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State CDBG **COVID 19** Emergency Program

**Frequently Asked Questions**

Updated **April 2, 2020**

*Remember: Additional information is available in the* [***CDBG COVID-19 Response webpage***](https://www.commerce.wa.gov/serving-communities/cdbg-specialty-grants/) *under Funding Process and Eligible Activities.*

**FAQ Sections:**

* **General Questions**
* **Eligible Services and CDBG National Objective Questions**
* **Grant Administration Questions**
* **Microenterprise Assistance Questions**

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| **General Questions** |

**Why were only 17 counties awarded these emergency funds and not my county?**

Several factors:

To get these CDBG COVID 19 emergency funds out quickly, Commerce is amending its existing 17 CDBG Public Services Grant contracts already in place. These *existing* contracts pass CDBG funding through rural county governments to their regional community action programs that serve multiple counties and all communities in that applicable region.

With this CDBG COVID-19 emergency funding, the [existing county grantees](https://deptofcommerce.app.box.com/s/xziopjb4zb66j9litz19o9h74nzrnav9) choose whether the amended funds still go to the region’s community action program, go to economic development organizations, and/or are used for other urgent services. Our intent is that when the county grantees prioritize the use of funds, they recognize the population of the other counties in their [grant service area](https://deptofcommerce.app.box.com/s/xziopjb4zb66j9litz19o9h74nzrnav9) was used to determine the proportionate amount of COVID-19 response funding. The county grantees should consider the regional needs and existing partnerships that will allow the COVID-19 response funds to be put to work in their grant service area.

Also, the state CDBG program can award grants only to rural counties that are not “entitled” to receive a direct CDBG allocation from HUD. The more urban counties are CDBG entitlement counties and they manage their own CDBG program, so state CDBG nonentitlement funds cannot be awarded to CDBG entitlement counties.

**How can I apply for assistance?**

There isn’t an application for these CDBG COVID-19 funds directly. To get this emergency funding out as soon as possible, the state CDBG program is just amending existing CDBG Public Services Grant contracts already in place.

Counties will prioritize fund distribution with their regional service providers such as the local community action agency and associate development organization, to make the funds quickly available at the local level. Depending on the local use of funds, there may be a local process to apply for assistance.

**I am a small business and struggling with required closures, can these funds help me?**

If your county prioritizes these CDBG COVID-19 funds for business assistance, your local economic development council will be informed of this opportunity and other possible resources. We recommend you contact your local economic development council.

Any potential CDBG business assistance would be only for microenterprises experiencing loss of income due to COVID-19 and whose owner meets the CDBG low- and moderate-income criteria.

**Can funds be used in CDBG entitlement cities or counties?**

NO – Funds cannot be used in CDBG entitlement cities or entitlement counties, because those cities have their own CDBG funds. It would be like double dipping and our rural areas need the funds. The list of CDBG nonentitlement jurisdictions served by the state CDBG program and the list of CDBG entitlement jurisdictions not served by the state CDBG program are [here](https://myhrms.wa.gov/irj/portal).

**Given some CDBG COVID-19 funds are for a multiple county service area, can the funds be used differently in one of the counties from the other – or do all counties in the service area have to spend the funds on the same objective?**

All funded activities have to address urgent COVID 19 needs. Otherwise, funded services can address different needs at the local level. The counties in a service area need to coordinate and then identify the county service area for each proposed services program to be funded.

**Can the County keep the CDBG COVID-19 funds for county government emergency services or is the County required to contract out all of the funds to the community action programs (CAP)?**

The county grantees prioritize and distribute these funds. They can use the funds to for eligible county service programs, or pass through a portion or all funds to the CAP or another nonprofit service provider. In either case, the counties have grant administration and oversight responsibilities of all funded activities.

**If the County chooses to split funds between the community action program and another program, what do you need from the County?**

The County will inform the state how they plan to implement their project, including the splitting of funds, by completing and submitting [**the forms**](https://deptofcommerce.app.box.com/s/1mo34umac68z4rrwnlclhnw0jugxm1bb) provided to each county grantee.

**What is the difference between this $1.8 million COVID emergency funding and the federal stimulus CDBG funding?**

This $1.8 million currently available consists of state CDBG program income and recaptured funds re-directed by Commerce for COVID-19 response services. The federal stimulus funding would be a future allocation of funds from HUD. Commerce does not have detail on the opportunities or constraints of these future federal funds and hopes to know more by the end of April.

**What does the County grantee need to do to get the funds?**

The County grantee must complete and submit ASAP to Commerce the three [Proposed Use of Funds](https://deptofcommerce.app.box.com/s/1mo34umac68z4rrwnlclhnw0jugxm1bb) forms – the **summary**, **description** and **budget** included [**here**](https://deptofcommerce.app.box.com/s/1mo34umac68z4rrwnlclhnw0jugxm1bb). Funds cannot flow to County until the County describes its proposed use of funds and receives Commerce approval.

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| **Eligible Services and CDBG National Objective Questions** |

**What can the CDBG COVID-19 response grants fund?**

County grantees can use these emergency funds for CDBG eligible **public services** including health services, short-term subsistence payments, food delivery services, etc. tied to COVID-19 emergency.

The county recipient can use the funds for CDBG eligible **microenterprise assistance** to income eligible businesses with documented loss of revenue due to the COVID-19 emergency. The list of potential services is in [this funding overview.](https://www.commerce.wa.gov/serving-communities/cdbg-specialty-grants/)

In both cases, the county may partner with regional service providers to distribute CDBG funded services. All CDBG funded activities must meet a CDBG national objective and be directly addressing COVID-19 impacts.

**Can the County fund preparing and delivering meals, or other aging and adult care to seniors because of the COVID-19 crisis? Could the funds pay for local transit systems to deliver the meals?**

YES – Meal delivery is an eligible public service. The County should leverage and work with service providers at work in the community to build on their capacity and expertise. The County and service providers must make sure this CDBG funding is for services directly tied to addressing COVID 19 impacts.

Certain groups can be presumed by HUD as principally LMI persons for CDBG assistance, including seniors and homeless persons.

**Can the CDBG COVID-19 response funds be used for motel voucher?**

YES – One-time or short-term (no more than three month) emergency payments to prevent homelessness, help those already homeless or others that need to be quarantined. Examples utility payments to prevent cutoff of service; rent/mortgage payments to prevent eviction. Commerce is offering other COVID-19 housing assistance listed at <https://www.commerce.wa.gov/covid-19-homeless-services/>.

**Can the CDBG COVID-19 response funds pay for the master lease of hotel in a non-entitlement city for homeless individuals needing isolation/quarantine?**

YES - One-time or short-term (no more than three month) emergency payments to prevent homelessness, help those already homeless or others that need to be quarantined. Commerce is offering other COVID-19 housing assistance listed at <https://www.commerce.wa.gov/covid-19-homeless-services/>.

**The HUD Low- and Moderate-Income (LMI) data lists my county at over 51% LMI. Does that help us meet the LMI national objective requirement?**

Possibly. If the CDBG-funded services are to be made available to everyone in a service area such as county-wide (such county public health services for COVID-19 response), then the HUD LMI data must document that service area population is at 51 percent or greater LMI. The [LMI Benefit Guide](https://deptofcommerce.app.box.com/s/9ltq92s2emsihb5mhe9ufqcfeju569hx) (steps 1-3) outlines how to use LMI data sources to document meeting the LMI benefit national objective. The current LMI income limits by county are on the CDBG website [here](https://deptofcommerce.app.box.com/v/income-limit-chart).

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| **Grant Administration Questions** |

**When can the County start using funds? Do funds need to be expended by June 30, 2020? How long will it take to get the funds?**

The County can start incurring eligible costs as soon as the County’s proposed use of funds is approved by Commerce and its existing public service contract amendment is signed by Commerce and. The County must have a CDBG subrecipient agreement with service providers before they can request funding. Commerce will send the amendments to counties this week for signature with the hope the County can expedite their signing process. The amendment will do the following three things:

* Increase the contract budget amount
* Extend the contract deadline from 6/30/2020 to 2/28/2021
* Expand the scope of work to include funding for urgent COVID 19 response activities

NEPA compliance will be fast. All activities eligible under this urgent COVID 19 funding are NEPA exempt. The project summary form includes a NEPA certification be signed by county commissioner.

**If the county as grant recipient chooses to pass funds down to another organization (a grant subrecipient) such as a Community Action Program, associate development organization or hospital district, does a subrecipient agreement have to be in place?**

Yes, between the county and any grant subrecipient an agreement that communicates the roles, responsibilities and federal requirements that come with the funds must be executed before the subrecipient’s first payment request to the county.

The CDBG Management Handbook found [here](https://deptofcommerce.app.box.com/v/section-18-subrecip-agreement) provides a section on subrecipient oversight and the [sample CDBG subrecipient agreement](https://deptofcommerce.app.box.com/v/18-C) can be modified as needed for the specific CDBG funded activities. The CDBG Management Handbook section provides guidance on the federal eligibility verification, SAM.gov registration, conflict of interest, etc. when federal funds are passed through to another entity.

**How does the County and a service provider request and receive CDBG payment from the amended funds?**

Follow the financial requirements in the [CDBG Management Handbook, Section 4](https://deptofcommerce.app.box.com/v/section-04-financial-mgmt). Each A19 payment request must include supporting documentation that details the assistance activity and a Project Status Report.

**What future reporting will be required of the County and service providers on the persons receiving assistance?**

Services can qualify for CDBG COVID-19 funding by documenting how they principally benefit to low- and moderate-income (LMI) persons or address an urgent need meeting CDBG criteria. The state and HUD will require reports on the number of persons served, number of LMI persons served, number of microenterprise businesses assisted (if applicable), number and type of services provided, the direct tie to the COVID-19 emergency, and other relevant data.

**The Eligible Activities guidelines state that general administrative costs for the general management of the organization or county are ineligible. What does that mean?**

CDBG cannot fund administration costs not directly tied to the county’s administration of their CDBG contract, the CDBG funded activity or delivery of CDBG funded services. The Proposed Use of Funds budget instructions provide further detail and state indirect costs must be tied to a COVID-19 response service through an approved cost allocation plan. Example: the portion of costs established for operating and maintaining the space in which the service is located can be eligible. The cost allocation plan must be applied equitably and demonstrate the cost of providing the service.

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| **Microenterprise Assistance Questions** |

**What are the eligibility requirements for a business to receive microenterprise assistance?**

Businesses **must** meet the following requirements to be eligible to apply:

* Business owner must have a low- or moderate-income (≤80% of median household income);
* Business must be a microenterprise {i.e. have 5 or fewer employees, including the owner(s));
* Business must have a documented loss of income due to COVID-19
* **Business must agree to share financials**
* **Businesses must be legal under federal requirements (i.e. not cannabis retailers)**

**Potential limitations to think about:**

* Business should have a physical location
* Business should have been in business for over one year
* Businesses cannot be franchises, chains

**Up to what amount of financial assistance can a microenterprise apply for?**

The grant amounts will be determined by County and its economic development service provider, not to exceed $35,000.

**Can direct microenterprise assistance go only to low- and moderate-income eligible business owners?**

**YES** – Only to business owners meeting the LMI income criteria based on household size and income and the [CDBG income limits](https://deptofcommerce.app.box.com/v/income-limit-chart) (80% level).

**EXCEPTION:** In limited cases, if the business is providing urgent, emergency response services: such as manufacturing masks, food delivery services. This could be approved to meet HUD’s national objective of urgent need.

**Are funds awarded as loans or grants?**

Microenterprise assistance program details will be determined by the County and its economic development service provider. Offering loans, forgiveable loans and grants is eligible.

**What can the microenterprise assistance funds be used for?**

Funds may be used only for the short term operating expenses of the awarded business. Operating expenses are defined as the day-to-day trading operations of the business such as covering payroll and rent. The purpose is to assist small, local businesses struggling through the COVID-19 emergency closures.

**Where must the microenterprise be located to be eligible to apply?**

The microenterprise must be located in the county, CDBG nonentitlement service area or the owner must live in the county, CDBG nonentitlement service area program.

**What does the final review consist of?**

Procedures to apply for assistance will be established and implemented by the County and its economic development service provider.

**How does the County and a service provider request and receive CDBG payment for microenterprise assistance?**

Follow the financial requirements in the [CDBG Management Handbook, Section 4](https://deptofcommerce.app.box.com/v/section-04-financial-mgmt). Each A19 payment request must include supporting documentation that details the assistance activity (such as when, where and what training occurred, marketing materials invoice, loan approval documentation, etc.) and a Project Status Report. A CDBG grantee can request additional documentation from its microenterprise assistance providers and contractors to meet their oversight requirements. Full program records must be available for review upon request.

**What data is collected on the microenterprise?**

The service delivery provider must maintain a case file on each financial assistance recipient including income verification documents (tax documents or pay stubs), household size, ethnicity/race, and county of residence; the business DUNS number; and the income level (30%, 50% and 80% AMI) for each recipient for project status reports and the CDBG beneficiary reporting.