

April 28th MCDA Zoom Call Questions for HUD:

Responses received so far are indicated in RED.

1) Webinars have been held for ESG-CV and for the waivers related to HOME. When can grantees expect more guidance on CDBG-CV? HUD has been holding webinars on a near weekly basis for various grant programs as it relates to COVID-19 and CARES Act Funding. The HUD Detroit Field Office also had a webinar for all CDBG-DV grantees on 05/05/2020 and will have an All Grantee Meeting on 05/20/2020 that will be heavily focuses on COVID-19 and CARES Act Funding. The best guidance is to sign up for the HUD Exchange listserv, where most notifications of upcoming webinars and information is sent.

HUD Exchange: <https://www.hudexchange.info/>

Email Listserv Signup: <https://www.hudexchange.info/maillinglist/subscribe/>

2) Where can the grantees find the grant and CDFA numbers for their CDBG-CV and ESG-CV allocations (required for SF424s)? The Field Office hasn't received those grant numbers yet. They are still being generated at HUD HQ

3) What is the deadline to expend CDBG-CV funds? The fund expenditure deadline listed in the CARES Act is 09/30/2022 for CDBG-CV. However, our Office has not been given any programmatic guidance or information related to CDBG-CV expenditure deadlines.

4) Will the CDBG-CV funds affect the grantee's CDBG timeliness requirement calculation? Our office has not yet received any guidance on this. For traditional CDBG Funding, our Office is still required to track timeliness and notify CDBG recipients that do not meet the 1.5 ration on their test date. We understand the impact of COVID-19 on CDBG recipient ability to expend funding and meet the timeliness requirement, and will work closely with all affected communities on addressing this further.

5) If a City owns their own utility (electric department, sewer department, etc) are we able to use the CDBG-CV funding to pay utility costs for a low-income resident? Provided this is an eligible activity listed in your respective Consolidated and Annual Plans, a recipient may reimburse expenditures to utilities that are locally owned/operated.

6) *Are grantees allowed to use 20% of their CDBG-CV funds for program administration?* Our Office has not received any information related to a change in the established Administrative Cost Cap (20%), so this is the likely percentage.

7) *Are we able to fund rent/mortgage/utility assistance with CDBG-CV if it's only for three months under the Public Services – Subsistence payments category or is this only allowed under homelessness prevention?* Depending on how a given CDBG-CV recipient plans short-term rental/mortgage/utility assistance, there are a few different ways that this type of assistance can be provided, tracked, and reported. The most recent guidance we have received on this used short-term rental/mortgage assistance as an example under the newly expanded Public Service Activity. In addition since there was quite a bit of discussion about homeless prevention in today's call. In terms of a CDBG eligible activity, the response would be in the form of income payments up to three months, which is IDIS Matrix Code 05Q – Subsistence Payments, 24 CFR 570.207(b)(4). For national objective, LMC makes sense under 24 CFR 570.208 (a)(2)(C) - Have income eligibility requirements which limit the activity exclusively to low and moderate income persons. If the person receiving assistance was already homeless, then they could be presumed LMC without needing an income certification. For LMC income eligibility requirements, HUD provides a model self-certification form on the HUD Exchange at <https://www.hudexchange.info/resource/4786/cdbg-selfcertification-of-annual-income-form/>

8) *If yes, is there a limit to the amount of the monthly rent or mortgage payment that is paid such as the fair market rent (FMR) and rent reasonableness standards that apply to ESG? Or is the monthly rent/mortgage payment uncapped under CDBG?* In general, a grantee needs to have a policy in place to determine the level of rent that will be subsidized. In order to comply with Part 200, there should be a policy to cap the cost at the market rate rent for the same type of unit in that area to support cost reasonableness.

CDBG: No specific guidance was provided, and FMR caps were not previously in place for short-term rental/mortgage assistance. I would recommend following the ESG guidance below to ensure reasonableness.

ESG: For units leased in the next six months, grantees can exceed the FMR but not at an amount greater than the reasonable rent. [24 CFR 576.106(d)(1)].

9) *If our 5 year Consolidated Plan is due this year, July 1st 2020 for the years 2020 thru 2024 are we able to apply for a waiver to put the plan off until July 1, 2021* You can request a one year extension on your Consolidated Plan. It's not a waiver, just submit an official correspondence request (via email attachment) to our Office.

10) *What is the clarification on extensions for the action plan 2020 and Five Year Consolidated Plan?* The 2020 action plan is not due until August 16, 2021. However, we believe that our Office will not be able to process 2020 grant agreements without a submitted and reviewed 2020 annual

action plan. If your Con Plan is due this year, you may request a one year extension. With that extension, anything that comes due in 2021 is a plan requirement, such as the AFFH, which is due to expire in August 2020.

11) Must PPE be procured using CDBG procurement standards? Yes, provided procurement is required. See procurement regulations in 2 CFR 200 for more information on the types of purchases and associated procurement requirements.

12) Must users/recipients of PPE purchased with CDBG-CV funds be income eligible or can it be distributed community-wide even if the community is not 51% LMI? Our Office has not yet received specific guidance on PPE purchases using CDBG-CV funding. In general, All activities funded by CDBG-CV must show how they meet a CDBG eligible activity and a CDBG national objective. Therefore, in order for the purchase of PPE to be eligible, it must be a part of an activity designed to meet a CDBG eligible activity and a CDBG national objective.

13) I thought of this question regarding the urgent need national objective for CDBG-CV. Does the 70% LMI benefit standard still apply to CDBG-CV funds? We have not been given any guidance in regards to the regulation at 24 CFR 570.200(a)(3) that requires not less than 70 percent of the aggregate of CDBG fund expenditures be used for low/mod income benefit over the course of a specified time period not to exceed one to three years, which the grantee defines in its annual CDBG Certifications.

Most of the grantees anticipated using the CDBG-CV funds for rent/mortgage/utility assistance or economic development with an emphasis on small business grants. Any guidance related to using CDBG-CV funds for those purposes would be greatly appreciated.

Ensure adequate documentation (including a mention of COVID-19 in any COVID-associated costs) of expenditures and avoid duplication of benefit with existing CDBG/ESG funds and CDBG-CV and ESG-CV funds.

There was also discussion regarding what documentation will be required to show that the funds were used specifically for COVID-19 related purposes. No one is quite sure what is needed at this time. [See above](#)

Another common problem is that some community leaders are under the impression that CDBG-CV funds can be used for anything related to COVID-19. Don't all CDBG-CV funded activities have to tie back to a National Objective? **Yes, all CDBG and CDBG-CV expenditures will have to be tied to a National Objective. Urgent need is a national objective**