



CITY OF EL MONTE SMALL BUSINESS GRANT PROGRAM GUIDELINES

2025-2026

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OVERVIEW/BACKGROUND

The City of El Monte offers a Small Business Grant Program to support local small businesses seeking financial assistance for growth. Eligible businesses may receive grants of up to \$10,000 to cover approved business-related expenses. This program is funded through the Community Development Block Grant (CDBG) Program from the U.S. Department of Housing and Urban Development (HUD).

As a recipient of this funding the City of El Monte and its recipients, (i.e., businesses) are required to meet a national objective. The City of El Monte's Small Business Grant Program meets the following national objectives, depending on the business' eligibility:

- **LMA:** Benefiting persons of low to moderate income; or
- **LMJ:** Job creation and retention

BUSINESS ELIGIBILITY

Only one application will be accepted per applicant, even if the applicant has multiple interests/businesses within the City.

Businesses must meet all requirements to be eligible for the program. Eligibility requirements are outlined below:

- Business must be physically located within El Monte city limits
- Business must have a current business license in the City of El Monte
- Business must employ less than 20 employees, including the owner(s)
- Business has been operational at least six (6) months
- Provide or obtain a cost-free Unique Entity ID (UEI) Number (Sam.gov)
- Businesses operating from a residence or solely online are not eligible.
- The grant is available to businesses that have not previously been awarded a small business grant by the City of El Monte.
- Meet **one** of the following criteria below:
 - The service activity of the business is primarily residential, where at least 51 percent of the residents are LMI persons, and the business' services meet the needs of the service area residents. If the commercial district is composed of stores and businesses that serve local customers that meet the LMI then it qualifies **OR**
 - Currently employ and retain at least one low-and moderate-income (LMI) person or in the case of staff turnover, have the identified position filled by LMI person (see details below) **and** demonstrate that without grant assistance the job would be lost

INELIGIBLE BUSINESSES

Businesses that meet one of the following criteria are not eligible for participation in the program.

- Business that has previously received grant funding from the City
- Business that does not meet qualifications for LMA or LMJ National Objectives
- Businesses that fall into the following categories: *gaming, liquor or tobacco stores, marijuana dispensaries and manufacturing*
- Business or activity that does not comply with local, state or federal laws
- Businesses with active code violations
- Home-based businesses
- Businesses outside of the City of El Monte city boundaries
- Businesses currently in the process of bankruptcy proceedings

REQUIRED DOCUMENTATION

For an application to be considered complete, all listed documents must be submitted.

- Completed and fully signed Application
- Attachment A, which documents business eligibility under the LMA national objective **OR**
- Attachment B (along with supplemental documents), which documents the business eligibility under the LMJ national objective
- Report of Wages Form DE 9C, or Payroll Records
- Tax Returns for 2024 to demonstrate financial stability
- If eligible, businesses must submit all required supporting documents for all items/expenses
- Form W-9 Request for Taxpayer Identification Number and Certification
- Bank Statements for the last 3 months
- Current business license with the City of El Monte
- Obtain a UEI number from SAM.gov

ELIGIBLE USE OF FUNDS

Awarded funds are intended to help businesses retain staff and continue to provide quality services to the residents of El Monte. Use of funds is at the business owner's discretion, however, below are some examples of eligible activities:

- Commercial lease or mortgage payments
- Utilities
- Overhead expenses (e.g. payroll, not including the owner)
- Business services (web site development, etc.) to increase capacity to carryout business activities
- Business inventory, materials and supplies
- Equipment purchases necessary for the business operation, excluding vehicles.
- Marketing and Promotional Materials

Businesses are required to identify their intended use of funds during the application process. If a business finds it necessary to change their intended use of the funds, they must seek approval from the City in writing five (5) days before making any changes and submit an updated itemized list of business expenses.

Program staff will follow up with staff within two (2) months and collect relevant documents that support appropriate use of grant funds.

INELIGIBLE USE OF FUNDS

Funds may not be used for the following activities:

- Personal property
- Repayment of refinance of existing debt or to pay operating deficits tax arrearages, governmental fines or penalties or general government expenses
- Personal income or emergency situations, including repayment of personal cash loans
- Political or religious activities, lobbying or any activity prohibited in the CDBG regulations in 24 CFR 570

PROCESSING

Due to limited funds, the City will only accept and process applications until all funds have been exhausted. If the City has remaining available funds, the City reserves the right to re-open the application period.

VERIFYING & DOCUMENTING ELIGIBILITY

Application

Staff shall review all applications and attachments for thoroughness and completion. Staff is responsible for making sure that all eligibility documents have been submitted by the business owner. Applications are to be reviewed on a first-come, first-serve basis.

Attachment A: Meeting the LMA National Objective

Under the LMA national objective the services in the area are of benefit to low-and moderate-income (LMI) persons. To be eligible for this grant, the service activity must be primarily residential, where at least 51 percent of the residents are LMI persons, and the business' services meet the needs of the service area residents.

Attachment B: Meeting the LMJ National Objective

Under the LMJ objective activities are meant to retain jobs and/or benefit areas with low-and moderate-income (LMI) persons. To be eligible for this grant, the business must create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) are to be made available to or held by LMI persons.

For businesses creating jobs, jobs must be created and filled no later than six (6) months after receipt of grant funds.

AWARDING THE GRANT

Upon verification of eligibility the City will confirm the eligibility status with the business via email. The City will then provide business with an agreement outlining the terms and conditions of the award. Upon receipt of a signed agreement the City will disburse the one-time grant of up to \$10,000.

DUPLICATION OF BENEFITS

A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. Duplication of benefits occurs when Federal financial assistance is provided to a person or entity through a program to address losses and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs. This includes businesses that have previously received a grant from the city.

All businesses are required to complete a Duplication of Benefits (DOB) Affidavit as part of the application process. This affidavit acknowledges the City's requirement that any person or entity receiving CDBG assistance must agree to repay assistance that is determined to be duplicative.

To meet HUD’s requirements, the City has developed a method of assessing whether the use of CDBG funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably in evaluating need and the resources available to meet that need.

This assessment process is as follows:

1. Upon receipt of the completed application packet to the Program, the City of El Monte will review the Duplication of Benefits Affidavit to determine if the applicant has reported receiving any potentially duplicative assistance.
2. If so, the City or Consultant will request additional information from the applicant, including:
 - a. Dates funds were received
 - b. Specific uses of funds received, including receipts and dates as appropriate.
3. Based on a review of this information, the City may:
 - a. Determine that there is no duplication and proceed with consideration of the application for the full amount requested.
 - b. Determine that there is a partial duplication and proceed with consideration of the application for an amount that reduces the request by the Duplication of Benefits (“DOB”) amount
 - i. $(\text{Amount Requested}) - (\text{Amount of DOB}) = \text{Eligible Amount}$
 - c. Determine that there is a complete duplication and deny the application
4. The City will require all successful applicants to provide documentation as to how funds are actually expended and will review this documentation to ensure no duplication has taken place.

All application documents, including the Affidavit shall be retained in compliance with HUD’s record retention requirements.

MONITORING

Staff is responsible for providing on-going monitoring to ensure that grant funds are used in the way they were intended.

Staff will review the business’ application to identify how the business said they would use funds and will collect supporting documents within two (2) months until all funds have been exhausted. If a business finds it necessary to change their intended use of the funds, they must seek approval from the City in writing before making any changes and submit an updated itemized lists of business expenses at least five (5) days in advance.

All collected documents will be placed in a business’s program file.