

2020 CDBG-CV NOFA FAQ's

When will CARES Act funding be available?

HCD is currently finalizing the CDBG-CV NOFA and application. We anticipate releasing the NOFA on May 18, 2020 and opening the application window on May 25, 2020.

Can participants of CDBG entitlement programs apply for State CDBG-CV funds?

Only California cities or county's that **do not** participate in the HUD-administered CDBG Entitlement program as either a direct entitlement or as part of a County Consortium are eligible to apply.

What activities will be allowed with the CDBG-CV Program

Eligible activities under this Program include:

- Public services
- Public facility improvements
- Public facility acquisition
- Economic development

The Applicant must show a direct nexus between the activity they are applying for and COVID-19. Additionally, the Applicant will need to demonstrate that there will be no duplication of benefits with the use of the CDBG-CV funds.

How much funding can be applied for?

CDBG-CV funds will be distributed via allocation through a simplified application. Estimated allocations can be located in the State of California's 2019-2020 Annual Action Plan Substantial Amendment located on the HCD website at <https://www.hcd.ca.gov/policy-research/plans-reports/index.shtml>.

How many activities can we apply for?

Each jurisdiction can submit up to three (3) applications during this NOFA cycle. The sum of the three applications cannot be more than the total allocation for that jurisdiction.

Will pre-agreement costs be allowed?

Costs incurred in COVID-19 response prior to allocation may be eligible for reimbursement as per the CARES Act. Applicants will be required to identify pre-agreement costs.

Does another public meeting need to be held before applying for CDBG-CV funds?

The public participation requirements have not changed for the CDBG-CV program and will be part of threshold for the CARES Act funding application. However, the Act allows abbreviated public noticing. You may use virtual public hearings, something like zoom or a webinar. If you are doing a virtual public hearing you have to make sure that there is an opportunity for participants to ask questions.

If you already did a resolution for an application under the 2019-2020 open CDBG NOFA, then you will need to do a separate one for the CDBG-CV NOFA. If you have not adopted a resolution for the 2019-2020 CDBG NOFA, you may do one resolution and include all the CDBG activities.

You can find additional information about public participation requirements in our updated "Citizens Participation Requirements for Federal Programs, Plans, and Reports" at: <https://www.hcd.ca.gov/policy-research/plans-reports/index.shtml>

Does our resolution have to include exactly how much money is going into each activity or can we just state the three activities and figure out the allocations later?

You will need to include the estimated dollar amounts for each activity. HCD strongly advises that the amounts be listed as Not-to-exceed amounts rather than a hard dollar amount.

For example:

Food Bank	Not-to-exceed \$10,000
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Can we use Program Income (PI) with CDBG-CV funds?

Yes, you will be able to use your PI for COVID-19 response. When you complete your budget in the grants management system include your PI in the PI section of the budget. PI can be added to the amount of your allocation.

How can we use PI that is included in an active PI Waiver?

You have three (3) options:

1. Continue to run the Programs/Activities currently under the PI Waiver as they are approved in the Waiver.
2. Apply for a PI ONLY application through the GMS system. If you choose to use PI funds that are covered in your current PI Waiver for a PI only application or to include the PI with CDBG-CV funding, HCD will need to formally close the waiver. The jurisdiction will need to submit to HCD a letter acknowledging that PI funds are no longer covered under the PI Waiver before you can commit them to a new application. We will want you to confirm the amount of PI cash-on-hand prior to approving a new PI application.
3. Wait for the CDBG-CV NOFA to come out and add the PI into what your allocation is. The same caveat outlined in #2 regarding closing your existing waiver will apply this option as well.

Where can I find the webinar that was held on the CARES Act funding

The webinar is located on the HCD website at: <https://www.hcd.ca.gov/policy-research/plans-reports/index.shtml>.

Will there be a CDBG-CV NOFA Workshop?

HCD does not currently have a workshop scheduled. Beginning on Tuesday May 12, 2020 HCD will be hosting a one-hour open Question & Answer sessions each week throughout the application period. This will give Applicants a chance to receive real time answers to their questions relating to CDBG-CV as well as general CDBG questions. You can sign up for our Office Hours here: <https://www.eventbrite.com/e/hcd-cdbg-office-hours-tickets-104696798944>.

What is the deadline to submit an Economic Development Application through the current open 2019-2020 CDBG NOFA?

The current open NOFA will be amended to provide additional time for Economic Development applications. The original competitive deadline will be revised to an over-the-counter process to address current funding needs. The final NOFA deadline is September 15, 2020.

When can we expect guidance about Economic Development (ED) activities allowable in the CDBG NOFAs?

The NOFAs will detail what economic development activities are allowable. HCD is loosening the requirements for the CDBG-CV and CDBG open NOFAs to allow flexibility for grantees to run ED Programs that are needed in their area. We are **STRONGLY** recommending that Applicants consider their capacity to run an ED Program and suggest partnering with an organization or consultant that has experience with CDBG ED Programs.

Will non-entitlement jurisdictions get additional funds from the second round of CARES Funds?

California received its second round allocation notice on May 11, 2020 from HUD and are evaluating funding options. These funds will require updates to the Consolidated Plan and Annual Action plan. The public will have an opportunity to provide input.

Should non-entitlement jurisdictions that are looking to pool their funds proactively get procurement done ASAP for a contractor to manage the activity?

Yes. Since there is no HUD procurement waiver, it's best to start this process as soon as possible. We would also recommend jurisdictions looking to pool funds work on getting an executed Memorandum of Understanding or similar agreement between the partner jurisdictions as quickly as they can. The agreement should be legally binding and should include clear expectations and responsibilities for each partner. It should also identify a lead agency that will be responsible for submitting the application and managing the award.

Can the funding be used to purchase hotels?

The CDBG-CV does allow for acquisition. Keep in mind that any activity must have a direct nexus to COVID19, so the use of the hotel would be what is key in meeting the objectives of this funding round. Also note that hotel purchase for use as permanent housing will require potential rehabilitation, ongoing operating funds, and may need Article XXIV clearance. Any jurisdiction looking to purchase hotels for conversion to permanent housing should contact us for additional information once they have an outline plan for the activity.

When do you expect to release the guidelines for CDBG-CV?

HCD will not be developing a specific set of guidelines just for the CDBG-CV Program. Please refer to the current CDBG Guidelines as they will apply to the CDBG-CV.

Is it possible to supplement an existing activity on the 2020 application that is COVID related, without being considered duplicative?

HCD would advise against “stacking” of funds. Awards made under the open 2020 CDBG NOFA have a 36-month expenditure period whereas the CDBG-CV funds will only be for 12 months. If you receive an award from the open 2020 CDBG NOFA and you would like to receive CDBG-CV funds to add to that activity you will need to reach out to HCD to discuss first, to ensure there is not a duplication of benefits.

IS TBRA allowed with CDBG funds?

TBRA administration supplement is an allowable activity under the open 2020 CDBG NOFA. CDBG cannot fund TBRA activity. HCD’s CDBG team is working with the HOME Program team to develop a policy that would allow CDBG to coordinate with HOME to provide funding for TBRA administration. Look for upcoming guidance.

Is an Applicant eligible to apply if they do not have a certified Housing Element?

A *certified* Housing Element is not required to be eligible. However, HCD will require jurisdictions have an adopted draft that has been submitted to HCD.

Has the 15% public service cap been waived?

If you have a COVID related public service that you would like to apply for through CDBG-CV you can go over the 15% cap. Non-COVID public services are still governed by the 15% public services cap. You will need to show a clear nexus with COVID for exemption from the public services cap.

Can HCD provide an example of Code Enforcement Program Guidelines?

Currently HCD does not have any sample Code Enforcement Guidelines. We are hoping to get a library of resources online in the future, but as of now do not have the capacity to do so. HCD suggests that you reach out to other jurisdictions and see if they have guidelines they would be willing to share.

Would any of these activities be eligible for the CDBG-CV?

- **Developing a loan program for businesses that have cash flow needs for rent?**
- **Modifications to City or retail buildings to reduce touch points (e.g. automatic buttons for door opening)?**
- **Funding for non-profits to assist with food purchasing or rental assistance?**
- **Marketing for economic development? Are the applications going to be submitted through eCivis?**

Yes, all of these are potentially eligible activities.

All applications will need to be submitted through the eCivis grants management system.

Can funding be used to connect an existing shelter to City water/sewer to allow for additional capacity for homeless individuals?

Under the open 2020 CDBG NOFA this is an eligible activity. We will be asking that shelter operators comply with HUD and CDC guidance for supporting social distancing in any shelter improvements.

Will forgivable loans be allowed?

Yes, we are building that into our CDBG-CV program. HCD will set the maximum loan amounts and minimum loan terms.

How does COVID impact funding for shelters? Given that organizations may have larger costs to prevent infection, can agencies adjust a current or future CDBG award to cover these new costs?

CDBG can be used to provide capital resources for shelter modification. If an awardee or an applicant is looking to make modifications to an existing award or would like to

discuss a specific application, please reach out to us. We will be evaluating projects on a case by case basis to make sure we are complying with HUD and CDC guidance regarding congregate shelters.

If we have a 19/20 CDBG application for public services and/or ED submitted now, can we apply for the CDBG-CV funds as well?

Yes, that is allowed. The best practice is to use the CDBG-CV funding for a different program/project than your CDBG application. If you would like to use the CDBG-CV funding for the same activity that is in your CDBG application, then it is important to ensure that there will not be a duplication of benefits. If you have questions, please email cdbg@hcd.ca.gov.

Can we use current CDBG-CV funding for public outreach for use of future funds to be released?

Public outreach is required on a funding opportunity by opportunity basis. Public outreach cannot be frontloaded and must be tied to the specific activities proposed for funding. Public outreach must be compliant with the "Citizen Participation Requirements for Federal Programs, Plans, and Reports". Some CDBG-CV admin funding may be eligible for public outreach costs, but it would need to have a direct relationship to COVID and to the activities being proposed for funding.

Can the Non-profit who was procured to do the ME TA in the County for a 2018 CDBG grant be our subrecipient in our FA grant application for 2019-2020 funds?

Yes. Subrecipients do not have to be procured.

Will CDBG-CV funding count against the 50% rule?

HCD is evaluating waving the 50% rule

Is the CDBG-CV first come first serve?

No. This is an allocation. Once we receive a complete application and confirm that the activity meets the terms of the NOFA the Applicant will receive their allocated amount.

For monitoring and 12-month expenditure requirement purposes, do jurisdictions need to spend all the 1st round funds prior to receiving funding from the 2nd round of CDBG-CV funds?

HCD has not yet determined the method of distribution for the 2nd round of CDBG-CV funding. Expenditure requirements will be a consideration in the development of a method of distribution and there will be opportunity for public input prior to implementation.

For the 2nd round of CDBG-CV funds, will an Applicant have to create a separate activity application so it has its own dedicated 12-month period expenditure or will the 2nd round of funding be applied to the 1st round activity?

Currently HCD does not have program parameters for the 2nd round of CDBG-CV funding in place. However, it is expected that you will need to complete a separate application for 2nd round funding. If you are intending to use the 2nd round funding on the same activity from round 1, you must ensure there is not going to be a duplication of benefits.

Will funding for permanent single tiny homes used for transitional homeless housing be an eligible activity?

CDBG-CV funding must adhere to the same eligibility requirements as regular CDBG. New construction of housing (including tiny home construction) is not eligible under CDBG.

How long can a federally procured consultant be?

The contract can be for up to 5 years, however best practice would be to write the contract for 2-3 years with a renewal option.

Can funds be used to assist people impacted by COVID19 pay their rent/utilities?

Yes, this is a public service activity that is allowable as subsistence payments. HCD recommends partnering with an organization that has experience with this type of program to ensure the program is run the correct way. Subsistence payments must be short term and have specific limitations on use and timing.