



CDFA Circular 2020-07

Related to: Public Services Grants, CDBG COVID-19 (CDBG-CV) funds allocated to CDFA through the CARES Act of 2020.

Subject: Guidance for Public Service Grants using CDBG-CV Funds

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Issuance date: July 24, 2020

Summary

This CDFA Circular outlines program guidance by which grantees and subrecipients may apply for and deploy CDBG-CV funds to support public services. Public services are defined by HUD in **Section 105(a)(8) of the Housing and Community Development Act**.

Background

In April 2020, pursuant to passage of the CARES Act, the US Department of Housing and Urban Development (HUD) allocated additional CDBG funds ("CDBG-CV") to New Hampshire to address issues related to the impacts of COVID-19.

The Act provided an allocation to states under the fiscal year 2020 CDBG formula. CDFA received \$5,415,930 in Community Development Block Grant Cares Act (CDBG-CV) funding. CDFA administers programs that effectively deploy funds to create the most community-driven impacts and public benefits and which comply with state and federal regulations and adapt to the evolving needs of New Hampshire communities. This funding will help to meet a fraction of the demand for resources. In order to ensure resources are quickly deployed and meet the needs for low- and moderate-income people in NH, CDFA reviewed needs by holding public hearings and reviewing relevant data.

The review identified the following areas of need and CDBG-CV Funds were allocated in the current Action Plan as follows,

- \$3.7 Million to a Public Services program to support necessary community services for which this document provides additional Program Guidance. The CARES Act eliminated the 15 percent cap on the amount of grant funds that can be used for public service activities. The review identified high-priority activities which are listed below.
- \$850,000 to support Microenterprises, additional Program Guidance available in Circular 2020-06.
- \$500,000 will support Economic Development activities in 2021.

CDFA's CDBG-CV Public Service program design is guided by the following principles:

1. Delivering resources to those communities and to organizations that service those who need it most,
2. Direct and efficient use of funds by increasing accessibility with the goal of funding a geographically diverse set of Municipalities and nonprofits funding high priority services,
3. Transparency and accountability by utilizing an exclusively online grant application, review, and monitoring system; and requiring a robust public participation process, and
4. Move funding to nonprofits in as streamlined a manner as possible.

Program Guidance

Eligible applicants

Eligible applicants include all New Hampshire counties, cities and towns with the exception of direct HUD entitlement communities. Entitlement communities include Dover, Manchester, Nashua, Portsmouth, and Rochester.

Current HUD guidance for CDBG-CV does not allow nonprofits to be direct Grantees.

A municipality may submit a single grant application with multiple subrecipients. Individual threshold requirements and other documents, as appropriate, are necessary for each subrecipient as outlined in the application. There is no limit to the number of activities or subrecipients a municipality may have. Each activity will have to meet a national objective.

Subrecipients

Public Service activities may either be carried out directly by the Municipality or by a nonprofit/s as a subrecipient of the Municipality. The nonprofit must be "in good standing" with the NH Secretary of State, not be on the Federal debarment list and demonstrate to the Grantee that they have the capacity to administer the service by having a satisfactory risk assessment and meet the requirements outlined in the [CDBG Implementation Guide](#).

Each subrecipient will be scored separately so it will be possible for a Grantee to be funded for one or more activities but not all activities.

A subrecipient may provide services in multiple Municipalities under one Municipal Grantee as long as at least 70% of the beneficiaries of the services being provided are within the Municipal Grantee's jurisdiction.

Requirement of Services carried out by the Municipality directly

The public service activity must be either:

- 1) a new service; or
- 2) a quantifiable increase in the level of a service above that which has been provided by or on behalf of the unit of general local government with municipality or CDBG funds during the 12 months prior to application.

Meeting the Low and Moderate Income National Objective

In order to be eligible for funding, every CDBG-CV funded activity must meet the national objective of benefit to Low- and Moderate-Income (LMI) persons. An individual is considered to be LMI if the individual's annual family income is equal to or below 80% of the median income for the county or area where they reside. To meet the Low and Moderate Income National Objective, each activity must meet specific tests for either:

LMI Area Benefit

An area benefit activity is an activity that is available to benefit all the residents of an area that is primarily residential. In order to qualify as addressing the national objective of benefit to LMI persons on an area basis, an activity must meet the identified needs of LMI persons residing in an area where at least 51 percent of the residents are LMI persons. The benefits of this type of activity are available to all residents in the area regardless of income.

LMI Limited Clientele

A limited clientele activity is one that provides benefits to a specific group of persons rather than everyone in a defined service area. It may benefit particular persons without regard to the area in which they reside, or it may be an activity that provides benefit on an area basis but only to a specific group of persons who reside in the area. In either case, at least 51 percent of the beneficiaries of the activity must be LMI persons.

More detailed information on meeting a national objective can be found in the [CDBG and CDBG-CV Application and Program Guide](#) on the CDFA Resource Hub.

Eligible Activities

All activities consistent with **Section 105(a)(8) of the Housing and Community Development Act** are eligible.

To accomplish the CDBG-CV Public Services Program objectives, the scoring of applications will prioritize the following activities that have been determined to be high-priority based on feedback from state, municipal and nonprofit stakeholders. These include: childcare services; food banks; senior services; services for persons with disabilities; legal services; resident services; youth services; transportation services; health, mental health and substance abuse services; financial literacy; foreclosure and homebuyer counseling; and homeless services.

Needs Assessment

CDFA encourages Grantees to gather and review data and information about community needs as they relate to preparing for, responding to, or recovering from the Coronavirus.

Minimum and Maximum Grant awards

Grantees may apply for a minimum of \$50,000 and a maximum of \$500,000. The final grant amount is per the discretion of CDFA and will be determined as part of the evaluation and approval process. This is in addition to the annual funding limits in other CDBG-CV programs or other CDBG program areas (Housing, Public Facilities, Economic Development).

Timeframe

CDBG-CV applications should be structured as up to an 18-month project. The expectation is that these projects/programs will start no sooner than January 1, 2021. All funds must be expended and claimed by June 30, 2022.

Match Requirement

There is no match requirement for the CDBG-CV Public Services Program.

Eligible Costs

Funds may be used ONLY 'to cover costs associated with preparing for, responding to, or recovering from the COVID-19 pandemic,' including the following activity costs:

- a. Staff Salaries and Fringe
- b. Purchase of Equipment/Supplies
- c. Transportation Costs
- d. Lease or Rental Expenses
- e. Subsidy payment for service for qualified person, ie. Daycare for person from Low or Moderate-Income
- f. Activity Delivery Cost

All expenses must be documented and relate specifically to the Public Service activity. Questions regarding other eligible activities should be directed to CDFA *before* the activity is undertaken or supported with CDBG-CV funds.

Subrecipients must have adequate financial management in place to clearly account for the different elements of the services.

Duplication of Benefit

A duplication of benefits occurs when a person, household, business, government, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. Practically, 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, or other sources. The CARES Act requires Grantee to ensure there are adequate procedures in place to prevent any duplication of benefits.

Public Hearing

The CARES Act provides that, for as long as national or local health authorities recommend social distancing and limiting public gatherings for public health reasons, a grantee may create virtual public hearings to fulfill applicable public hearing requirements. The CARES Act also provides that any such virtual hearings shall provide: (1) reasonable notification and access for citizens in accordance with the grantee's certifications, (2) timely responses from local officials to all citizen questions and issues; and (3) public access to all questions and responses. Some platforms for virtual hearings are Facebook, Zoom, email, and conference calls, but the grantee is not limited to these methods. Additionally, grantees must take appropriate actions to encourage the participation of all residents, including the elderly, minorities, and non-English speaking persons, as well as persons with disabilities. More information is available in the [CDFA CDBG Implementation Guide](#).

Application and Deadline

The application will be opened on July 24, 2020. The deadline for application submission is September 25, 2020 at 4 PM. All applications must be submitted through the CDFA Grants Management System (GMS).

Technical Assistance

CDFA staff and the program consultant are available to provide support through the pre-application, application and implementation phases. Applicants are strongly encouraged to schedule a pre-application meeting via the CDFA website using the "Schedule a Meeting" button.

Direct all questions about CDBG-CV Public Services by emailing CDFA staff at Comments@nhcdfa.org

Additional Resources

All relevant CDBG-CV program resources we have to-date can be found on CDFA's Resource Hub: <https://resources.nhcdfa.org/programs/community-development-block-grant/application/>.

CDFA is continuing to work diligently to respond to community needs, provide flexibility and deploy resources as quickly as possible to support critical work. For more information on other COVID-19 resources available to our current grantees/borrowers, municipalities, nonprofits and businesses, please visit: <https://nhcdfa.org/covid-19-resources/>.

Process

CDFA will follow the standard CDBG pre-application, application, review, approval and contracting processes for new applications to CDBG-CV funds allocated to the Public Services program.

Justification

HCDA Section 105(a)(8)

Effective Date

July 24, 2020

Waiver authority

None