COMMUNITY DEVELOPMENT
BLOCK GRANT – CARES ACT (CDBG-CV)
Program Guidelines | June 2022
# Table of Contents

Section I – General .................................................................1
   A. Introduction .....................................................................1
   B. Federal Requirements ......................................................1
   C. Waivers .........................................................................1
   D. Duplication of Benefits Requirement .................................2
   E. Instructions for Compliance with Fair Housing and Civil Rights
      Requirements in the Application Process ............................2
   F. Reporting Requirements .................................................5

Section II – Application Submission .........................................6
   A. All Applicants ..................................................................6
   B. CDBG-CV Competitive Priorities .....................................6
   C. Date for Submission ........................................................6

Section III – Application Checklist ..........................................7

Appendix A-1 – CDBG Public Service Activities ...........................8
   A. Eligibility ......................................................................8
   B. Fundability .....................................................................9

Appendix A-2 – CDBG-CV Public Service Activity Guidance ..........10
   A. Overview .....................................................................10
   B. Citizen Participation ......................................................10
   C. Public Services Eligibility Criteria ..................................10
   D. Cap on Assistance ........................................................11
   E. Eligible Public Services Expenses ...................................11
   F. Ineligible Public Services Expenses ................................11
   G. National Objective Compliance ......................................12
   H. Minimum Required Documentation for Public Service Activities
      ............................................................12
   I. Other Public Service Resources (Not Specific to COVID-19) ....13

Appendix B – CDBG-CV Economic Development –
Business Assistance Activity Guidance .....................................15
   A. Overview .....................................................................15
   B. Citizen Participation Requirements ..................................15
   C. Definitions .....................................................................15
   D. Business Eligibility Criteria ...........................................15
   E. Minimum Required Documentation For Business Assistance Application ......16
   F. Ineligible Businesses ....................................................16
G. Eligible Business Expenses ................................................................. 16
H. National Objective Compliance [24 CFR 570.483(b)(4)] Low/Moderate Jobs (LMJ)* .... 17
I. Job Expectations .................................................................................. 17
K. Reviewing Business Financials/Underwriting Requirements ...................... 18
L. Program Administration Requirements ..................................................... 18
M. Grant or Loan Agreements ...................................................................... 19

Appendix C – Supplemental CDBG Required Plans and Documentation ................. 21

DCED Regional Offices .............................................................................. 22
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 will be made available and released in three tranches.$2 billion 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 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. $54,323,518 of these funds remain unallocated. 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, 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

3. **Economic Development - Low- and Moderate-Income Jobs Created or Retained (LMJ)**
   a. Positions created or retained are assumed to be held by individuals’ part of a one-person family.
   b. Positions created or retained are assumed to be individuals’ sole source of income.

DCED anticipates that there will be additional Waivers and guidance issued by HUD. As more information becomes available, DCED will amend these guidelines and incorporate any additional Waivers as appropriate. Applicants will be notified of any amendments to the guidelines through CD&H Alerts and Updates.
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 coronavirus 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

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

I. Fair Housing

A. Grantee

1. Fair Housing Advertisement:

   All applicants must submit with their applications a copy of a published advertisement re-designating a Fair Housing Officer within their municipality. This advertisement must also inform residents of their rights under the Fair Housing law and that cases of suspicious 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:

      Pennsylvania Human Relations Commission
      Pittsburgh Regional Office
      301 Fifth Avenue
      Suite 390, Piatt Place
      Pittsburgh, PA 15222
      (412) 565-5395
      (412) 565-5711 TTY users only

      OR
b. Maintaining a record of all complaints filed, dates forwarded to appropriate agencies, and evidence of resolution. This record will be part of the grantees annual reporting to the Department for compliance and will be reviewed during monitoring.

2. Adoption of a Fair Housing Resolution by the Applicant/Grantee
All applicants must have a fair housing resolution adopted annually 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 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.

B. Documentation

1. Applicants are not required to address the Fair Housing requirements at the application stage. Applicants that are selected for funding will be instructed to fulfill these requirements subsequent to notification of grant award.
II. Section 504

A. Applicants with more than Fifteen (15) Employees

1. Section 504 Officer:
   All applicants with over fifteen (15) employees must re-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 submitted with this application.

   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 DCED’s website under Federal Resource Library\CDBG\Required Plans\Template for Plans.

   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.

B. Documentation

Applicants are not required to address the Section 504 requirements at the application stage. Applicants that are selected for funding will be instructed to fulfill these requirements subsequent to notification of grant award.

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

It is required that all grantees 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 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 must maintain documentation locally, on grantee letterhead, and 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: 2016 application = 2015 achievement percentage)
3. actions to be taken by the applicant to achieve these goals in the current year if not achieved

B. Applicants that are awarded competitive grants will be required to adopt and follow an MBE/WBE Outreach Plan subsequent to notification of grant award, including minimum participation levels.

**NOTE: Applicants for Competitive CDBG Funding** – Non-entitlement municipalities are encouraged to seek assistance in applying for funds through administrators that receive CDBG funding either directly from HUD or through the DCED CDBG entitlement program.

**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
- Monitoring Activity Performance Report (MAPR)
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.

Applications submitted but not awarded under the CDBG Discretionary program will be considered for funding under the CDBG-CV program.

B. CDBG-CV Competitive Priorities

DCED will use the following priorities in selecting CDBG Competitive applications for approval. These priorities are listed in order of the weighting given for each priority:

1. Public Facilities: $51,623,518
   a. Benefit low- and moderate-income individuals or families
      • Water Systems
      • Sanitary Sewer Systems that impact potable water
      • Broadband Infrastructure
      • Public Facilities – Social Distancing

2. Public Services: $800,000
   a. Provide a direct benefit to low- and moderate-income individuals and families
   b. Provide benefit to low- and moderate-income persons on an area basis

3. Housing: $950,000
   a. Provide a direct benefit to low- and moderate-income individuals and families

4. Economic Development: $950,000
   a. Create and retain jobs
   b. Avoid business closures
   c. Create and expand businesses

C. 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 August 1, 2022.

Direct any questions in preparing the Application to your designated Grant Manager or send an email to ra-dccdbghomeinv@pa.gov.
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, 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 compliment 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.

Applicants will need to identify activities to respond to local needs to prevent, prepare for and respond to the coronavirus. One of the local needs may be a need for public services associated with the coronavirus.

B. Citizen Participation


C. Public Services Eligibility Criteria

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

- **New service.** To qualify as a new service, the service must not have been assisted with government funds in the previous 12 months.

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

- **Expanded service.** To qualify as an expanded service, a quantifiable increase in the level of an existing service than 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 FR-6218-N-01 below, the 15% cap of public service activities has been removed from all CARES Act funding as well as Fiscal Year FY 2019 and FY 2020 funds.

“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].”

Public service activities funded in FY 2018 and prior, are still subject to the 15% cap. An example calculation for Public Services using FY 2018 funds or older:

<table>
<thead>
<tr>
<th>CDBG Annual Allocation</th>
<th>$200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Income</td>
<td>+</td>
</tr>
<tr>
<td>Amount Subject to Cap</td>
<td>=</td>
</tr>
<tr>
<td>Multiplied by 15%</td>
<td>X</td>
</tr>
<tr>
<td>Maximum Amount of Funds for Public Service</td>
<td>$30,000.00</td>
</tr>
</tbody>
</table>

*The calculation is 15% of the entire allocation, including administration funds.*

E. Eligible Public Services Expenses

CDBG funds may be used for the following:

- Labor, supplies, materials, and equipment
- Operation and maintenance of the facility where the public service is located
- Emergency Subsistence Payments made directly to providers of services, such as utilities, which are made on behalf of an individual or family that do not exceed three months

As outlined in FR-6218-N-01 below, the three month cap on emergency subsistence payments has been modified to six months for all CARES Act funding.

“HUD is waiving section 105(a)(8) of the HCD Act and 24 CFR 570.207(b)(4) only to the extent necessary to establish the following alternative requirement: CDBG–CV funds may be used to provide emergency payments for individuals or families impacted by coronavirus for items such as food, clothing, housing (emergency rental assistance or mortgage assistance) or utilities for up to six consecutive months.”

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.

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 and how 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. *HUD will be issuing additional guidance on the duplication of benefits requirements.*

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)
I. Other Public Service Resources (Not Specific to COVID-19)

www.hudexchange.info/programs/cdbg/public-services/

www.hudexchange.info/onecpd/assets/File/Basically-CDBG-State-Chapter-7-Public-Services.pdf

www.hudexchange.info/resource/2532/idis-online-for-state-cdbg-grantees/
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 the coronavirus. One of the local needs may be a need for assistance to local businesses affected by the economic shutdown due to the coronavirus. DCED is providing this resource to detail the minimum expectations for a community that wants to provide business assistance grants or loans with CDBG-CV funds.

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

B. Citizen Participation Requirements


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

1. Business must demonstrate it experienced disruption due to the Coronavirus crisis.

2. Document at least one Full Time Equivalent (FTE) job created or retained with grant/loan assistance up to $50,000 of CDBG-CV.

3. Businesses that earn $1 million or less in revenue or has 100 or fewer employees.

4. Evidence up to date on taxes or has a payment plan.
E. Minimum Required Documentation For Business Assistance Application

1. A project narrative including the following information: (a) amount of assistance requested (b) a brief description of how the business experienced disruption due to the Coronavirus 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:
   - 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.
   - 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. Unique Entity Identifier (UEI)

F. Ineligible Businesses

1. Nonprofits

2. Real estate developers

3. Businesses providing assistance in the form of lobbying or other political activities

4. “Sin” businesses, as defined by HUD
   - Sun tan parlors
   - Horse tracks and casinos
   - Golf courses
   - Country clubs
   - Massage parlors
   - Hot tub facilities, and
   - Liquor stores (defined as stores with the principal purpose of selling alcoholic beverages for consumption off the premises)

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
• Rehabilitation

H. National Objective Compliance [24 CFR 570.483(b)(4)] Low/Moderate Jobs (LMJ)*

The employee meets the definition of a low and moderate-income person/household; OR Grantee may use Presumed Benefit IF job holder resides in:

1. Census Tract (CT) with 20% poverty and general distress; or
2. Federally designated Empowerment Zones (EZ) or Enterprise Communities (EC)
3. CT or Block Group (BG) with 70% LMI

OR business AND job located in:

1. CT with 20% poverty and general distress
2. Federally designated Empowerment Zones (EZ) or Enterprise Communities (EC)

*Businesses qualifying under LMJ Retention have an additional requirement. The business must document if not for the assistance the business would need to lay employees off. This can be documented the following ways:

• Public pronouncement by the business prior to receiving funds.
• Letter to employees by the business owner(s) prior to receiving funds.
• Financial analysis of business completed by grantee certifying that without assistance the business would be required to lay employees off.

I. Job Expectations

1. Business’ must document at least one Full Time Equivalent (FTE) job created or retained per $85,000 in assistance.
   a. 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 week, four persons working 10 hours a week, etc.
2. LMI is based on current income, not salary of created job.
3. Self-certification of income through
   a. income certification completed by employee based on family income.
   b. LMI Attestation form completed by business owner.
K. 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

Grantees should complete the underwriting checklist for each business assisted. The checklist is attached to the guidelines.

L. 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. HUD will be issuing additional guidance on the duplication of benefits requirements.

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.

M. 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.
Regional Offices

Pennsylvania Department of Community and Economic Development
dced.pa.gov

Central
Adams, Bedford, Centre, Clearfield, Clinton, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lycoming, Mifflin, Perry, and York counties
Department of Community and Economic Development
Madra Clay
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225
(717) 720-7397
maclay@pa.gov

Southwest
Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Fayette, Greene, Indiana, Somerset, Washington, and Westmoreland counties
Department of Community and Economic Development
Johnna Pro, Director
301 Fifth Avenue, Suite 250
Pittsburgh, PA 15222
(412) 565-5098
Fax: (412) 565-2635
jopro@pa.gov

Northwest
Cameron, Clarion, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Potter, Venango, and Warren counties
Department of Community and Economic Development
VACANT
100 State Street, Suite 205
Erie, PA 16507

Southeast
Bucks, Chester, Delaware, Lancaster, Montgomery and Philadelphia counties
Department of Community and Economic Development
Aliyah Stanger, Director
110 North 8th Street, Suite 505
Philadelphia, PA 19107-2471
(215) 560-5830
Fax: (215) 560-5832
astanger@pa.gov

Northeast
Bradford, Carbon, Columbia, Lackawanna, Luzerne, Montour, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne and Wyoming counties
Department of Community and Economic Development
Paul Macknosky
2 North Main Street
Pittston, PA 18640
(570) 963-4122
Fax: (570) 654-6315
pmacknosky@pa.gov

Lehigh Valley
Berks, Lehigh, Monroe, Lebanon, Northampton, Northumberland, Snyder, and Union counties
Department of Community and Economic Development
Fadia Halma, Director
449 Wild Mint Lane
Allentown, PA 18104
(717) 877-8481
fhalma@pa.gov

06/13/2022