

# City of Hemet

## Entrepreneur & Small Business

## Grant Program Guidelines



*January 2026*

**City of Hemet**

<https://www.hemetca.gov/Econdev>



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## I. Program Overview and Authority

### A. Introduction

The City of Hemet Economic Development Department is pleased to announce the Hemet Entrepreneur & Small Business Community Development Block Grant (CDBG) Program. This program utilizes federal CDBG funding allocated to the City of Hemet by the U.S. Department of Housing and Urban Development (HUD) to support the creation and growth of new small businesses and entrepreneurial ventures within the City of Hemet. The Program is a direct initiative to create a vibrant local economy, enhance community services, and create long-term job opportunities for low-to-moderate-income (LMI) individuals, in compliance with federal CDBG objectives.

### B. Program Authority

This Program operates under the statutory authority of Title I of the Housing and Community Development Act of 1974, as amended. All funds are subject to federal regulations governing CDBG, including but not limited to, the requirements for compliance with environmental review, labor standards, and LMI benefit national objectives.

## II. Program Goals and Objectives

The primary **GOAL** of the Hemet Entrepreneur & Small Business CDBG Grant Program is the establishment of new, sustainable businesses that contribute to the City's economic vitality and the creation of new permanent jobs.

### A. Key Objectives

1. **Job Creation:** Create new, full-time equivalent (FTE) jobs, with at least 51% of those jobs to be held by or made available to LMI persons, in accordance with HUD CDBG national objectives.
2. **Business Diversity:** Promote the start-up of targeted high-growth businesses (Tech/Manufacturing), essential services (Professional Services), and community-focused enterprises (Culinary/Restaurant).

3. **Economic Stimulus:** Increase the number of actively licensed businesses operating within the City of Hemet.
4. **Entrepreneurial Support:** Provide necessary capital to early-stage entrepreneurs to cover initial start-up costs, equipment, and operating expenses.

### III. Available Funding and Grant Limits

#### A. Funding Source

The Program is funded through the City of Hemet's annual CDBG entitlement allocation. Grant awards are contingent upon the availability of funds and may be adjusted based on federal guidelines and City Council approval.

#### B. Grant Awards

The maximum grant award available per approved business is **Twenty Thousand Dollars (\$20,000.00)**. Grant awards are offered on a reimbursement basis only. Grantees must incur and provide proof of payment for all eligible costs before CDBG funds are disbursed by the City.

#### C. Funding Allocation and Review

Funding will be allocated across the three identified grant tracks based on the quality and volume of applications received. The Economic Development Department reserves the right to fund less than the requested amount based on the demonstrated need, projected job creation, and overall competitive strength of the application.

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### IV. Eligibility Requirements (General)

To be considered for any of the three grant tracks, all applicants and proposed businesses must meet one of the following minimum requirements:

#### A. Applicant Status

1. **New Business Status:** The applicant must be a **new business** in the process of starting up. For the purpose of this grant, a new business is defined as an

entity established (or to be established) and operating for **less than five (5) years** at the time of application submission.

2. **Legal Status:** Applicants must provide documentation confirming their legal business entity status (e.g., Sole Proprietorship, LLC, Corporation, Partnership) with the State of California.
3. **Good Standing:** The business entity must be in **good standing** with the California Secretary of State and the Governor's Office of Business and Economic Development (Go-Biz).

## **B. Business Location and Operation**

1. **Location:** The proposed business must be physically located and operated **within the incorporated City limits of Hemet**. A valid lease agreement or proof of property ownership for the Hemet location must be provided.
2. **Business License:** The applicant must apply for or possess a current and valid **City of Hemet Business License** before any grant funds can be disbursed.

## **C. Financial and Tax Compliance**

1. **Tax Compliance:** The business owner(s) and the proposed entity must have **no outstanding or delinquent taxes** owed to the City of Hemet, County of Riverside, State of California, or Federal Government.
2. **Credit Check/Financial Review:** The City reserves the right to conduct a financial and credit review of the principals and/or the business entity.

## **D. Job Creation Requirements (CDBG Compliance)**

1. **Mandatory Job Creation:** The grantee must commit to creating a specified number of permanent, full-time equivalent (FTE) jobs within a defined period (typically 12-24 months) following the grant award.
2. **LMI Benefit:** At least **fifty-one percent (51%)** of the new jobs created by the business must be offered to or taken by low-to-moderate-income (LMI) individuals, as defined by HUD income limits for Riverside County. The business is responsible for collecting and reporting employee income documentation to demonstrate compliance.

## V. Grant Tracks and Eligible Uses of Funds

The Program is divided into three distinct tracks, each tailored to specific industries. Applicants may only apply to one track.

### A. Kitchen Start-up Grant: New Culinary Entrepreneurs/Restaurateurs

- **Focus:** Food service businesses including restaurants, cafes, bakeries, and specialized catering facilities.
- **Eligible Uses of Funds (Examples):**
  - Leasehold improvements specific to commercial kitchen operations (e.g., ventilation, grease trap installation).
  - Purchase of commercial kitchen equipment (e.g., ovens, ranges, refrigerators, dishwashers).
  - Initial inventory (up to a cap defined by the City, e.g., 10% of the total grant amount).
  - Required permitting and licensing fees (e.g., Health Department permits).

### B. Tech Start-up Grant: Technology, Manufacturing, and High-Growth

- **Focus:** Early-stage technology, manufacturing, aerospace, semiconductor, or other high-growth businesses with a novel concept or product requiring specialized technical expertise.
- **Eligible Uses of Funds (Examples):**
  - Purchase of specialized machinery, testing equipment, or high-end technical hardware.
  - Leasehold improvements specific to manufacturing/R&D (e.g., specialized electrical work, cleanroom setup).
  - Development of proprietary software or intellectual property (IP) costs (e.g., patent filing fees, not including basic web design).
  - Initial working capital (up to a cap) for specialized component acquisition.

### C. New Professional Services Firms

- **Focus:** Businesses whose primary activity is providing expertise-based services to businesses or individuals, such as business consulting,

legal/paralegal services, specialized technical IT support, or other highly skilled professional services.

- **Eligible Uses of Funds (Examples):**
  - Specialized office equipment (e.g., secure servers, high-capacity printers).
  - Leasehold improvements for professional office space (e.g., ADA compliance modifications, conference room build-out).
  - Purchase of industry-specific software licenses or data subscriptions (e.g., legal databases, accounting systems).
  - Costs associated with professional accreditation, certifications, or required bonding.

## VI. Ineligible Uses of Funds

The following items are examples of costs that **WILL NOT** be reimbursed by the Hemet Entrepreneur CDBG Grant Program:

1. Purchase of real estate or land acquisition.
2. Refinancing of existing debt or loans.
3. Personal expenses or salaries for business owners/principals.
4. Costs incurred and paid prior to the City's official Grant Award Notice (retroactive costs).
5. Purchase of vehicles for transportation (unless specialized equipment is permanently affixed and essential to the core business, subject to City approval).
6. Donations, contributions, or lobbying costs.
7. Taxes, late fees, or fines.
8. Ongoing business operating expenses (e.g., rent, utilities, insurance premiums) that are not part of the *initial, approved* start-up working capital.
9. Any expenses deemed ineligible under federal CDBG regulations.

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## VII. Application Process and Submittal Requirements

Applicants must submit a complete application package to the City of Hemet Economic Development Department by the published deadline. Incomplete applications will not be reviewed.

## A. Application Components Checklist

1. **Completed and Signed Program Application Form:** Includes general business information and principal contact details.
2. **Comprehensive Business Plan:** Must detail the business concept, market analysis, management team, operational plan, and a minimum three-year financial projection.
3. **Detailed Budget Request:** Itemized list of all requested expenditures (up to \$20,000) with supporting vendor quotes or estimates.
4. **Job Creation Plan:** A commitment to the number of FTE jobs to be created, job descriptions, projected wages, and a clear strategy for recruiting LMI individuals.
5. **Proof of Location:** Executed Lease Agreement or Grant Deed for the proposed Hemet location.
6. **Legal Documentation:**
  - Articles of Incorporation/Organization (filed with CA Secretary of State).
  - IRS Employer Identification Number (EIN) or personal Tax ID (if applicable).
  - Go-Biz Status Verification (must be in good standing).
7. **Financial Documentation (Business Principals):**
  - Personal financial statement for each principal owning 20% or more of the business.
  - Personal resume/CV for each principal demonstrating necessary experience.

## B. Submittal Instructions

- Applications must be submitted electronically (in PDF format) or in a physical binder.
- All required forms and appendices must be executed with original signatures where requested.
- The City will announce a specific application window. Late submissions will not be accepted.

## VIII. Review and Selection Criteria

Applications will be reviewed by an internal committee appointed by the Economic Development Director and/or an independent panel of business experts.

### A. Threshold Review

The City will first confirm that the applicant meets all general eligibility requirements (Section IV). Failure to meet any threshold requirement will result in immediate disqualification.

### B. Scoring Criteria

Applications that pass the threshold review will be scored competitively based on the following criteria:

<b>Criteria</b>	<b>Weight</b>
<b>I. Economic Impact &amp; Job Creation</b> (Quality & quantity of jobs, LMI commitment)	30%
<b>II. Financial Feasibility</b> (Strength of financial projections, realistic budget, capital access)	25%
<b>III. Business Plan &amp; Management Team</b> (Clarity of concept, market need, experience of principals)	25%
<b>IV. Compliance &amp; Readiness</b> (Completeness of application, immediate readiness to execute plan)	10%
<b>V. Grant Track Relevance</b> (Clear link between grant funds and industry specific needs)	10%
<b>TOTAL SCORE</b>	<b>100%</b>

### C. Grant Award Notification

Applicants will be notified of the award decision in writing. A Grant Agreement detailing all terms, conditions, reporting requirements, and compliance obligations will be issued to successful applicants.

## IX. Grant Disbursement and Reporting Requirements

### A. Grant Agreement Execution

No funds will be awarded until the Grant Agreement is fully executed by the business principal(s) and the authorized City representative. This legally binding document will define the scope of work, budget, job creation target, and compliance schedule.

### B. Disbursement (Reimbursement)

The Program operates strictly on a **reimbursement basis**.

1. The Grantee must first incur the eligible cost and pay the vendor in full.
2. The Grantee must submit a formal Request for Reimbursement (RFR) package to the City, including:
  - o Completed RFR Form.
  - o Original invoices or receipts (must match the approved budget).
  - o Proof of payment (e.g., cancelled checks, bank statements, or credit card statements).
3. The City will review the RFR for compliance and, if approved, will process the reimbursement payment within 30 days.

### C. Reporting and Compliance

Grantees are required to submit quarterly and annual compliance reports to the Economic Development Department for a period defined in the Grant Agreement (typically three years).

1. **Job Creation Verification:** Grantees must provide payroll documentation, employee hire dates, job titles, and LMI status verification forms for all new employees created under the grant.
2. **Financial Records:** Grantees must maintain and provide access to all financial records, invoices, and bank statements related to the grant funds.
3. **Audits:** The Grantee agrees to cooperate fully with any required financial audit or monitoring visit conducted by the City of Hemet, HUD, or their authorized representatives. Failure to comply with compliance reports or job creation targets may result in the clawback of all grant funds.

## APPLICANT CERTIFICATION

Please read the statements below and initial and sign certify that you understand:

\_\_\_ I/we certify that the building owner is the owner of the property.

\_\_\_ I/we certify that there are no current code enforcement actions pending against this property\*.

\_\_\_ I/we have attached a copy of all current leases.

\_\_\_ I/we have attached relevant photos of the building facade(s) to be included in this program.

\_\_\_ I/we have reviewed the program overview and guidelines, have familiarity with responsibilities of each party and understand that:

\_\_\_ All services to be performed by contractors shall be the subject of agreement between applicant and contractor(s).

\_\_\_ The Agency shall not assume any liability for such agreements, except as specifically authorized by the program.

\_\_\_ I/we have read and understand the City of Hemet program guidelines, accept the qualifications and conditions and through signature(s) below, certify that I/we are qualified and will abide by such conditions set forth in this application and all reasonable conditions which may be issued by the City of Hemet in the implementation of this program. I understand that this is a voluntary program, under which the City of Hemet has the right to approve or deny any project or proposal or portions thereof.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Property Owner Signature \_\_\_\_\_ Date: \_\_\_\_\_  
(If Tenant is Applying)