

COMMUNITY DEVELOPMENT BLOCK GRANT – CARES ACT (CDBG-CV)

Program Guidelines | May 2020



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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*.

These funds will be made available and released in three tranches. The first tranche is:

- \$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. This amount will be allocated in accordance with Act 179. Grantees must keep in mind that each activity that is proposed for funding must demonstrate a direct tie to the coronavirus pandemic.

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.

C. Waivers

At this time, the only Waivers that HUD has issued for the CDBG-CV funding is:

1. **Public Service Cap** – the 15% limitation has been eliminated.
2. **Citizen Participation Requirements** – Grantees must update their existing plans to be compliant. HUD is allowing for virtual meetings and a modified 5 day comment period.

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
www.hud.gov/sites/dfiles/Main/documents/6169-N-01_Main_DOB_Notice.pdf

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

I. Fair Housing

A. Entitlement Grantee

1. Fair Housing Advertisement:

Entitlement 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

Pennsylvania Human Relations Commission
Philadelphia Regional Office
110 North 8th Street, Suite 501
Philadelphia, PA 19107
(215) 560-2496
(215) 560-3599 TTY users only

OR

Pennsylvania Human Relations Commission
Harrisburg Regional Office
333 Market Street, 8th Floor
Harrisburg, PA 17101-2210
(717) 787-9780
(717) 787-7279 TTY users

AND

U.S. Department of Housing
and Urban Development
FHEO/Regional III Office Mid-Atlantic Office
100 Penn Square East, 12th Floor
Philadelphia, PA 19107
(215) 861-7643
Fax: (215) 656-3449
TTY: (800) 927-9275

OR

U.S. Department of Housing
and Urban Development
PITTSBURGH FHEO FIELD OFFICE
Moorhead Federal Building
1000 Liberty Avenue
Pittsburgh, PA 15222
(412) 644-5449 or (412) 644-6353
Fax: (412) 644-6516
TTY: (800) 927-9275

- 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
Entitlement 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 Entitlement 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: dced.pa.gov/download/fair-housing-tip-sheet/59662

B. Competitive 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 instructed to fulfill these requirements subsequent to notification of grant award.

II. Section 504

A. Entitlement Grantee with more than Fifteen 15 Employees

1. Section 504 Officer:
Entitlement 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 the Federal Resource Library on DCED's website dced.pa.gov/library 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. Competitive Applicants

Competitive applicants are not required to address the Section 504 requirements at the application stage. Those competitive 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 **entitlement** 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, on grantee 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: 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. Competitive 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 the County administrators.

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

Section II – Application Submission

A. All Applicants

To apply for funding, the applicant must submit the electronic on-line DCED Single Application for Assistance located at dced.pa.gov/singleapp.

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. Applicants for Competitive Set-Aside

Up to twelve percent (12%) of the annual CDBG-CV allocation will be set aside for the Competitive Program for projects in boroughs, towns, and townships which are not eligible entitlement entities under the state CDBG program, or in eligible state entitlement entities with a population less than 10,000, for the projects eligible under the CARES Act. Eligible state entitlement entities applying for competitive funds must allocate 75% of its entitlement allocation towards the proposed project.

Under the CDBG-CV Competitive Program, eligible applicants may apply for any eligible activities to prevent, prepare for, and respond to the coronavirus (COVID-19).

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 Services** – Priority will be given to public services that:
 - 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
 - c. Located in one of the hardest hit counties
2. **Economic Development** – Priority will be given to those activities that:
 - a. Assist in avoiding job losses or business closures
 - b. Located in one of the hardest hit counties
3. **Public Facilities** – Priority will be given to those activities that:
 - a. Benefit low- and moderate-income individuals or families
 - b. Located in one of the hardest hit counties

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 July 31, 2020.**

Direct any questions in preparing the Application to your designated Grant Manager.

Section III – Application Checklist

The forms below are available as Addenda in the Electronic Single Application 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)
- LMI Principal Benefit Determination
(DCED-CDBG-CV-009)
- 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	Job Training	Education Programs
Health Care	Recreation Programs	Public Safety Services
Fair Housing Activities	Services for Senior Citizens	Services for Homeless
Drug Abuse Counseling/Treatment	Energy Conservation Counseling & Testing	
Homebuyer Down payment Assistance	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.

www.hudexchange.info/onecpd/assets/File/CDBG-State-National-Objectives-Eligible-Activities-Chapter-2.pdf

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 coronavirus. One of the local needs may be a need for public services associated with the coronavirus. 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

Please see CD&H Alert sent on April 9, 2020.

C. Public Services Eligibility Criteria

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

- **New service** or
- **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 the CARES Act 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:

CDBG Annual Allocation		\$200,000
<u>Program Income</u>	+	<u>0</u>
Amount Subject to Cap	=	\$200,000
<u>Multiplied by 15%</u>	X	<u>0.15</u>
Maximum Amount of Funds for Public Service		\$30,000.00

**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, and materials
- Operation and maintenance of the facility where the public service is located
- Income payments that do not exceed three 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 three consecutive 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 [Total Allocation – Admin. Funds = Project Funding]

1. Nature and degree of seriousness of the conditions.
 - a. Unit of Local Government Declaration of Disaster
2. The existing conditions are of recent origin or recently became urgent. (generally, within the past 18 months)
3. The grantee is unable to finance the activity on its own.
4. Other sources of funding are not available.

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
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. *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.

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 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 these or other CDBG funds, including FFY 2019 and FFY 2020.

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

B. Citizen Participation Requirements

See CD&H Alert sent out on April 9th.

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. 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 \$50,000 of CDBG–CV.
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.
6. Evidence up to date on taxes or has a payment plan.
7. Business has 100 or fewer employees worldwide.

E. 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

F. Cap on Assistance

Grant or loan up to \$50,000 per business as defined by local policy.

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)] 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. CT with 30% poverty, central business district, and general distress
3. Federally designated Empowerment Zones (EZ) or Enterprise Communities (EC)
4. CT or Block Group (BG) with 70% LMI

OR business AND job located in:

1. CT with 20% poverty and general distress
2. CT with 30% poverty, central business district, and general distress
3. Federally designated Empowerment Zones (EZ) or Enterprise Communities (EC)

Urgent Need – Limited to 30% of project funding [Total Allocation – Admin. Funds = Project Funding]

1. Nature and degree of seriousness of the conditions.
 - a. Unit of Local Government Declaration of Disaster
2. The existing conditions are of recent origin or recently became urgent. (generally, within the past 18 months)
3. The grantee is unable to finance the activity on its own.
4. Other sources of funding are not available.

I. Job Expectations – 120 days*

1. Business' must document at least one Full Time Equivalent (FTE) job created or retained
 - 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 and household size.
 - a. This is different than most direct benefit activities where income verification is completed by the participant; all that is required is an income survey.

*In addition to documenting one FTE job per business, Grantees must further document one FTE job per \$35,000 in assistance.

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 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:
 - 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 (<https://dced.pa.gov/CEDO/>)
- 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.

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. 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.

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

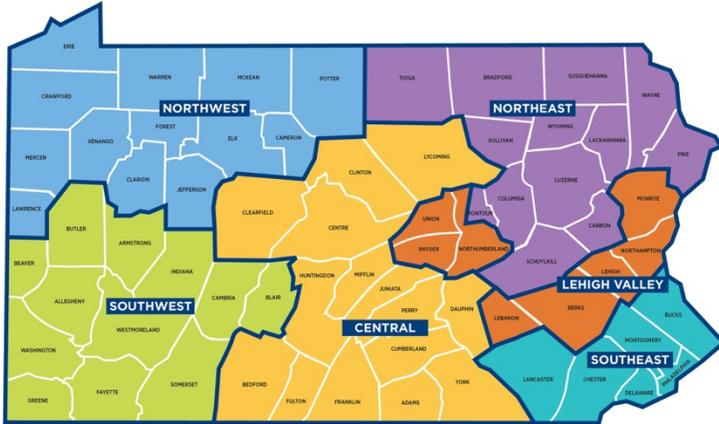
The following documents, plans, templates, and other resources are available on DCED’s website at the following link: dced.pa.gov/community/federal-program-resource-library/cdbg

- **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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