



Community Development Block Grant Coronavirus (CDBG-CV)

CDBG-CV Frequently Asked Questions

April 27, 2021

NOFA FAQs: This section of the Frequently Asked Questions will cover the CDBG-CV NOFA.

| | QUESTION COLUMN | ANSWER COLUMN |
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| 1. | 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. |
| 2. | 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. |
| 3. | What activities will be allowed with the CDBG-CV Program? | <p>Eligible activities under this Program include:</p> <ul style="list-style-type: none"> • Public services • Public facility improvements • Public facility acquisition • Economic development <p>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.</p> |
| 4. | 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 . |
| 5. | 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. |



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| 6. | 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. |
| 7. | Does another public meeting need to be held before applying for CDBG-CV funds? | <p>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.</p> <p>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.</p> <p>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</p> |
| 8. | 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? | <p>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.</p> <p>For example: Food Bank: Not-to-exceed \$10,000</p> |



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| 9. | 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. |
| 10. | 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. |
| 11. | 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 . |



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| 12. | 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 . |
| 13. | 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 NOFA deadline is Sept. 15, 2020. |
| 14. | 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. |
| 15. | 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 also recommend jurisdictions looking to pool funds work on getting an executed Memorandum of Understanding or similar agreement between the partner jurisdictions as soon as possible. The agreement should be legally binding and 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. |



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| 16. | 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. |
| 17. | 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. |
| 18. | 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. |
| 19. | 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. |
| 20. | 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. |



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| 21. | 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. |
| 22. | 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. |
| 23. | <p>Would any of these activities be eligible for the CDBG-CV?</p> <ol style="list-style-type: none"> 1. Developing a loan program for businesses that have cash flow needs for rent? 2. Modifications to City or retail buildings to reduce touch points (e.g. automatic buttons for door opening)? 3. Funding for non-profits to assist with food purchasing or rental assistance? 4. Marketing for economic development? Are the applications going to be submitted through eCivis? | <p>Yes, all of these are potentially eligible activities.</p> <p>All applications will need to be submitted through the eCivis grants management system.</p> |
| 24. | 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. |
| 25. | 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. |



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| 26. | 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. |
| 27. | 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 . |
| 28. | 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. |
| 29. | 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. |
| 30. | Will CDBG-CV funding count against the 50% rule? | HCD is evaluating waving the 50% rule. |
| 31. | 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. |



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| 32. | 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. |
| 33. | 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. |
| 34. | 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. |
| 35. | 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. |
| 36. | 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. |



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General Program FAQs: This section will cover general Frequently Asked Questions about the CDBG-CV program.

| | QUESTION COLUMN | ANSWER COLUMN |
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| 1. | 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 needed ED Programs in their area. We recommend that Applicants consider their capacity to run an ED Program and partnering with an organization or consultant that has experience with CDBG ED Programs. |
| 2. | 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. |
| 3. | 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 XXXIV 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. |



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| 4. | 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. |
| 5. | 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. |
| 6. | 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. |
| 7. | 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. |
| 8. | 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. |
| 9. | 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. |



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| 10. | Will CDBG-CV funding count against the 50% rule? | The 50% rule has been waived for CV funds. This waiver does not carry over into 2020 or 2021 awards. |
| 11. | 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. |
| 12. | Where do we submit our application for Rounds 2 and 3? | Applications will be submitted through the Grants Network by eCivis. For more information or to start your application, please visit the CDBG-CV Round 2 and 3 Solicitation Link |



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Tribal Set-Aside FAQs: This section covers the Frequently Asked Questions about the CDBG-CV Tribal Set-Aside

| | QUESTION COLUMN | ANSWER COLUMN |
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| 1. | When are applications due? | Per the amended NOFA, applications will be due on May 7, 2021. |
| 2. | What are the funding limits tribes can apply for under the tribal set aside? Is there a minimum amount? | <p>Tribes are limited to \$700,000 maximum award per Tribe. Applications submitted in partnership with three or more eligible applicants may apply for up to \$1.5 million.</p> <p>Public service activities will be limited to \$200,000 per activity application (activity type). Housing and infrastructure activities will be limited to \$700,000 per activity application. Applications asking for less than \$50,000 will be subject to additional review for feasibility and may require additional feasibility documentation</p> |
| 3. | What constitutes a partnership? | Three or more eligible applicants who apply together constitute a partnership for the purposes of this NOFA. |
| 4. | What are some examples of public services that can be funded with CDBG-CV funds? (Note: Public services must have a 'COVID Nexus') | <p>The CDBG regulations allow the use of grant funds for a wide range of public service activities, including, but not limited to:</p> <ul style="list-style-type: none"> – Employment services (e.g., job training) – Crime prevention and public safety – Childcare – Health services – Substance abuse services – Fair housing counseling – Education programs – Energy conservation – Services for senior citizens – Services for homeless persons – Welfare services (excluding income payments) – Down payment assistance – Recreational services. |



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| 5. | What is a COVID Nexus? | CDBG-CV funds must be spent to prevent, prepare for, or respond to coronavirus. Applicants must demonstrate how their projects are related to issues caused by the coronavirus or used to prepare for a possible future coronavirus. |
| 6. | Are applications for public services prioritized over public facilities? | Yes. In this round of funding, applications for public services will be prioritized over public facilities. Public facilities applications will still be accepted and potentially awarded if this allocation is undersubscribed. |
| 7. | When will applications for public services be reviewed and approved? | Applications for public services will be reviewed and approved on a rolling basis. These are first come, first served. HCD highly encourages applicants to submit their applications for public services as soon as possible. |
| 8. | When will applications for public facilities be reviewed and approved? | Public facilities applications will be reviewed on a rolling basis but will not be awarded until after the May 7 th deadline. |
| 9. | Do applicants need to submit a separate application for each public service or facilities activity, or could they submit one application for everything? | Applicants will need to submit an application for each activity. |
| 10. | Do we need to apply separately CDBG-CV Rounds 2 and 3? | No, HCD will determine which tranche of funding your project is funded under. |



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CDBG-CV and ERAP: This section of the FAQ will cover the CDBG-CV program and the effects of the release of the state Emergency Rental Assistance Program (ERAP).

| | QUESTION COLUMN | ANSWER COLUMN |
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| 1. | Where can I find more information about the ERAP program? | Please visit the Housing is Key Website for more information. Additionally, if you have more specific questions, you can send an e-mail the ERAP inbox at ERAP@hcd.ca.gov. |
| 2. | What was included in the CDBG-CV 2 and 3 NOFA amendment? | HCD is disallowing rental assistance under any subsistence/emergency payment program to: <ul style="list-style-type: none"> • Avoid Duplication of Benefits; and • To make sure that beneficiaries can access the ERAP which provides up to 12 months of assistance – more than the 3-6 months per household available under CDBG-CV |
| 3. | With the changes due to ERAP, will the CDBG-CV 2 and 3 application deadline be extended? | Yes. The application deadline will be extended to May 7, 2021. |
| 4. | What should we do for households looking for rental assistance? | If households come to you to request assistance after you have discontinued your rental assistance program, collect their names and contact information and direct them to the ERAP program. |
| 5. | What should we fund instead of Rental Assistance? | Below are some ideas: <ul style="list-style-type: none"> • Economic Development for businesses negatively affected by COVID • Vaccine deployment • Broadband access and installation • Non-congregate shelter operations • Food banks – mobile or fixed location • Wastewater facility upgrades • Partner with health clinic to provide medical equipment (ventilators/oxygen) |



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| 6. | What about assistance with mortgages? | <p>ERAP does not assist with mortgages. However, mortgage assistance is an eligible use of CDBG-CV funds. Assistance can be provided for up to six months. However, providing more than 100 days of assistance triggers lead-based paint requirements. HCD recommends providing three months of consecutive assistance. Grantees need to document:</p> <ul style="list-style-type: none"> • that the mortgage payments were not made • payments are made directly to lender • income documentation • COVID Nexus |
| 7. | Since ERAP doesn't cover 100% of the rental arrearages, could CDBG-CV funds be used to cover the rest? | No, the ERAP program requires upon accepting ERAP payments, landlords waive the balance of rental arrearages for up to a 12-month period. |
| 8. | Can we still use CDBG-CV funds to provide emergency payments for utilities and food vouchers? | Emergency payments for utilities are eligible. Food vouchers are not generally eligible. Providing meals or food using a soup kitchen or food pantry model is a better model under CDBG. |
| 9. | Since the pandemic is a special circumstance, would it be possible to provide assistance for more than three months for subsistence payment programs? | Assistance can be provided for up to 6 months. However, providing assistance for more than 100 days will trigger lead-based paint requirements. Grantees should be prepared to conduct lead-based paint inspections on each unit assisted. There are no waivers to increase the length of assistance or to waive the lead-based paint requirements at this time. |



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| 10. | Should we disencumber if we do not have enough other uses? | HCD strongly advises that you reach out us and discuss other feasible projects before potentially disencumbering. |
| 11. | Repurposing funds may require new resolutions, approval by board, etc. Will the application deadline be extended beyond May 7 th ? | HCD will allow the submission of draft resolutions and MOUs for the application. However, standard agreements will not be executed until HCD receives and approves those executed documents. |
| 12. | We have heard FEMA will cover 100% of vaccination costs. How do we avoid overlap with FEMA funding? | Grantees should thoroughly document the assistance provided by each funding source. In your CDBG-CV 2 and 3 application budget, please indicate which costs will be covered by FEMA and those costs that you do not anticipate will be covered by FEMA. Additionally, applicants should include this information in the Duplication of Benefits tracking sheet as part of the application process. |
| 13. | Will the changes due to the ERAP program be applicable to 2020 and 2021 CDBG subsistence programs? | Yes. |
| 14. | Will this apply to the CDBG-CV 2/3 Colonias Set-Aside? | Yes. |
| 15. | Could we apply for 2021 CDBG rental assistance? | No. This is not an eligible use of funds under the 2021 CDBG NOFA. |
| 16. | What is the national objective we are meeting with vaccine rollout? | Benefiting low-moderate income households. If you do not know which National Objective Code to use, please contact your CDBG representative. |
| 17. | How do we set up mortgage assistance programs under CDBG-CV programs? | Grantees should identify mortgage assistance as an eligible use of funds in their program guidelines. Additionally, documentation requirements should be listed as well. Lastly, documentation of a COVID nexus should be collected (e.g. loss of income). |



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| 18. | How will this affect the CDBG-CV1 standard agreements with rental assistance? | If you would just like to pivot into utility assistance, you could submit updated guidelines. If you want to move away from subsistence payments, HCD can move applications back to draft status to allow grantees an opportunity to update their projects before signing the standard agreement. |
| 19. | Could you clarify how to document a COVID nexus for subsistence payments? | HCD's subsistence payment guidelines contain information on how to document a COVID nexus. |
| 20. | For utilities emergency payments is assistance limited to only renters? | It is not limited to renters. It would be allowed for homeowners as well as renters. |
| 21. | Under emergency payment programs, can we pay for past-due utility bills? | Yes, up to three months of consecutive assistance or six months of assistance if all assisted units comply with lead-based paint inspection requirements. |
| 22. | If we want to hire temporary staff to help with vaccine distribution, what are the limitations on salary? | All expenditures with federal funds must be cost reasonable. Grantees should document their process on establishing salaries. Grantees may need to conduct an analysis of comparable positions to determine cost reasonableness. |
| 23. | Can we use CDBG-CV program income to bolster our ERAP program? | No. ERAP is a treasury program with different requirements. |
| 24. | Is there a sample Duplication of Benefits policy? | Yes. Please visit the eCivis Solicitation link . Select one of the CDBG-CV programs. Under the 'Files' tab, you will find a word document with a sample Duplication of Benefits policy. |
| 25. | For utility payments, is there a limitation on length of assistance or dollar amount? | There is no dollar amount limitation. Assistance can be provided up to three consecutive months, or six months if lead-based paint inspection requirements are met. |
| 26. | To provide subsistence payments beyond three months, do we still have to do the lead-based paint inspections even if we are not providing rental assistance. | Yes, you will still need to conduct lead-based paint inspections if you are providing assistance to a household associated with their dwelling. |



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| 27. | Can mortgage assistance be used to help landlords whose rental mortgages are in arrears because tenants are not paying rent and income qualifies? | No. The assistance must be provided to help the participant maintain their housing. It would not qualify as an emergency payment under the regulations. |