City of Fort Lauderdale

CDBG Microenterprise Assistance Program

Frequently Asked Questions for Small Businesses

The City of Fort Lauderdale's Economic Development Division is developing a Community Development Block Grant (CDBG) program to assist eligible microenterprises serving qualifying low- and moderate-income communities. The program is designed as **reimbursable, forgivable financing**, subject to federal requirements and City program guidelines.

1. What is the CDBG Microenterprise Assistance Program?
The program provides financial assistance to qualifying small businesses to help support business stability, growth, and economic opportunity within eligible areas of Fort Lauderdale. Funding is provided through the federal Community Development Block Grant program.

2. What is considered a microenterprise?
A microenterprise is generally a for-profit business with **five or fewer employees, including working owners**, with at least one of those individuals owning the business. Individuals actively developing a qualifying microenterprise may also be considered.

3. Does my business qualify simply because it is located in an LMI area?
No. Location alone does not establish eligibility. Under the current program design, the business must be located within the **specific low-to-moderate income areas (LMI) designated by the City and U.S. Census** and must demonstrate that its goods or services benefit the qualifying residential service area.

4. What does LMI mean?
LMI means **Low- and Moderate-Income**. For this program, the business must demonstrate service to a primarily residential area where at least **51% of residents are low- or moderate-income**.

5. Does the business owner have to be low-income?
Not necessarily. This program is currently structured around an **LMI Area Benefit**, meaning the primary focus is whether the business provides goods or services that benefit residents of the qualifying area. The owner's income or business address by itself does not satisfy the area-benefit requirement.

6. How much assistance may be available?
Under the current program structure:

- **Startup/Ideation businesses — up to $5,000**
- **Established businesses — up to $10,000**

The proposed $100,000 program allocation is intended to assist up to 15 businesses.

7. What is considered a startup versus an established business?
The current program draft classifies businesses operating for **less than three years** as startup/ideation businesses and businesses operating for **three years or more** as established businesses.

8. Is the funding provided upfront?
No. This is a **reimbursement-based program**. Businesses must have the financial ability to pay approved expenses first and then submit the required documentation to the City for reimbursement.

9. What types of expenses may be eligible?
Eligible expenses may include approved:

- Consumable inventory and supplies
- Software
- Certain startup or working-capital expenses
- Business planning
- Accounting services
- Market analysis
- Operational assistance
- Training
- Mentoring and counseling
- Certain City of Fort Lauderdale approved business-related rental or lease costs

All expenses must be **business-related, reasonable, documented, and approved by the City of Fort Lauderdale before the expense is incurred**.

10. Can I purchase equipment with the funds?
No. Under the current City program design, equipment purchases or financing are not eligible. This includes items such as vehicles, furnishings, hardware, and lease-to-own equipment.

11. What expenses are not eligible?
Examples of non-eligible expenses include personal expenses, unrelated debt, speculative investments, luxury items, fines, penalties, judgments, settlements, political activities, and undocumented or unauthorized costs.

12. Can I make a purchase and then ask the City to reimburse me?
Do not assume that an expense will be reimbursed. Businesses must receive **written City authorization and any required clearance before making a CDBG-funded purchase or entering into a binding commitment**.

13. Do I have to contribute my own money to the project?
Yes. Under the current local program policy, the business owner must provide a **cash contribution of at least 10% of the total approved eligible project cost**.

14. What documents will I need to provide?
Applicants should be prepared to provide documentation such as business registration, ownership information, identification, zoning approval, Business Tax Receipt, business licenses, permits, lease or property documentation, project or business plan, service-area information, budget and quotes, financial information, and proof of available funds.

15. Why does the City need information about where my customers come from?
Federal CDBG requirements require the City to document that the funded activity produces a qualifying community benefit. Businesses must therefore demonstrate that their goods or services are available to and benefit residents within the identified LMI service area.

16. Do I have to create new jobs?
The current program does **not require a specific minimum number of new jobs** under the LMI Area Benefit structure. However, businesses may still be asked to report jobs created or retained as an economic development outcome.

17. What if I have already received another grant or loan?
You must disclose other financial assistance received or pending. CDBG funds cannot reimburse an expense that has already been paid by another source. The City must ensure there is no **duplication of benefits** and that a legitimate unmet financial need remains.

18. If I am eligible, am I guaranteed funding?
No. Eligibility allows an application to move forward for consideration, but it does not guarantee an award. Applications are subject to eligibility, financial, project, documentation, and selection review, and available funding is limited.

19. Why is the assistance called a "forgivable loan"?
The business enters into a loan agreement and must comply with program requirements during the required compliance period. Under the current application, forgiveness is dependent on satisfactory completion of the program obligations and written approval by the City. Failure to comply may result in withheld funds, default, or repayment.

20. How long is the compliance period?
The current program design establishes a **five-year, or 60-month, compliance period**. During that period, funded businesses may be required to maintain their approved business operations, qualifying location, licensing, reporting, and LMI area-benefit commitments.

21. Will the City monitor my business after I receive funding?
Yes. Businesses receiving assistance should expect annual reporting and monitoring. The City may verify continued operations, business location, licensing, area benefit, compliance with the agreement, and other program conditions.

22. What happens if my business relocates, closes, or changes ownership?
Businesses receiving assistance must promptly report significant changes such as closure, relocation, sale, or changes in ownership. Such changes may affect continued eligibility or forgiveness of the loan.

23. Can a home-based business apply?
A home-based business may potentially qualify if it meets **all program requirements**, including the approved program location, zoning, licensing, microenterprise requirements, and documented LMI area benefit. Location alone does not guarantee eligibility.

24. How will I know whether my business address is eligible?
The City will provide or identify an **official program eligibility map**. Applicants should have their business address verified through the Economic Development Division rather than relying only on a general LMI or census map.

Quick Eligibility Checklist

You may be a potential applicant if your business:

✓ Is a **for-profit microenterprise with five or fewer employees**, including working owners
✓ Is located within the **City-designated program area/NRSA**
✓ Provides goods or services that benefit the qualifying LMI residential area
✓ Has the appropriate **Business Tax Receipt, licenses, zoning, permits, and site documentation**
✓ Can contribute at least **10% of the approved project cost in owner cash equity**
✓ Has sufficient funds to **pay approved expenses before reimbursement**
✓ Is requesting funding only for **eligible business expenses**
✓ Can provide the required financial and business documentation
✓ Agrees to comply with the program's ongoing monitoring and reporting requirements

Important Notice

Being located in a low- or moderate-income area does not automatically qualify a business for microenterprise reimbursable forgivable loan assistance. Eligibility is determined based on the complete program requirements, including business size, location within the designated program area, eligible use of funds, documented community benefit, financial capacity, and compliance requirements.