utilities normally, whereas otherwise I would be two years behind...”*

### White Cloud Diner



### Orange

This diner has been a staple in Orange since the 1950s. It is a woman-owned business and received \$10,000 in microenterprise assistance.

*“The money we received from this forgivable loan prevented us laying off more employees and possibly closing. The diner has become a staple in the community, not only as a restaurant but also what we do for the community, that it would have been devastating not only for us but also for the citizens of the area.”*