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Section I – General

A. Introduction

On March 27, 2020, President Donald Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide immediate and direct response to the emerging crisis impacting our country as a result of the COVID-19 global pandemic. Division B of the Act, Title XII includes allocations of $48.5 billion in funding assistance for transportation and housing activities to address the pandemic. In addition to funding in a host of other Housing and Urban Development programs, a total of $5 billion will be made available under the Community Development Fund to prevent, prepare for, and respond to coronavirus (COVID-19).

These funds were made available and released in three tranches:

- $2 billion was allocated within 30 days in accordance with the 2020 Housing and Community Development Act of 1974 formula distribution. The allocation for the Commonwealth of Pennsylvania for Tranche 1 is $24,691,407. All funds received in Tranche 1 were allocated in accordance with Act 179 and have been committed to eligible CDBG-CV activities.
- The 2nd and 3rd allocation of funds for the Commonwealth are $51,352,198 and $20,141,782 for a total of $71,493,980. This application guidance covers funds under CV Tranches 2 and 3.

B. Federal Requirements

These funds will be governed by the Housing and Community Development Act of 1974, the regulations of the Community Development Block Grant (CDBG) for states at 24 CFR 570.480 and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) PL 116-136. The requirements will also include any waivers or additional guidance issued by the Department of Housing and Urban Development under the CARES Act [www.hud.gov/coronavirus](http://www.hud.gov/coronavirus) [www.federalregister.gov](http://www.federalregister.gov).

C. Waivers

The FR-6218-N-01 Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for CDBG-CV Grants, FY 2019 and 2020 CDBG Grants and for Other Formula Programs provides program and activity specific waivers.

The following Waivers and Alternative Requirements relevant to the program:

1. **Citizen Participation Requirements** – Allows for virtual meetings and an expedited comment period of 5 days. Local plans must be updated/amended to take advantage of the waivers.

2. **Public Service Cap** – 15% limitation has been lifted.
   - a. Extension of Emergency Payments from 3 months to 6 months

The following Waivers and Alternative Requirements relevant to Economic Development are as follows:

1. National Objective and Overall Benefit
   - a. Low and Moderate Income Jobs Created or Retained (LMJ)
   - b. Urgent Need – Use of Urgent Need National Objective
2. Underwriting Criteria for Special Economic Development Activities

3. Public Benefit Standards

4. Eligible Activities must have Tie-Back to COVID-19

5. Duplication of Benefits

D. Duplication of Benefits Requirement

The program is required to conduct a duplication of benefits (DOB) check for each eligible activity undertaken (as provided by the Robert T. Stafford Act) prior to providing the funding necessary for the activity.

Sources of duplication of benefits compensation include sources of funding assistance provided for the same activity/use related to the COVID-19 pandemic. The following sources may be considered a duplication and thus are deducted from the award for the project/activity:

- Federal Emergency Management Agency (FEMA) assistance payments
- US Department of Agriculture loans and/or Small Business Administration loans
- Grants from philanthropic sources
- Other state or federal funding
- Funds received from local government

Refer to Updates to the Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees FR Notice 6169-N-01

Additional HUD guidance on Preventing Duplication of Benefits is available.

E. Instructions for Compliance with Fair Housing and Civil Rights Requirements in the Application Process

I. Fair Housing

A. All Applicants*

1. Competitive applicants are not required to address the Fair Housing requirements at the application stage. Those competitive applicants that are selected for funding will be required to fulfill the requirements below subsequent to notification of grant award.

2. Fair Housing Advertisement:

   Applicants selected for funding must maintain and make available upon request a copy of a published advertisement designating a Fair Housing Officer within their municipality. This designation may have occurred with the submission of an application to HUD or DCED under the annual FY 2020 or FY2021 allocation of CDBG funding. This advertisement must also inform residents of their rights under the Fair Housing law and that cases of suspected discrimination are to be reported to the Fair Housing Officer. Communities that cannot identify a person qualified to serve as a Fair Housing Officer must publish an advertisement that provides an alternative agency, who will take discrimination complaints.

   If a community designates a Fair Housing Officer, that officer will be responsible for the following:

   a. Forwarding all complaints of housing discrimination to:
b. Maintaining a record of all complaints filed, dates forwarded to appropriate agencies, and evidence of resolution. This record will be part of the grantee’s annual reporting to the Department for compliance and will be reviewed during monitoring.

2. Adoption of a Fair Housing Resolution by the Applicant/Grantee
   Applicants must have a fair housing resolution adopted affirming its dedication to further Fair Housing Practices within its jurisdiction. This notice identifies typical discriminatory acts, informs residents of their rights under the fair housing law and that cases of suspected discrimination are to be reported to the Fair Housing Officer. This Notice must be posted at prominent locations throughout the municipality and a record of the postings must be kept on file for monitoring.

3. All successful applicants must annually undertake and report on actions to affirmatively further fair housing in accordance with the Fair Housing Guidance located in the Federal Resource Library.
II. Section 504

A. Applicants with more than Fifteen (15) Employees

1. Section 504 Officer:

Applicants with over fifteen (15) employees must designate a Section 504 Officer annually within their municipality. This designation must be made in writing and at a public meeting. A copy of this notice must be made available for review upon request.

The Officer’s duties include:

a. Compile and maintain a Self - Evaluation of the grantee’s facilities, hiring practices, and citizen participation, as well as each activity funded with the CDBG grant, to assure that there has been no discrimination in the providing of services based on race, color, national origin, sex, disability, religion, familial status, age, or ancestry. From this self-evaluation, the municipality will develop a Transitional Plan to provide a timetable and responsible entity to bring the municipality into compliance. The Section 504 Officer will oversee that the municipality follows the Transition Plan and brings the municipality into compliance. Please refer to the Federal Resource Library on DCED’s website under the Fair Housing and Equal Opportunity link. This information can be located in the FHEO Manual -F Section, Appendices 1 and 2.

b. The municipality will develop and maintain a grievance procedure that must also be adopted incorporating due process standards and allowing for prompt local resolution of any complaints of discrimination based on disability. Existing grievance procedures can often be adapted to satisfy this requirement. Any individual or authorized representative who believes that they have been denied opportunities or treated differently due to their race, color, national origin, sex, disability, religion, familial status, age or ancestry may file a complaint with the Section 504 Officer. The Officer must act on the complaint and maintain the records of the process for monitoring.

III. Minority/Women Business Enterprise (MBE/WBE) Plan

It is required that all applicants receiving federal funds from DCED must promote the opportunity for full participation by minority and women's business enterprises ("MBEs" and "WBEs") in all housing and community development programs receiving funds from the Pennsylvania Department of Community and Economic Development. This includes all forms of procurement and contracting. Grantees are required to maintain sufficient documentation to verify that this requirement has been met.

A. All applicants that receive funding are reminded that they are to adopt and provide a good faith, comprehensive and continuing endeavor to their MBE/WBE Outreach Plan. One portion of the plan establishes minority owned business enterprise (MBE), and women owned business enterprise (WBE), minimum participation levels (MPLs) to be used as a guide in determining bidders’ compliance with Federal MBE and WBE requirements.

As part of the application process, the applicant, on applicant letterhead, must indicate:

1. the minimum participation level as established in their plan

2. the previous calendar year’s achievement of the MBE and WBE goals with the actual percentage of total contract awards that went to each category. (ie: 2020 application = 2019 achievement percentage)

3. actions to be taken by the applicant to achieve these goals in the current year if not achieved

B. Applicants that receive an award are not required to provide this documentation with the application submission, but the information must be made available for review upon request.
F. Reporting Requirements

DCED will provide its Reports Schedule to all grantees for the CDBG-CV program. Required reports will include but not be limited to:

- Applicant Data for Direct Benefit Activities
- Beneficiary Report for Low Moderate Area Benefit Activities
- Fair Housing
- Labor Standards Enforcement Report
- MBE/WBE Reports
- Section 3 Summary Report
- MAPR
- Client Tracker Report and support documentation
- Job Creation / Retention Report (JCRR)
- Duplication of Benefits

*Applicants are defined as Units of General Local Government (UGLG) for the Infrastructure, Public Services, Housing Rehabilitation activities.

The PREP Networks are the eligible applicants for the Small Business Assistance.
Section II – Application Submission

A. All Applicants

To apply for funding, the applicant must submit the electronic on-line DCED Single Application for Assistance. The application must be submitted to the Department of Community and Economic Development, Center for Community and Housing Development through the Electronic Single Application. Paper copies will not be accepted.

B. Eligible Applicants – Units of General Local Government

The CDBG-CV funding is being made available to any unit of local government in the commonwealth, including those that qualify as direct federal entitlement communities or urban counties under the CDBG program. Priority will be given to counties applying on behalf of municipalities or applying for regional activities.

C. Eligible Projects – Units of General Local Government

Applicants are permitted to use CDBG-CV funds for the following eligible activities:

- Infrastructure – Broadband Only
- Public Services
- Housing Rehabilitation – Housing Modifications that will assist elderly and disabled households to age in place preventing congregate living and those individuals and families with health-related issues that make them susceptible to the COVID-19 such as asthma, lead and other environmental conditions.

All activities must support a tie to COVID-19 (see HUD Tieback Flexibilities)

1. Infrastructure Broadband

Projects to support broadband expansion in low-income communities; UGLGs may enter into subrecipient agreements with providers, and will be required to provide a copy of an agreement to provide service.

- Total Set-aside for Broadband – $25,000,000
- Minimum Grant $500,000 – No Max
- This figure includes up to 10% for administration of the proposed project.

a. Criteria Thresholds – Broadband Infrastructure

1) Permanent infrastructure such as fiber in the ground; line extension and towers to provide access to internet;

2) Affordability – define monthly rates with expectation that rates are affordable to low and moderate income individuals and families

- Minimum download/upload speed must be in compliance with the Federal Communications Commission’s (FCC) standards; projects with higher download/upload speeds will receive priority
• Leverage is not required but is encouraged; Projects that include leverage will receive priority in scoring

b. Ineligible Activities – temporary solutions such as vans with connectivity; jet packs

c. National Objective – Activities that benefit Low-Moderate populations will receive priority in scoring – Low-Mod Area (LMA), Low - Moderate Clientele (LMC),

d. Broadband Project – demographics for the proposed service area must include the following information:
   • COVID-19 Cases (Highest number of covid-cases per capita during February 2020 – present)
   • Current Data Speeds
   • Proposed Data Speeds
   • Number of IS Providers servicing the area
   • Incidence of Low-mod Population
   • Elderly (60+) Population
   • Minority Population
   • Current School Age students and Title 1 students
   • Affordability – current and proposed rates
   • Broadband Planning Initiatives (if applicable)
   • Mapping

2. Public Services

• Total Set-aside for Public Services – $6,500,000

• Minimum Grant Amount $250,000 – No Max

This figure includes up to 10% for administration of the proposed activity

a. Criteria Thresholds – Public Services include but are not limited to the public services listed below:

   1) Activities serving minority and homeless populations will be given priority in scoring.

   2) Leverage is not required but is encouraged; Projects that include leverage will receive priority in scoring.

b. Eligible Public Services

• Emergency Subsistence Payments
• Homeless Operations
• Telemedicine Services - priority will be given to services serving; minority or homeless populations
• Digital training and educational support for low-mod families
• Job Training
• Mental Health Services
• Substance Use Disorder
• Legal Services
• COVID-19 Vaccination Services
   • Transportation Services
   • Vaccine Distribution
   • Purchase of Equipment required for Vaccine
c. Ineligible Public Services – Those services that cannot qualify as new or provide an increased level of service.
   • Services must be New or document a Quantifiable Increase in an existing service

d. National Objective – LMA, LMC priority;

e. Public Service Activities must include demographics for the proposed population to be served and must include the following information
   • COVID-19 Cases
   • Low-mod Incidence
   • Elderly (60+) Population
   • Minority Population
   • Homeless population to be served
   • Current School Age Students and Title 1 students, if applicable

Data should be obtained from the American Community Survey data or other available data. If using other data please identify the source.

3. Housing Projects
   • Set-aside for Housing Activities - $10,000,000
     • Minimum $250,000 – No Max
     • Keeping seniors / disabled / those adults with home or health conditions that could be impacted by COVID-19 avoiding congregate living arrangements. In addition, housing modifications for individuals and families that have health conditions negatively impacted by or susceptible to COVID-19 such as asthma, lead and other environmental conditions.

This figure includes up to 10% for administration of the proposed activity

a. Criteria Thresholds – Housing

1) Limited Rehab – this program will not require full compliance with the Department’s Housing Rehabilitation Guidebook for code compliance but does require compliance for written procedures and documentation must have certification that the roof, foundation, electric/gas services, HVAC and plumbing meet that 5-year standard. Units provided with funding must also have working smoke detection system/equipment.
   • If these standards cannot be met, the code conditions must be rectified and may require other sources of funding.
   • Ramps, widening doorways, bathroom modifications, lifts, handrails, other accessibility items and other housing conditions that negatively impact living arrangements and compromise the occupants susceptibility to COVID-19 (LBP requirements) are eligible. Those activities include but are not limited to removal of mold, lead and other conditions that can exacerbate health conditions such as asthma.

2) Prioritize Regional Applications – those that cover multi municipalities

b. Ineligible Activities – No cosmetic improvements or luxury items or items that cannot be tied to prepare, prevent or respond to COVID-19
c. National Objective is LMH

d. Housing Rehabilitation Projects must include demographics for the proposed population to be serviced and must include the following information
  • COVID-19 Cases
  • Low-mod Incidence
  • Elderly population
  • Minority population

Data should be obtained from the American Community Survey data or other available data. If using other data please identify the source.

D. Eligible Applicants – Partnership for Regional Economic Performance (PREP) Networks

The PREP Networks are the Eligible Applicants for the Economic Development funding. The Small Business Assistance program will be administered by the PREP Network. Administrative fees up to 4% of each request.

1. Eligible Activities
   a. Economic Development – Small Business Assistance Program
      Pennsylvania PREP Networks are eligible to apply for the Economic Development Assistance funds.
      • The set-aside for Economic Development is $30,000,000
      • This figure includes up to 4% for administration of the proposed activity
   b. Criteria Threshold – Direct Assistance to Businesses
   c. Ineligible Activities – Assistance for Physical Modification unless specifically tied to preparing for, preventing or responding to COVID-19
   d. National Objective – LMJ creation/retention or LMC Microenterprise

   Eligible Applicant – PREP Network may include partnerships such as:
   • Related Agencies may partner with their regional PREP Organization
   • Applicant will set regional business type priorities
   • Applicant will set funding caps for each business

E. Date for Submission

Applications may be submitted at any time after the applicant has met its Citizen Participation requirements and the unit of local government has approved the submission of the application to DCED. All applications, entitlement and competitive, must be submitted no later than October 15, 2021.

Direct any questions in preparing the Application to your designated Grant Manager.
F. Required Expenditures Deadline

All awards under CV 2 and CV 3 are expected to meet the 80% expenditure deadline of June 3, 2023 as outlined in the Federal Register Notice FR-6218-N-01. DCED has set the expenditure deadline for any contracts awarded under CV 2 and CV3 to be December 31, 2022 to ensure that the Commonwealth’s allocation meets the June 3rd deadline.

DCED will be reviewing expenditures on a quarterly basis and may extend these expenditures deadlines to grantees that exhibit progress in undertaking activities and expending funds in a timely manner. If a grantee is not timely with its expenditures, DCED reserves the right to disencumber and reallocate funds to ensure the expenditure deadline is met.
Section III – Application Checklist

The forms below are available as Addenda in the Electronic Single Application for Assistance submission portal and are not included in the Application Guidance.

- Resolution Unit of Local Government (DCED-CDBG-CV-116)
- Citizen Participation Report (DCED-CDBG-CV-011)
- Management Plan/Local Staff Capacity (DCED-CDBG-CV-003)
- Needs Assessment and Coordination (DCED-CDBG-CV-017)
- Activity Description (DCED-CDBG-CV-007)
  - Project Budget (DCED-CDBG-CV-012)
  - Project Completion Timetable (DCED-CDBG-CV-013)
- Activity Description – Administrative Expenses (DCED-CDBG-CV-016)
- Limited Clientele Worksheet Reporting (DCED-CDBG-CV-014)
- Limited English Proficiency Certification of Completion of a Four-Factor Analysis and of the Activities to be Included in the Language Access Plan (DCED-CDBG-CV-018)
- Four-Factor Analysis Completion and Findings Certification (DCED-CDBG-CV-019)
- Language Access Plan Certification (DCED-CDBG-CV-020)
- Disclosure Report (DCED-CDBG-CV-002)
Appendix A-1 – CDBG Public Service Activities

A. Eligibility

Eligibility defined at Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. §3505(a)) and 570.482 of CDBG Entitlement Regulations. For additional information, please refer to the State Community Development Block Grant Program -- Guide to National Objectives and Eligible Activities.

Eligible CDBG public services include but are not limited to the following:

- Child Care
- Health Care
- Fair Housing Activities
- Drug Abuse Counseling/Treatment
- Homebuyer Down payment Assistance
- Job Training
- Recreation Programs
- Services for Senior Citizens
- Energy Conservation Counseling & Testing
- Education Programs
- Public Safety Services
- Services for Homeless
- Welfare (excluding income payments)

Eligible public service costs include labor, supplies and materials.

To be eligible for CDBG funding, a public service activity must be:

- a new service,
  NOTE: Proposed public services that prepare for, prevent or respond to COVID-19 are considered a new service, or
- a quantifiable increase in the level of an existing service

1. New Service

If it is a new public service activity (new to the community) at the time CDBG funds are first used to support the activity, it can be considered a new activity for three (3) consecutive years. (DCED’s policy) Therefore, CDBG funds could be used to support the activity in the second and/or third year without any consideration as to whether there is a quantifiable increase in the level of service from one year to the next.

2. Quantifiable Increase

At the time CDBG funds are first used for a public service activity that is already in existence, it must be demonstrated that as a result of the CDBG funds there will be a quantifiable increase in the level of the existing service. (The purpose of this requirement is to prevent CDBG funds from being used to merely replace other funds without an increase in the level of the public service.)

The quantifiable increase must be over and above the level of service provided by the local government, or by another agency or organization on behalf of the local government, through funds raised by the local government or received from the commonwealth.

The increase in the level of service must be an increase over that which existed in the twelve (12) months immediately prior to the submission of the application or modification proposing the use of CDBG funds for the service.

CDBG funds can only be used to pay for the quantifiable increase in the public service, except, if CDBG funds are substituted for federal or private funds, a quantifiable increase in the public service is not necessary. Again, CDBG funds may not be used to substitute for local or commonwealth funds.
3. **Questions on Eligibility**

   a. *Define quantifiable increase.*

      The regulations do not prescribe what constitutes a quantifiable increase. DCED’s policy takes the position, generally, that a quantifiable increase must be legitimate and not artificial, involving additional staff costs and time resulting in an increase in the number of clients served. With these general parameters, DCED considers each request. Examples of what has not been accepted include such requests as: a new van to replace an old one resulting in less breakdowns and less interruptions in service, possibly allowing for serving more clients; a dental service expanding the level of service from performing fillings and cleaning to orthodontics.

   b. *Does CDBG funding in a public service trigger other compliance requirements, similar to CDBG funding of an infrastructure project?*

      Any private sector professional service or purchase of materials or supplies directly funded by CDBG must adhere to the competitive procurement requirements, as specified in 2 CFR 200. Provided CDBG funds are not used to fund any construction contract over $2,000 that may be undertaken to complement the public service, federal wage rates would not apply. Adhering to the civil rights requirements applies to all activities.

B. **Fundability**

Each public service activity must meet one of the three identified national objectives. Low and moderate income can be met either by area benefit or limited clientele. Limited clientele must be based on documentation that clearly shows that 51% or greater of the beneficiaries will be, or have been in the case of an existing service, low and moderate income. Public service activities may also qualify based on the area slum and blight category or urgent need.
Appendix A-2 – CDBG-CV Public Service Activity Guidance

A. Overview

On Friday, March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, funding is available through the Community Development Block Grant Program and made available in three allocations to states and units of local government.

In Pennsylvania, the first allocation of funds will be distributed to eligible units of general local government using the formula outlined in Act 179 of 1984 as amended by the Fiscal Code of 2019 and for activities that will prevent, prepare for, and respond to the coronavirus in their communities.

Applicants will need to identify activities to respond to local needs to prevent, prepare for and respond to the COVID-19. One of the local needs may be a need for public services associated with COVID-19. DCED is providing this resource to detail the minimum expectations for a community that wants to provide assistance to public service agencies with these or other CDBG funds, including FFY 2019 and FFY 2020.

B. Citizen Participation

Updated Citizen Participation Requirements may be found in the updated Citizen Participation Guide - Grantee CP Guidelines and Plan Manual 2020.

Citizen participation requirements are not applicable to the PREP Network submissions.

C. Public Services Eligibility Criteria

To use CDBG funds for public service activities, the service being offered must either be a:

- **New service**
  
  NOTE: Proposed public services that prepares for, prevents or responds to the COVID-19 is considered a new service or

- **Expanded service.** To qualify as an expanded service, a quantifiable increase in the level of an existing service that was delivered in the prior 12 months must be demonstrated.

CDBG allows for the use of funds for many public services including, but not limited to the following:

- Employment services
- Crime prevention and public safety
- Health care services
- Substance abuse services
- Fair housing counseling
- Service for senior citizens
- Services for homeless persons
- Welfare assistance (excluding income payments)
- Recreational services
- Child care services
- Job Training
- Energy Conservation counseling and testing
D. Cap on Assistance

As outlined in the CARES Act below, the 15% cap of public service activities has been removed from all CARES Act funding.

“there shall be no per centum limitation for the use of funds for public services activities to prevent, prepare for, and respond to coronavirus: Provided further, That the previous provision shall apply to all such activities for grants of funds made available under this heading in this Act and under the same heading in Public Law 116–94 [FY 2020] and Public Law 116–6 [FY 2019]:”

E. Eligible Public Services Expenses

CDBG funds may be used for the following:

• Labor, supplies, and materials
• Operation and maintenance of the facility where the public service is located
• Income payments that do not exceed six consecutive months
• Payments made directly to providers of services, such as utilities, which are made on behalf of an individual or family.

F. Ineligible Public Services Expenses

Funding for activities already provided by a city or state or ongoing funding for municipal services.

CDBG funds may not be used to make income payments in the form of grants. However, the entitlement rules, which states may use as guidance, note that such expenditures are eligible under the following conditions:

1. The income or non-emergency payments do not exceed the CDBG-CV CARES act allows consecutive payments up to 6 months; and
2. The payments are made directly to the provider of such services on behalf of an individual or family.

Income payments that are provided as a loan are permissible.

Political or religious activities such as campaigning for legislative reform or for activities that include religious worship, instruction or counseling.

G. National Objective Compliance

Public Service activities funded with CDBG are generally categorized under either Area Benefit or Limited Clientele. Jobs and Housing rarely apply to public services.

If using Area Benefit to qualify the public service, the service must be available to ALL residents in an area that is at least 51% LMI. The area must be primarily residential. Documentation needed to show eligibility includes:

• Map of service area delineating boundaries,
• Documentation of area being primarily residential such as a zoning map, and
• Documentation of income characteristics of the area in the form of surveys or ACS data
Under **Limited Clientele**, the service must benefit a specifically targeted group of persons who are at least 51% LMI. To qualify under Limited Clientele, one of the following must be met:

- Documentation and data on family size and income showing that at least 51% LMI population was served.
- Have income eligibility requirements that limit the service to people meeting the LMI requirements
- Serve a group of people primarily assumed to be LMI such as abused children, battered spouses, elderly persons, and severely disabled.
  - no need to collect or document income information but must document the person fits into one of the presumed benefit categories.
- Be of such a nature and location that it may be concluded that the service benefits low- to moderate-income persons.

**Under Urgent Need – Limited to 30% of project funding**
This National Objective will not be available under CDBG CV 2 and 3 due to timing

G. **Minimum Required Documentation for Public Service Activities**

1. An activity description that includes the following: a.) the name of the agency providing the service(s), b.) a detailed narrative of the service(s) being provided
2. Limited Clientele worksheet (if applicable)
3. A project budget detailing where CDBG-CV funds will be used
4. Documentation to demonstrate the receiving agency is not debarred from participating on federally-funded contracts or state-funded contracts.
5. Limited Clientele National Objective – Income documentation when the activity is a direct benefit.

H. **Program Administration Requirements**

**Environmental Review**
All environmental review regulations are required.

**Procurement**
All procurement regulations are required unless DCED explicitly states otherwise through the release of a CD&H Alert.

**Labor Standards**
All labor standards regulations are required. Grantees are responsible to determine if the proposed use of the CDBG-CV funds would trigger compliance.

**Fair Housing and Equal Opportunity**
All Fair Housing and Equal Opportunity regulations are required.

**Duplication of Benefits**
The requirements of the Robert T. Stafford Disaster Relief and Emergency Assistance Act apply to the CDBG-CV funds. The requirements prevent a duplication of benefits when carrying out eligible activities. Additional about [HUD guidance on Preventing Duplication of Benefits](#).
When Does a Duplication Occur?
A duplication occurs when a person, household, business, or other entity receives assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.

To calculate a duplication of benefits (DOB), grantees are required to identify “total assistance.” Total assistance includes all reasonable identifiable financial assistance available to the applicant.

What is included as total assistance?
Cash awards, insurance proceeds, grants, and loans received by or available to each applicant, including awards under local, state, or federal programs, and from private or nonprofit charity organizations.

What is not included as total assistance?
Total assistance does not include personal assets such as money in a checking or savings (except any insurance proceeds or disaster assistance deposited into the applicant’s account); retirement accounts; credit cards and lines of credit; in-kind donations; and private loans.

A private loan is a loan that is not provided by or guaranteed by a government entity, and that requires the applicant to repay the full amount of the loan (principal and interest) under typical commercial lending terms. Unless the loan is forgivable, private loans are not financial assistance and are not used when calculating DOB. An example of a duplication is if the non-profit organization received funds through the Paycheck Protection Program. The amount of those funds would be subtracted from the amount of assistance offered through the CDBG-CV.

Required Documentation for Grant Reporting
Below is the information to be entered into IDIS:

- Race
- Ethnicity
- Hispanic (Y/N)
- Income level (extremely low, low, moderate, non LMI)
Appendix B – CDBG-CV Economic Development – Business Assistance Activity Guidance

A. Overview
On Friday, March 27, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, funding is available through the Community Development Block Grant Program and made available in three allocations to states and units of local government.

Applicants will need to identify activities to respond to local needs to prevent, prepare for and respond to COVID-19. One of the local needs may be a need for assistance to local businesses affected by the economic shutdown due to COVID-19. DCED is providing this resource to detail the minimum expectations for a community that wants to provide business assistance grants or loans with these or other CDBG funds, including FFY 2019 and FFY 2020.

These funds may assist for-profit businesses, including microenterprises.

B. Citizen Participation Requirements
Updated Citizen Participation Requirements may be found in the updated Citizen Participation Guide - Grantee CP Guidelines and Plan Manual 2020.

C. Definitions
1. Job Retained
   A position in which there is sufficient information documenting that the job would have been lost without the CDBG assistance. Business must document that one or both of the following applies to at least 51 percent of the created or retained jobs:
   • The job is held by a LMI person; or
   • The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

2. Job Created
   A position made available through expansion of the business. Businesses must have documentation indicating that at least 51 percent of the created jobs will be held by, or made available to, LMI persons.

3. Microenterprise
   A commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise.

D. Business Eligibility Criteria:

2. Business must provide evidence of viability before crisis. For example, Annual Financial Statements if business has existing loans, the financial institution can certify the business is viable.

3. Document at least one Full Time Equivalent (FTE) job created or retained with grant/loan assistance up to $85,000 of CDBG-CV per business.
4. Businesses that earn $1 million or less in revenue are eligible.

5. Eligible businesses must have at least one-year business operations and at least one-year tax returns or equivalent documentation.

6. Evidence up to date on taxes or has a payment plan.

7. Business meets the DCED definition of a “small business”
   - 100 or fewer employees worldwide; or
   - Average annual receipts of less than $1 million

8. Must have been financially viable prior to February 2020.

E. Ineligible Businesses
1. Nonprofits
2. Real estate developers
3. Businesses providing assistance in the form of lobbying or other political activities “Sin” businesses, as defined in the Opportunity Zone regulations.

F. Cap on Assistance
Maximum and minimum grant or loan amounts will be determined by the PREP Networks program policies. Each PREP Network will determine the minimum and maximum amount of assistance available for businesses. For every $85,000 in assistance per business, 1 FTE must be created or retained.

G. Eligible Business Expenses**
   - Payroll
   - Rent/Mortgage
   - Utilities (For example: oil, gas, electric, water/sewer, internet, phone)
   - Supplies (Supplies needed for day-to-day operations up to 90 days)
   - Equipment purchases needed to “prevent, prepare for, and respond to the coronavirus.”
   - Insurance
   - Accounting
   - Legal
   - Advertising

** Reimbursement using CDBG-CV funds may be eligible if the costs incurred can be documented to “prevent, prepare for, and respond to coronavirus.” DCED is awaiting further guidance from HUD regarding the environmental review requirements. Until DCED provides the guidance, assume all environmental review requirements are in place.
H. National Objective Compliance [24 CFR 570.483(b)(4)]

1. Low/Moderate Income Area Benefit (LMA)
   A grant or loan might qualify as an LMI Area Benefit activity if:
   a. The business provides necessary goods or services (i.e., grocery store, health clinic)
   b. Those goods or services are available to all residents (i.e., must not be luxury but available for LMI persons)
   c. The service area is 51% or more LMI via census data or income survey
   d. The service area is primarily residential

2. Low/Moderate Jobs (LMJ)
   There are three (3) ways in which an employee may qualify as LMI.
   a. The employee meets the definition of a low and moderate-income person at 24 CFR 570.483; OR
   b. The annualized salary of the position is equal to or less than the Section 8 low-income limit established by HUD for a one person family. Current Section 8 Income Limits; OR
   c. The employee may be presumed to be LMI if:
      • Employee resides in a census tract with 20% poverty and general distress (as defined in 24 CFR 570.483(4)(v); or
      • Employee resides in a census tract or block group with 70% or more LMI persons (as defined by HUD LMI Summary Data)
      • The business is located in a census tract with 20% or greater poverty and general distress (as defined in 24 CFR 570.483(4)(v).

3. Low/Moderate Limited Clientele (LMC)
   A program designed exclusively for the benefit of Microenterprise entities when the person owning or developing the microenterprise is LMI.

I. Job Creation/Retention Standards

Job Expectations

1. Business’ must document at least one Full Time Equivalent (FTE) job created or retained
   • FTE based on 40-hour work week. Can be achieved with one person working 40 hours a week, two persons working part time 20 hours each, four persons working 10 hours each. No more than four (4) persons/jobs may count toward a single FTE.

2. Grantees must document a minimum of one FTE job per $85,000 in CDBG-CV assistance.

3. Self-certification of total family income and size.
   • This is different than most direct benefit activities where income verification is completed by the participant; all that is required is a signed income certification.
K. Minimum Required Documentation For Business Assistance Application

1. A project narrative including the following information: (a) amount of the loan request (b) a brief description of how the business experienced disruption due to the COVID-19 crisis (c) a brief description indicating without this assistance jobs will be lost and (d) a brief description for how the funds will be used to finance the business operations.

2. Article of Organization/Incorporation or related business incorporation documents.

3. Business’s most recent filed tax return with Tax Identification Number (TIN), including IRS tax form 4506-T and a signed W-9 form for any individual or entity serving as a Borrower or Co-Borrower.

4. The most recent year end prepared financial statements which may include, but are not limited to:
   a. Debt Schedule outlining all existing debts of the operating entity. This form is not required if accountant prepared financials are provided and include a detailed debt schedule.
   b. Cash Flow Analysis Statement demonstrating the debt service coverage ratio for the loan request.

5. List of employees (indicate if/how many employees have been furloughed due to COVID-19) and most recent pay stubs.

6. Documentation to demonstrate the business is not debarred from participating on federally-funded contracts or state-funded contracts.

L. Reviewing Business Financials/Underwriting Requirements

Grantees will be responsible for determining the business viability through a review of the business’ financial documentation. If the grantee has the capacity to conduct this review internally it may do so. If not, then the grantee should seek a third-party organization to assist with the determination. Examples of the third-party organizations include:

- Certified Economic Development Organizations
- Local Development Districts
- Local Financial Institutions
- Certified Public Accountants
- Small Business Development Center

Economic Development, Small Business Assistance grantees should complete the underwriting checklist for each business assisted. The checklist is attached to the guidelines.

M. Program Administration Requirements

Environmental Review
All environmental review regulations are required.

Procurement
All procurement regulations are required unless DCED explicitly states otherwise through the release of a CD&H Alert.

Labor Standards
All labor standards regulations are required. Grantees are responsible to determine if the proposed use of the CDBG-CV funds would trigger compliance.
Fair Housing and Equal Opportunity
All Fair Housing and Equal Opportunity regulations are required.

Duplication of Benefits
The requirements of the Robert T. Stafford Disaster Relief and Emergency Assistance Act apply to the CDBG-CV funds. The requirements prevent a duplication of benefits when carrying out eligible activities. Additional information is available about Preventing Duplication of Benefits.

When Does a Duplication Occur?
A duplication occurs when a person, household, business, or other entity receives assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need.

To calculate a duplication of benefits (DOB), grantees are required to identify “total assistance.” Total assistance includes all reasonable identifiable financial assistance available to the applicant.

What is included as total assistance?
Cash awards, insurance proceeds, grants, and loans received by or available to each applicant, including awards under local, state, or federal programs, and from private or nonprofit charity organizations.

What is not included as total assistance?
Total assistance does not include personal assets such as money in a checking or savings (except any insurance proceeds or disaster assistance deposited into the applicant’s account); retirement accounts; credit cards and lines of credit; in-kind donations; and private loans.

A private loan is a loan that is not provided by or guaranteed by a government entity, and that requires the applicant to repay the full amount of the loan (principal and interest) under typical commercial lending terms.

Unless the loan is forgivable, private loans are not financial assistance and are not used when calculating DOB.

An example of a duplication is if the business received funds through the Paycheck Protection Program. The amount of those funds would be subtracted from the amount of assistance offered through the CDBG-CV.

N. Grant or Loan Agreements
If a grantee aids private business, an agreement with the business is required. The required information for the agreement is:

1. A commitment from the assisted business to create or retain LMI persons 24 CFR 570.483(b)(4)
2. The type of job and whether the created or retained job will be full or part time and
3. The actions that the business will take to ensure that at least 51% of the jobs created or retained will be LMI persons
4. Subrogation Agreement—a model subrogation agreement will be provided by DCED and must be signed by the business prior to awarding funds and the agreement must be attached to the Grant or Loan agreement.
5. Program Income Guidance - See below.
Program Income Rules
Definition from 24 CFR 570.489(e)
“Gross income received by a State, a unit of general local government, or a subgrantee of the unit of general local government that was generated from the use of CDBG funds, regardless of when the CDBG funds were appropriated and whether the activity has been closed out”

Program Income Does NOT Include - 24 CFR 570.489(e)(2)(i)
“The total amount of funds, which does not exceed $35,000 received in a single year from activities, other than revolving loan funds that is retained by a unit of general local government and its subgrantees (all funds received from revolving loan funds are considered program income, regardless of amount)”

Reuse of Loan Payments
If the grantee’s total funds generated from the use of CDBG does not exceed $35,000 received in a single year of activities those funds are not subject to Program Income rules. As a result those funds lose their federal identity and are no longer subject to CDBG regulation.

Revolving Loan Funds must abide by the CDBG state regulations set forth in 24 CFR 570.489(f)(1)

Required documentation for grant reporting:
Below is the information to be entered in IDIS for each job retained:

- Job title
- FTE Status
- Household size
- Income of each LMI person [says person, does not say family]
- Job retention period
- Employee Number
- Employee Name
- Job Title
- EDA Job Category
- Hire Date
- Pay Rate
- Termination Date
- Disabled
- Race
- Hispanic (Yes/No)
- Gender (F or M )
- Total Hours worked for reporting period
- FTE Equivalent if part time
- Does employer have sponsored Health care benefits
Appendix C – Supplemental CDBG Required Plans and Documentation

The following documents, plans, templates, and other resources are available on DCED’s website.

- **Citizen Participation Plan and Sample Public Notices**
  (Municipally adopted and reviewed annually)

- **Definition of Family versus Household Income**
  (Required for eligibility)

- **Environmental Tip Sheets**
  (Guidance and Required Documentation)

- **Fair Housing Notice and Sample Ad and Resolution**
  (Required with application submission and annual action steps)

- **MBE/WBE Plan**
  (Municipally adopted and implemented, when applicable)

- **Residential Anti-Displacement and Relocation Plan**
  (Municipally adopted and reviewed annually)

- **Section 3 Plan**
  (Municipally adopted and implemented, when applicable)

Please review and note which items require an annual review and update. This list will be updated periodically as the Center for Community and Housing Development updates program resources.
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