# The Office of Community and Rural Affairs
## COVID-19 Response Program Supplemental Funding

## Community Development Block Grant CARES Act (CDBG-CV)

The Office of Community and Rural Affairs (OCRA) seeks Letters of Need from eligible local units of government who were previously awarded under OCRA's COVID-19 Response program Phase 3 that would like to be considered for additional funding from OCRA's COVID-19 Response program extension funded through the state Community Development Block Grant CARES Act (CDBG-CV) program.

### Eligibility

Eligible local units of government are any counties, cities, or incorporated towns in non-entitlement areas with ongoing economic recovery needs related to COVID-19 pandemic who previously received awards from OCRA's COVID-19 Response Program Phase 3. Unincorporated areas must apply through the county in which they are located.

### Minimum Requirements

To be eligible for CDBG-CV assistance, projects must meet the following minimum requirements:

- The lead applicant must be a city, county, or incorporated town with the legal capacity to carry out the proposed program.
- The lead applicant may contract with a not-for-profit organization to carry out an eligible project's activities, provided that the organization can document its non-profit status with the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.
- The proposed project must meet a national objective and be an eligible activity under Section 105 (a) of the Housing and Community Development Act of 1974.  In general, the project must meet:
  - Low to Moderate Income Job Retention – the proposed activity retains permanent jobs of which at least 51% are held or made available to LMI persons.
- If the lead applicant has previously received any CDBG funds through OCRA or the Indiana Housing and Community Development Authority (IHCDA), the applicant must **NOT** have:
  - any unresolved monitoring/audit findings.
  - any overdue grant reports or closeout documents; or
  - a CDBG-CV grant that has not received Release of Funds;
- Any Program Income collected from any previous CDBG grant must be obligated for use, that has been approved by OCRA, before the submission of a new CDBG application.  Program Income may be used as part of the local match for a CDBG application.  Please contact the CDBG program staff for additional information regarding Program Income.

- Local match is not required. However, if included, local match must be provided by the applicant or a third-party.  Other local, state, or non-HUD federal grants can count towards local match. The local match is a percentage of the total project cost, not the grant amount being requested.
  o Applicant or subrecipient must provide proof of the availability of those funds at the time of application.
- All requests to use in-kind match must be submitted two (2) weeks before the application deadline via email to State CDBG Director. Eligible sources of the in-kind match include but are not limited to:
  o The appraised fair market value of donated land. (Land donations by applicants, developers, organizations, or individuals with financial or ownership interest in the project are ineligible as an in-kind match);
  o Volunteer labor is calculated at $15.00 per hour regardless of the type of work; and
  o Donated goods or services valued at regular cost.

Requests must include:

  o A summary of the request that shows a breakdown of how the amount was calculated;
  o A letter from the chief elected official requesting the use of In-Kind match and identifying the amount requested;
  o Supporting documentation, including a commitment letter from the donor regarding what is being donated and the value; and
  o In the case of land donation, a copy of the fee appraisal (a review appraisal is not required) and all supporting URA documentation.

## Program Goals

The goal of the CDBG COVID-19 Response program extension through OCRA is to aid communities, with eligible populations, that have ongoing economic recovery needs related to COVID-19. The program seeks to aid communities respond to, prevent, and mitigate the effects of the COVID-19 pandemic.

Projects must demonstrate the following:

- They meet the goal of the Housing and Community Development Act of 1974.
- The particular project has ongoing need or demand related to COVID-19 pandemic;
- The funds granted will have a significant impact on eligible individuals;
- The community has demonstrated a strong commitment to the project and its sustainability; and
- The project is ready to proceed and be complete no later than June 2, 2023, upon grant award.

**Application Process & Submission**

Eligible non-entitlement communities interested in applying must submit a **Letter of Need** to OCRA by **April 20th, 2023.** Letters will be accepted and evaluated on a rolling basis.

**Maximum Grant Award**

OCRA has established a **maximum supplemental grant award of up to $250,000**. If OCRA determines that a lesser amount is appropriate, it may be necessary to revise the project and budget before award.

**Administration**

A maximum of **2.5%** of the grant from any funding source is available for the administration of the grant. Because these are supplemental awards, no work is required related to labor standards and environmental review. As such, those costs are part of the costs of administration of the grant and subject to the 2.5% cap.

**Grant Administration**

**An OCRA Certified Grant Administrator is required to submit a Letter of Need.** All grant administrators involved in the projects must be fully accredited CDBG Grant Administrators. This certification must be current at the time supplemental funds are awarded. A list of Certified Grant Administrators and other related information can be viewed in [OCRA current GA list](#).

Per federal regulations, projects funded with CDBG must use the Qualifications Based Selection (QBS) procurement method for architectural and engineering services. All other professional services must be procured using the Request for Proposal (RFP) method. These methods are required regardless of the sources of the funds being used to pay for the service. Due to the emergency nature of this program, other federal procurement options may be available. Please contact your Community Liaison for more information.

**NOTE:** Private firms or non-governmental entities that perform project development and administration activities for CDBG-assisted projects (project development, environmental review, grant application preparation, procurement assistance, grant administration) will NOT be allowed to perform architectural, engineering, planning, or other related services/activities for grantees or their non-profit sub-recipients on those projects.

**Eligible Use of Funds**

The additional funds can be used as supplementary aid for economic development activities to retain LMI jobs, including grants to businesses. Funds may be use for:
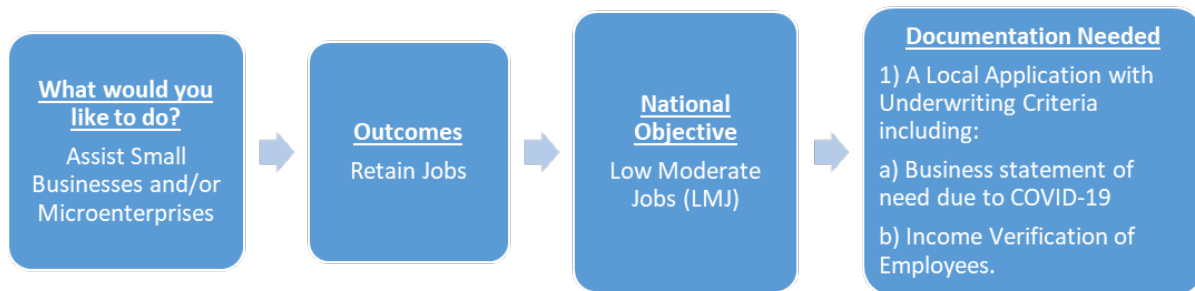
- Working capital
- Continue operations.
- Support remote work.

Eligible business recipients include:

- Small businesses (100 employees or less)
- Microenterprises (5 employees or fewer, one employee must be the owner)

## National Objective

Local grant programs must meet an aggregated minimum of 51% LMI Job Retained. At least 51% of the new jobs retained must be occupied by low and moderate-income persons (those individuals with household incomes at or below 80% of the median household income.)

**What would you like to do?**
Assist Small Businesses and/or Microenterprises

→

**Outcomes**
Retain Jobs

→

**National Objective**
Low Moderate Jobs (LMJ)

→

**Documentation Needed**
1) A Local Application with Underwriting Criteria including:
a) Business statement of need due to COVID-19
b) Income Verification of Employees.

**Special Rules for Job Retention Activities:** To consider jobs retained as a result of CDBG-CV assistance, there must be clear and objective evidence that permanent jobs will be lost without CDBG-CV assistance and that the assistance was provided due to business disruptions related to ongoing impacts of the coronavirus pandemic. For these purposes, "clear and objective" evidence that jobs will be lost would include:

- Evidence that the business has issued a notice to affected employees or made a public announcement to that effect, or
- Analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.
- Demonstrate how proposed use of funds will enable the business to recover from the ongoing need related of COVID-19 or build resiliency for future pandemics.

## Implementation & Income Verification

Local grant programs should utilize OCRA'S CDBG-CV Economic Recovery Verification Form to ensure that the program is meeting an aggregated minimum of 51% LMI.

In determining National Objective compliance with job retention activities only **Permanent** jobs may be counted; temporary jobs may not. Full time jobs require a worker to work at least 1400 hours per year or 30 hours a week.

- Part time jobs require a worker to work at least 875 hours but less than 1400 hours per year or an average of less than 30 hours per week. Part-time jobs **must** be converted to Full Time Equivalents (FTE). An FTE is defined as two part time jobs.
- **Seasonal** jobs may count only if the seasonal job lasts long enough and provides sufficient income to be considered the employee's principal occupation. (Contact CDBG staff prior to counting seasonal jobs towards LMI benefit.)
- **All** permanent jobs **created** by the project must not be counted in subsequential reporting years.
- Income verification of employees should follow 2022 HUD income Limits for the respective jurisdiction administering the local grant program.

**<u>Duplication of Benefits</u>**

Many communities have received or will receive federal stimulus funds from the CARES Acts, American Rescue Plan (ARP), or other federal allocations that can be used for the same eligible activities as CDBG-CV, as such OCRA must consider any duplication of benefit.

Per the Stafford Act "Duplication occurs when an agency has provided assistance which was the primary responsibility of another agency, and the agency with primary responsibility later provide assistance." CDBG-CV funds cannot be used to pay for eligible costs that have already been paid for, or will be paid for, by another Federal program, insurance, charitable giving, or other sources. If this occurs, the grantee must repay its CDBG-CV grant. CDBG-CV assistance is intended to supplement—not supplant—other public, private and nonprofit sector resources that have already been provided for the same need or loss and are legally required to constitute a duplicative source of financial assistance.

The procedures described below are applicable to all CDBG-CV grantees and sub-recipients and must be incorporated in the design and administration of projects undertaken by them.

To determine if any duplication has or will occur, each applicant must complete the Duplication of Benefit form and upload it with their application. On the form, applicants will provide details on any federal stimulus funds received and their status. Any of those funds that are not yet obligated could be considered duplicative of CDBG-CV funds and could decrease an award.

<u>For projects that will be providing direct assistance to persons, households, or businesses:</u>

A grantee must verify that subrecipients, assisted individuals or families, businesses, and other entities that receive CDBG-CV assistance have not previously received, or will not receive, duplicative assistance from another source before CDBG-CV assistance is provided. HUD has developed a CARES Act Programs spreadsheet to assist in the duplication of benefits analysis. All other sources of CDBG-CV assistance received, or available to be received, must be disclosed during the application process.

**Guidance to determining duplication of benefits.**

To analyze duplication of benefits a grantee should complete the following steps:

1. **Assess Need:** Determine the amount of need (total cost)
2. **Determine Assistance:** Determine the amount of assistance that has or will be provided from all sources to pay for the cost.
3. **Calculate Unmet Need:** Determine the amount of assistance already provided compared to the need to determine the maximum CDBG-CV award (unmet need)
4. **Document analysis:** Document calculation and maintain adequate documentation justifying.

Additional Resources

- For more information, review OCRA's duplication of benefits disclosure clarification video.
- See Duplication of Benefits (DOB) Guidance, CDBG-CV Duplication of Benefits Resources.
- For more information on DOB HUD requirements, visit Federal Register, Docket No. FR-6218-N-01, section III.B.9 Duplication of Benefits
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**Reporting Requirements**

The administration of the CDBG-CV grant includes the successful submission of require reporting including:

- Administrative Close out
- Two-year Job retention reporting:
  o First report due to OCRA by July 31st, 2023
  o Second report due to OCRA by July 31st, 2024

Once the reporting requirements are submitted to OCRA, grant administration responsibilities are completed.

## Letter of Need Narrative Guidance

| Need |
| --- |
| Clearly explain and document data showing the ongoing need for additional CDBG-CV funds as it relates to COVID-19. |
| Describe how ongoing needs have impacted residents and businesses in the community. |
| Clearly outline how the CDBG-CV funds will help address ongoing needs due to the impact of COVID-19. |
| **Impact** |
| Explain measurable impact(s) of the proposed activities for both businesses and residents as it relates to the demonstrated and ongoing need due to COVID-19. (Ex. Number of businesses that will be awarded, number of jobs to be retained) |
| **Capacity** |
| Describe current organizational capacity & explain how the existing project design will promote effective completion of the project. (Include the who & how) |
| Describe the process that will be followed to select eligible businesses. |
| Clearly define the community's plan to effectively drawdown the funding by June 2$^{nd}$, 2023, including a timeline for awards. |
| **Strategic Outreach and Performance** |
| Explain how the community intends to ensure timely reporting according to established requirements. |
| Is there an existing strategic marketing plan for the program? |