



PLANNING AND DEVELOPMENT

400 LA CROSSE STREET | LA CROSSE, WI 54601 | P: (608) 789-7512

Memorandum

To: Community Development Committee

From: Caroline Gregerson, Tara Fitzgerald

Date: **1/8/2021**

Re: Amendment to the Substantial Amendment 2020 CDBG Action Plan to re-allocate \$40,000 out of Small Business Relief Covid-2 funds (creating a new balance of \$65,000 for Small Business Grants).

This is an action item required if the Committee should decide to go with Scenario 2 for funding applications. This action is not required if the Committee elects to go with another scenario.

The CDC, in the prior Amendment to the 2020 Action Plan, designated \$105,000 towards Small Business Relief grants. This was in addition to \$287,300 that had been already allocated with CDBG funds since March 2019. Since then, a total of approximately \$120,000 has been raised for the Launch La Crosse Small Business Resiliency Fund (launched 10/26/20) and approximately \$280,000 has been raised by the Chamber of Commerce for small business relief and resiliency funds, launched 12/15/20. Funds were then approved by Congress in December for small business and the paycheck protection program, with a simpler loan forgiveness process for smaller borrowers (\$284 billion). The interest in the Launch La Crosse program has been slow but steady and on 12/22/20, City Planning sent out a mailing to all businesses in La Crosse informing them of these programs using Covid-19 funds for printing and postage.

To date, the Launch La Crosse Small Business Resiliency Fund has a balance of approximately \$53,000, with no further applications pending. The Building Community Fund is still accepting applications with plans to score and fund based on rank at the end of the application period (1/15/21). They had significant interest in the Chamber of Commerce program (185 applicants) and it is anticipated that all funds will be expended that are available.

In contrast to these other programs, the City's Small Business Resiliency Fund will be subject to numerous HUD-mandated requirements, including evidence that they are retaining low-income employees (if more than 5 employees), completion of each employee of self-certification requirements, payroll records, income forms from the business, documentation and declaration of all other funding received from other sources, copies of receipts, in order to prove non duplication of benefits. The administrative burden for small business relief for HUD funds is cumbersome- both for businesses and staff. However, we recommended funding at the time (in November) due to the perceived needs and lack of other opportunities.

With those facts in mind, staff want to make the Committee aware that the option to re-allocate \$40,000 funds out of Small Business Relief to fund Covid-related programs presented under the call for public service applications is possible. That would leave a balance of \$65,000 available. Specifically, this could be

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done for WAFER (\$15,000) for Senior meal delivery and ILR \$25,000 (for homeless outreach services during COVID). The negative aspect of this would be that the funds could only be used for this year (April 1, 2021-March 31, 2022). These organizations would not be guaranteed a second year of funding like others funded through the regular process.

DMI has stated that downtown businesses had a very successful holiday shopping season. We believe that the Shop Local campaign was very effective in this regard.