**Department of Housing and Community Development**

**Notice of Funding Availability**

**Community Development Block Grant COVID-19 (CDBG-CV)**

**Frequently Asked Questions**

DHCD received numerous questions in response to the NOFA published on May 15, 2020 for CDBG-CV funds. Not all of the individual questions are addressed in this document. There were a number of submissions that asked the same questions and a number for which the answer could be found in the NOFA. Some also, were individual questions that did not require broad response. If you do not see your direct question or a version of it answered here, we may be publishing a subsequent version of this document early next week.

**General Application and Procedural Questions**

1. **Are all towns eligible for funding?**

*All 314 non-entitlement communities in the Commonwealth are eligible for funding. A list of the 37 entitlement communities that are not eligible was included in the NOFA.*

1. **What is the maximum amount of funding that can be requested for a regional application?**

*There is only a maximum of $400,000 applied to each community and not to an application. Theoretically, a 10 community application could apply for $4 million. DHCD presumes that applicants will submit realistic requests and we will adjust award amounts to best meet the twin goals of equitable distribution and serving areas heavily impacted by the pandemic*

1. **Do all communities in a regional application need to hold separate public hearings? Or, can the lead applicant hold one that includes all of the participants?**

*No to the first question. Yes, to the second. Be sure that all the communities in the application are included in the notice and that it is made available to all.*

1. **Is there a deadline by which the CDBG-CV funds need to be spent? Someone said by December 31, 2020.**

*Applicants are asked to provide a timeline for the delivering the proposed activities and DHCD will monitor these timelines.*

*The 12/31/2020 date is incorrect. The CARES Act funds are available for allocation until 9/30/2022. DHCD is anticipating that funds will be utilized in* ***an expedited manner*** *and has not set timeline parameters. Contract documents will likely do this but will allow for more than enough time to spend the funds.*

1. **Can CDBG-CV funds be used for administrative costs such as to prepare applications?**

*The Massachusetts CDBG Program typically allows for partial reimbursement of preparation costs for funded applications. We would not anticipate this being a significant cost.*

1. **Are county governments eligible to apply?**

*At this time, no. DHCD will be looking into this for future allocations.*

1. **How do the population limits apply to regional applications?**

*There are no population limits that apply to regional applications.*

1. **How will applicants know if they have received an award?**

*Award letters will be distributed directly to awardees and DHCD will make direct contact with the person identified in the application. An announcement of awards will also be placed on the CDBG webpage as well as the HED COVID page.*

1. **Given the tight application timeline and the irregular meeting schedules now being used in many communities, would DHCD accept an application cover letter signed by a town manager/town administrator in lieu of one signed by a BOS chair?**

*If a town manager or town administrator has been designated signatory authority by the CEO they may sign the application.*

1. **What is the timeframe and process for grantees be notified of an award?**

*DHCD will work to complete review of applications as quickly as possible in order to make award announcements.*

1. **What would the start date of the award be?**

*The start date of the award would be the date of the award letter.*

1. **Are municipalities allowed to contract directly with organizations such as CDC’s and CDFI’s or do they have to go through a procurement process? And if no, can a municipality still apply even though they have not yet contracted on the application due date?**

*Municipalities may contract with other entities to administer programs and should follow the Commonwealth’s procurement requirements. The contractual relationship does not need to be in place at the time of the application but the process should be built into the time line for carrying out activities that are being applied for.*

1. **Will a single community application be less competitive than a regional application?**

*We have encouraged regional collaborations because we believe they will be more effective operationally and in reaching a greater number of communities. All else being equal, a regional application may have an advantage over a single community application.*

1. **Does seeking proposals from agencies as part of a municipality’s application satisfy procurement regulations?**

*The State CDBG program has adopted Massachusetts procurement requirements. Municipalities should consult with local procurement officers for these questions. We are not aware if there have been any accommodations to these regulations.*

1. **Can funds reimburse costs back to a certain date, such as April 1st?**

*The CARES Act allowed for the reimbursement of expenses directly related to the COVID-19 crisis regardless of when they occurred. HUD has determined that no funds may be reimbursed prior to the date that environmental review is completed.*

1. **NOFA says mini-entitlements are encouraged to be lead communities; however it also says that “The One Year Action Plan, as amended by the CDBG-CV substantial amendment, provides the underlying policy and takes precedence over language in all program components within this guidance.” The One Year Action Plan says mini-entitlements can’t join regional applications.  Can you clarify where in the amendment this change is made?**

*Also stated in the substantial amendment, “DHCD reserves the right to distribute CDBG-CV funds in any eligible manner that it deems suitable to be the most expeditious and effective to prevent, prepare for and respond to coronavirus”. The guidance in the NOFA carries out this provision.*

1. **Regional applications are encouraged in the NOFA. Can municipalities be on multiple applications – for instance, one regional group doing Microenterprise, and another for a social service in their community?**

*A municipality may participate in more than one application. However, because of the $400,000 limit for an individual community, each application must indicate the dollar amount of funds directed to that community from the application and a description of how the grantee will ensure compliance with the limit.*

1. **Given the tight application timeline and the irregular meeting schedules now being used in many communities, would DHCD accept an application cover letter signed by a town manager/town administrator in lieu of one signed by a BOS chair?**

*If a town manager or town administrator has been designated signatory authority by the CEO they may sign the application.*

1. **Does the public hearing notice need to be advertised in a newspaper or can it be posted with Town Clerk, the Town’s official website and/or social media?**

*Notice of the public hearing must be made broadly available. Newspapers are typically a good source for reaching all participants. Applicants should utilize whatever sources they think are best to make sure that the notice is broadly available to residents and particularly those who might benefit from the activities that will be applied for.*

1. **Is there an expectation that this money would leverage other funds? Is there an expectation of a municipal match or contribution from other agencies?**

*The NOFA does not require a match or contribution. However, budget considerations are part of the evaluation of the application.*

**Activity Related Questions**

1. **What are the reporting requirements for public services? Is there a required reporting format for these services?**

*Reporting for CDBG public services might vary with the type of service but typically is reporting the number served along with demographic and income information. We are waiting for additional guidance from HUD on the CDBG-CV funds and do not know if there will be changes to this. At this time, DHCD is anticipating using its Intelligrants Grant Management System (GMS) to manage grants and all reporting for this program.*

1. **Is documentation of AMI required?**

*It is expected that the activities funded through this program will meet the national objective of benefit to low- and moderate income persons, defined as less than 80% of the area median income (AMI) as determined by HUD. Income will need to be documented for all activities in order to demonstrate that the national objective has been met.*

1. **Can other services be provided to businesses such as technical assistance?**

*Technical assistance is an eligible activity for businesses assistance. The purpose of this program is to stabilize businesses that have been negatively impacted by the crisis and are in danger of going out of business and can demonstrate a loss. This use of funds would need to be able to demonstrate this.*

1. **Will the rental and mortgage assistance be run as a separate program and fully administered by the Regional Administering Agency? If so, what would be the responsibility of the community towards residents interested in the program and how will the program be marketed to the community?**

*It is the intent of the program to be fully administered by the RAA’s. Technically, the communities would have no responsibility but we would hope that a municipality would do what it could to help its residents learn about the program including posting information on its website.*

1. **When will HUD be making the decision regarding direct contracts to the RAA’s?**

*A good question that we don’t have an answer to. HUD tells us it will be soon.*

1. **Does the Environmental Review for the Micro Enterprise program need to be completed prior to submission of an application?**

*We have asked applicants to submit a completed environmental review form which was posted with the NOFA as part of the application submission. The form can address both public services and the Micro Enterprise program, as well as, other requirements at 24 CFR 58.6. The form should be signed by the communities CEO unless someone else has been designated to do so. The date of this form establishes the earliest date that CDBG funds can be utilized.*

1. **If a business has received assistance from another program such as the Payment Protection Program can it still receive assistance if it can demonstrate that the business still has unmet needs?**

*We believe this to be the case but are waiting for additional guidance from HUD on duplication of benefits.*

1. **Will businesses be able to document income using other methods than the submission of tax returns?**

*Yes, as stated in the NOFA.*

1. **Are small business (less than 10 persons) eligible or only micro enterprises?**

*The NOFA states that the program is for Micro Enterprises (a business* that has 5 or fewer employees, 1 or more of whom owns the enterprise)*.*

1. **Does Microenterprise assistance include support to employees, based on their income?**

*The assistance is to help business that have been adversely impacted by the crisis. Staffing costs are an eligible form of assistance. There is no requirement to document the employee income.*

1. **Is self-certification (via affadivit) by a business or social service agency sufficient to guarantee no double dipping?**

*DHCD is waiting for additional guidance on this from HUD and will communicate this when we receive it.*

1. **Is an owner's income based on their place of residence and not business location?**

*A business owner’s income should be based on their place of residence.*

1. **Can DHCD define currently in operation?  If a business was in operation but closed because of COVID, it would make sense that the business should be eligible for this funding.**

*“Currently in operation” means that the business has not permanently closed, gone out of business, filed for bankruptcy.*

1. **Can support to businesses be done under Urgent Need rather than meeting a low/mod threshold?**

*HUD has generally discouraged the use of this national objective. There may be instances where it can be used and would need to be dealt with on a case-by-case basis.*

1. **The BID and Chamber of Commerce is considering a joint proposal to purchase sanitizing stations, PPE, etc. for local businesses that would then be distributed as they re-open.  Is this eligible? Would a majority of businesses need to self-certify income eligibility?**

*It is unclear what this activity would be, and how it would meet a national objective, more information is needed. This is not an activity that is being offered under this NOFA.*

1. **If restaurants or businesses need to buy equipment (chairs, tables, barriers, signs) to re-open with outside spaces, is this eligible?**

*The purchase of equipment, fixtures, furnishings, property with CDBG funds is generally ineligible, except in some public social service activities and pending HUD guidance to otherwise allow. It is unclear what this proposed activity is as written.*

1. **Are home-based businesses eligible? For example: landscapers, contractors, artists, daycares, consultants, etc.**

*Legitimately licensed commercial businesses may be considered eligible for assistance*.

1. **How will the beneficiaries of the microenterprise assistance be calculated? Will the beneficiaries be the employees? The owner’s family?**

*The beneficiary is the business.*

1. **Can the funds be used to assist a business owner with making payments on a loan that they received prior to the start of the pandemic, even if it’s for an equipment purchase?**

*Funds may be used for working capital to cover business costs, such as rent, staffing, and utilities. Microenterprise Stabilization Program funds may not be used for major equipment purchases, purchase of real property, construction activities, business expansion, or lobbying.*

1. **Under the list of business types that are ineligible it includes real estate rentals/sales. Does that mean that landlords aren’t eligible?**

*As landlords would be considered to be in real estate rentals, they would not be eligible.*

1. **Are seasonal businesses eligible? For example, an orchard that might not sell their produce until the fall, but may have had negative impacts from COVID.**

*The NOFA describes parameters around eligible businesses. Municipalities may design programs with these parameters in mind. A business not excluded by DHCD’s description in the NOFA would appear to be eligible if the municipality determined it to be.*

1. **Are businesses who are behind on local or state taxes, but are current with a payment plan, eligible?**

*Through the NOFA, DHCD has established some basic parameters for municipalities to use in designing programs. Decisions like this would likely be a local one based on the program design and additional information that may be available at the time of application.*

1. **Through the social service portion of the grant, would it be possible to apply for funding for a local business assistance organization (CDC or chamber of commerce) to provide technical assistance to businesses with COVID-related planning (such as planning for re-opening, improving business to be more resilient during future pandemics, etc.)?**

*This type of Technical assistance to businesses is not eligible as a public service.*

1. **If we’re giving the microenterprise assistance as a grant, will we need to lien the business? If so, can recording fees come out of project funds?**

*As we are allowing for grants, it is not necessary to place a lien on the property. However, the grantee will need to have a mechanism to ensure that funds are used for what the business proposed to do with the assistance.*

1. **For businesses that receive CDBG-CV assistance, will the assistance count as income? We will have to issue 1099s?**

*DHCD recommends that municipalities consult with the IRS or DOR for the answer to this question.*

1. **We would like clarity on what is an eligible microenterprise and eligible microenterprise activity.**

*A microenterprise is a commercial enterprise that has 5 or few employees one or more of whom is an owner.*

Does the microenterprise owner have to be a LMI persons (≤80% of the AMI, based on family size)?

*Yes. Owners must qualify as an LMI person.*

1. **The NOFA specifies “*Microenterprise Assistance Program funds may not be used for major equipment purchases, purchase of real property, construction activities, business expansion, or lobbying”*   Can business expenses include equipment needed to run the business during the pandemic?  Are equipment they would not need during normal operations but now will such as masks, gloves, extra cleaning supplies, Plexiglas and installation, video cameras/computers, tables/tents, HEPA filter system, disposable linens considered eligible business costs?**

*The assistance is for operating costs to help the business remain operational. We are waiting for additional guidance on other eligible costs.*

1. **The NOFA states “ *CDBG-CV grantees must prevent the duplication of benefits, which means grant funds may not be used to pay costs if another source of financial assistance is available to pay that cost. This must be certified through the application from the business*” What resources would render duplication of benefits?   If a business receives assistance for payroll protection, can they also receive rent assistance through the CDBG-CV grant…ie can they receive funding for two different costs within the same business from two different sources?**

*DHCD is waiting for additional information and guidance from HUD on what constitutes the duplication of benefits. Certainly, municipalities should consider if a business is receiving funds from multiple sources for the same costs or for amounts that go beyond the demonstrated need.*

1. **We want to spread the benefit of this grant.  Can we combine microenterprise and public service assistance?  For example provide funding to restaurants up to $10k each to cook meals, hire a local livery service to deliver those packaged meals to seniors and families that qualify for foodbank and human services. Or pay farm stand to provide produce boxes to low income families/seniors?**

*Assistance to businesses is to help them stay in business and address impacts from the pandemic. Advancing funds to businesses as described here may be troublesome. Additional information may be needed****.*** *Food security issues can be addressed as a public service.*

1. **For micro-enterprises, what is the date of the “count” of number of employees? Is it the date of the grant application?**

*It would be at the time that the business applies for assistance.*

1. I**f there are two business owners, can the business be determined to be eligible if only one owner’s family income is within the income limits?**

*Both owners must be income eligible.*

1. **For municipalities where the community-wide LMI percentage is 51% or greater, will the microenterprise automatically be determined to be income-eligible?**

*If the business serves an area or whole community whereby said community or area is greater than 51% low income, then the business is eligible to participate regardless of the business owner’s total household income. However, there must be*

* *documentation maintained that describes the service area and the “method used to determine the service area."*
* *And the business must serve that area only, documentation of this must also be maintained. For instance, a business that has a clientele that was based on users from outside the area would not qualify – for instance a business that relied on tourists, or served a larger region that was outside of the service area.*
* *the businesses would need to serve areas that are primarily residential.*

1. **The CDBG-CV NOFA states “municipalities do not need to apply” for funds for Emergency Rental and Mortgage Assistance. Does that mean municipalities cannot apply for funds for this use?**

*As stated in the NOFA, DHCD will be making $10 million of the CDBG-CV funds available for Emergency Rental and Mortgage Assistance. Because of this, applications for additional funds for this service will not be accepted.*

1. **If a Small Business/Microenterprise has already received a SBA-PPP loan would that disqualify them from funding through this program?**

*Not necessarily. We are waiting for additional guidance on this topic from HUD.*

1. **Can the assistance be in the form of a no-interest loan, to be forgiven upon documentation that the business spent the funds where proposed and has remained operational?**

We have determined based on input that the assistance would be in the form of a grant due to the nature of the crisis and the burden loans would put on businesses struggling to survive. We will not say no to this mechanism at this time but will consider it in the context of a program design. Grantees will have to have some mechanism for ensuring that assisted businesses use funds as intended.

1. **Are municipalities and/or nonprofit microenterprise service providers allowed to be partners on multiple applications for this NOFA if those applications will serve distinctly different target populations or provide distinctly different services?**

*Nonprofit providers may be procured and contract with communities to assist with implementation of grants and grant activities. There is not restriction on this taking place for multiple applications.*