

# Community Business Launch

## 2023 PROGRAM DESIGN



Department of Housing and Community Development  
600 East Main St, Suite 300  
Richmond, VA 23219  
804-371-7000

Applications Accepted on CAMS Starting: February 1, 2022  
Last Day Applications Accepted on CAMS: April 28, 2022  
CBL Projects Must be Complete by September 30, 2023

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## Introduction

The Community Business Launch (CBL) is a place-based entrepreneurial development strategy that fills a critical need or gap in the community's market by filling a concentration of vacant storefronts or available properties with expansion or start-up ventures. Local CBL programs train entrepreneurs, creatives, and small business owners about business planning practices. This training culminates in a group of finalists pitching their ideas to a panel of judges, with winners receiving grant funding and support services from the community to kick-start their new venture.

While only a limited number of entrepreneurs may win the business competitions, the CBL gives rise to many budding entrepreneurs that have been prepared through the CBL grant to create or expand successful businesses.

A CBL program generates excitement while educating the community on business opportunities for local people. A CBL grant from DHCD leverages other financial and in-kind resources to prepare multiple entrepreneurs to operate successful businesses, whether they win or lose the pitch competition. Additionally, many CBL grantees replicate the CBL strategy repeatedly without DHCD resources to amplify job and business creation. When preceded by thorough market analysis and relentless outreach, then followed by ongoing business retention efforts, a CBL program is a key building block in a coordinated, comprehensive, and sustainable entrepreneurial eco-system of community-based entrepreneurs and small businesses at all stages of life.

## Available Funds

The projected funding for FY23 is \$180,000. The Virginia Department of Housing and Community Development will administer these funds under the Community Business Launch (CBL) Program. The maximum CBL award for FY23 will be \$90,000 per community/applicant depending on matching funds from the applicant. A community/applicant may apply for less.

DHCD may award funding to entities to implement their small business development strategy, to provide small business training, to conduct a business plan competition, and to provide mentorship and/or business retention services to graduates of the program regardless of their status as pitch winners.

## Requirements

The following entities are eligible to apply for FY23 CBL:

- local governments,
- non-profit economic development organizations,
- Main Street Associations,

- regional economic development groups, and
- chambers of commerce

### ***Uses of Funds***

Grant money for CBL programming may be used for:

1. Administration: the coordination of all program details and calculated wages associated with such work. Pay stubs or documentation of hours worked must be submitted with reimbursement requests.
2. Marketing and outreach: Communicating market analysis results, business type priorities, and recruiting entrepreneurs utilizing videos, newspaper ads, social media campaigns/boosts, website landing pages, direct in-person outreach, and/or any printed materials used to promote the program.
3. Knowledge Sharing: includes the facilitation/facilitators of business classes, educational materials, and mentorship/business retention aftercare for class participants. Fees for training and mentorship programs would be included in the training category. No more than 30% of CBL funding may be used for this category.
4. Business Awards: At least 50% of the total CBL grant must go to business competition winners in the form of cash prizes. Prize funds for the winners of the competition may be used for: working/operating capital, rent/real estate, equipment, inventory, property improvements, wages for new employees, and marketing.

### ***Required Grantee Matching***

FY23 CBL applicants must match DHCD funds as follows:

- Applicants seeking up to and including \$45,000 must match with at least 25% (\$11,250) in cash and/or in-kind support. At least \$10,000 of this match must be in cash. All of the cash match must go toward prizes for the pitch competition.
- Applicants seeking between \$45,001 and \$65,000, inclusive, must match with at least 50% (\$22,500-\$32,500) in cash and/or in-kind support. At least \$20,000 of this match must be in cash. All of the cash match must go toward prizes for the pitch competition.
- Applicants seeking between \$65,001 and \$90,000, inclusive, must match with at least 100% in cash and/or in-kind support. At least \$30,000 of this match must be in cash. All of the cash match must go toward prizes for the pitch competition.

## ***Inventory of Available Properties and Vacant Storefronts***

Applicants will be required to identify a designated area, and provide a map with a critical mass of available properties and/or clustered vacant storefronts with owners willing to participate in the program.

Applicants should contact property owners in order to prepare property description sheets with properties prioritized on the available property inventory and map. See Appendix.

Examples of designated areas include, but are not limited to, urban neighborhood commercial districts, historic downtowns, vacant shopping centers, and commercial corridors. Available properties should ideally be connected by unifying streetscaping and public amenities as much as possible. Examples of unifying streetscaping and amenities include, but are not limited to: sidewalks, street lights, street furniture, and crosswalks.

## ***Prizewinning Business Requirements***

Businesses must be ready to locate inside the designated area if they participate in the pitch competition. Businesses must open/expand in the designated area to be eligible for funding. In addition, it is the intent of CBL to generate business activity and tax revenue for the applicant locality, therefore non-profits will be ineligible for award funding.

## **Business Plan Competition Guidelines**

### ***Market Analysis and Outreach***

Building a pipeline of potential business owners is the first step to getting the CBL program moving. Applicants/grantees are strongly encouraged to begin the CBL program with a market analysis of potential businesses that the local community can and would support in the target area. With this information in hand, a locally-based CBL program staff member can begin to recruit local people who are already actively making, selling, and moving in those types of businesses.

Marketing the program widely establishes a strong foundation for successful CBL programs. Direct outreach is also a key component to this phase. There is no single profile or background for a successful entrepreneur. A CBL entrepreneur recruiter should be someone who can easily talk to anybody and open doors for a wide range of people in the community, including people who have not been asked to be part of the business community before.

### ***Knowledge Sharing***

CBL grantees host a six- to eight-week small business course of classes that include the following four business plan components:

- A. Description of business/Legal structure
- B. Marketing
- C. Operations
- D. Financials

The classes and competition must be open to anyone interested in learning how to open or expand a business and must be free of charge. Applicants are encouraged to allow participation from entrepreneurs who may not intend to compete for funding.

In addition to classes, communities with successful CBL outcomes also offer long-term mentoring and business counseling to class participants for at least another year after the pitch night. Business start-ups often encounter unexpected difficulties during their early years. Experienced business counselors can help guide new business owners through common pitfalls and keep them on track to meet their goals.

### ***Pitch Competition***

Business plan workshops should culminate in a business pitch competition with a panel of judges and prizes for the winning business idea(s). Prizes must include DHCD grant funds in addition to local partner matching resources such as cash funds, in-kind services, and/or rent allowances. As much as possible, judges should be transparent in their evaluations and decision-making and offer follow-up resources for non-winners to pursue in order to keep their ideas moving forward.

### ***Recommended Matching***

In addition to cash prizes, DHCD recommends that communities use the CBL program to identify in-kind support such as professional services, business group memberships, trade discounts, and build out budgets for their retail space. Both class participants and prizewinners should meet local business leaders, especially those with linkages to the business ideas in the classroom.

### ***Retention and Repetition***

After the pitch competition is over, many CBL recipients provide ongoing business support to retain and grow the businesses that take root during the CBL process. As the overall business community starts to see results, CBL grantees often repeat the CBL cycle again (and again) with other funding sources. Applicants that think long-term about business retention activities and funding sources for subsequent cycles after DHCD exits the program typically see the most durable and impactful results.

## Application Requirements

All grant proposals and supporting documentation must be submitted in CAMS by 11:59 PM on April 28, 2022. Proposals not submitted accordingly will be disqualified. **DHCD invites and encourages applicants to discuss their concepts with DHCD prior to submitting the application in CAMS.** If you have any questions please contact Jessica Hartness at 804-371-7171 or [jessica.hartness@dhcd.virginia.gov](mailto:jessica.hartness@dhcd.virginia.gov).

Applicants must submit completed responses to all appropriate questions and include all required attachments. The following attachments are required at the time of submission:

- A. Map of the designated area with available properties and vacant storefronts identified
- B. Property description sheet for each property and a vacant storefront on map
- C. Proof of Match/Budget
- D. Project Timeline
- E. Marketing Plan for Competition
- F. Draft Class Curriculum
- G. Letters of Support

## Outcomes

Expected outcomes for FY23 CBL communities are as follows:

1. Three (3) new or expanded businesses;
2. Five (5) full-time equivalent jobs. Full-time equivalent is defined as forty (40) hours a week.

These outcomes will be achieved by successfully completing the business plan competition, assisting entrepreneurs with their creations/expansions, and continued support after the competition through the first three years of their existence.

## Funds access

A contract between DHCD and the applicant/grantee outlining deliverables, conditions, fund disbursement, and termination must be executed before any funds are disbursed. Funds may only be used for expenses incurred after the signing of the contract. CBL Funds will be dispersed upon execution of the contract. Grantees will submit documentation of expenses to DHCD within CAMS via monthly reports through the end of the contract term.

## Audit Requirements

DHCD has instituted an agency-wide audit policy. All grantees that receive funding during a

specific program year are required to submit one of the following financial documents:

Financial Statement\*\*, Reviewed Financial Statement prepared by an independent Certified Public Accountant (CPA), Audited Financial Statement prepared by an independent CPA or an audit required by the Code of Federal Regulations (CFR), (2 CFR 200 Subpart F), audited by an independent CPA. Please see the table below to determine which document your organization is required to submit.

The threshold requirements outlined below are the *minimal* standards required by DHCD. We strongly encourage all organizations receiving funds from DHCD to undertake the highest level of financial management review to ensure practices and procedures are fully examined and evaluated.

Threshold Requirement	Document
Total annual expenditures $\leq$ \$100,000 (Regardless of source)	Financial Statement(s) prepared by organization**
Total annual expenditure between \$100,001 and \$300,000 (Regardless of source)	Reviewed Financial Statement(s) prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures $>$ \$300,000 (Regardless of source)	Financial Statement(s) that have been audited by an Independent CPA
Federal expenditures $\geq$ \$750,000	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

\*\*Does not require preparation by a CPA

Entities shall file the required financial document in the Centralized Application and Management System (CAMS) within nine (9) months after the end of their fiscal year or 30 (thirty) days after it has been accepted (Reviewed Financial Statement, Audited Financial Statement, and Single Audit only) -whichever comes first.

The full DHCD Audit Policy, including an explanation of the specific document requirements, can be found online at: [http://www.dhcd.virginia.gov/images/DHCD/DHCD\\_Audit\\_Policy.pdf](http://www.dhcd.virginia.gov/images/DHCD/DHCD_Audit_Policy.pdf).



## Appendix A: Property Description Sheet

Please fill out one sheet for each vacant storefront included on the project map.

Address	
Owner	
Has the owner been contacted about CBL?	
Is owner hoping to sell or rent? If sell, is there an asking price? If rent, what is the asking rent and expected term?	
Is the space move-in ready?	
If no, what needs to happen in order for the space to be ready for occupancy?	
Is the owner willing to make improvements or provide TIA for the tenant to make improvements?	
Square Footage of Space	
Preferred/acceptable uses ( <i>retail, restaurant, studio, etc.</i> )	

# Appendix B: Market Characteristic Worksheet

<p>Is there a current market analysis of market and customer characteristics for businesses in this district?</p>	
<p>Which three customer groups are most important for the economic vitality of your district? Examples: local residents, students, employees, visitors to other local attractions, visitors passing through to other places, etc.</p>	
<p>Business types being targeted for Customer Group #1</p>	
<p>Business types being targeted for Customer Group #2</p>	
<p>Business types being targeted for Customer Group #3</p>	
<p>Which business types are being specifically targeted for filling vacancies?</p>	

## Appendix C: Pitch Night Prize Package Resource Worksheet

Type (examples)	Source	Prize
Cash grant	DHCD, Local Government	Grand Prize - \$5,000 First Runner Up - \$2,500 Second Runner Up - \$1,500
One-year mentorship	SCORE	All prize winners
3-month lease waiver	Owner of XYZ Property	Highest ranking XYZ business type
One-year membership	Chamber of Commerce	All prize winners
Bookkeeping services for one year	XYZ Accounting	First two prize winners