

Frequently Asked Questions About Food Security Funding under the Community Development Block Grant Program (CDBG) Food Security with Community Development Block Grant (CDBG) CARES Act Funds April 27, 2022

DHCD has proposed using its CDBG CARES Act Phase 3 allocation to address food insecurity. DHCD explored the potential for granting funds to Community Foundations to provide food security and address hunger in their respective services areas. 13 Community Foundations (CFs) of 14 agreed to participate. The Boston Foundation (TBF) declined. TBF covers 30 communities in the greater Boston region that are not covered by another Community Foundation. DHCD reached out to MASSCAP to grant the TBF region funds to MASSCAP to work with the CAAs covering those 30 communities.

The FAQ below captures the most asked questions from these grantees that should help with the implementation of these CDBG funds.

1) How were allocation amounts to the grantees determined?

DHCD worked with the Metropolitan Area Planning Council to devise a formula using the following five (5) indicators: 1) Poverty Score, 2) SNAP Change Score, 3) Health Impact, 4) Economic Impact Score, and 5) Gateway Plus Score. Using the overall relative scores for each of the 14 regions/service areas, we will allocate the available funds on a prorated basis.

2) How will the allocation amount to our subrecipients be determined?

The amount awarded by the grantees to each individual community-based organization (CBO) would be determined by the grantee based on some sort of outreach/RFP process with the CBOs. Grantees will be required to enter Professional Services Contracts with organizations receiving CDBG funds. A sample Professional Services Contract was provided by DHCD and is available on DHCD's webpage. Organizations receiving CDBG funds from grantees will also be required to complete a Duplication of Benefits form, a sample of which was also provided.

3) Can DHCD advance any funds?

DHCD recognizes that most organizations do not have capital resources to provide startup funding for programs and activities providing food security. DHCD further acknowledges the organizations administering the programs are themselves operating with limited financial resources.

The following outlines the steps DHCD proposes to take to ensure effective and responsible administration of these Federal grant funds for this Food Security Program.

- a. DHCD can advance 5% of the budgeted contract amount to each Grantee upon grant contract execution.
- b. From that point forward, the grantees would be able to request funds as needed through the system, with drawdown amounts based on:
 - invoices presented to grantee by organizations the grantee is supporting (Subrecipients) for expenses paid, OR
 - evidence of costs incurred (not necessarily paid) by the Subrecipients, OR
 - immediate cash needs, based on what the grantee and its Subrecipients would
 - expend within one warrant cycle (the grantee's warrant cycle – typically one month).

- c. It would not be necessary for grantees to provide that backup documentation to DHCD with the drawdown request, but it should be available in each grantee's files upon request by DHCD or the Department of Housing and Urban Development during monitoring.
- 4) What exactly can these funds be used for? What is the exact eligible use of funds?
- a. Eligible Activities - CDBG funds may be used to provide public services to address food security needs related to the impacts of the COVID-19 pandemic. This could include food, labor, supplies, materials, and other costs required to run a food provision program such as rent, utilities, salaries, administrative costs, etc.
 - b. Food Assistance activities could include assistance for food banks, food delivery and access programs such as Meals on Wheels or other services. This could include a range of mechanisms to deliver food assistance, in some regions or communities through food pantries and in others with more layered delivery systems that may secondarily benefit restaurants, servers and other workers, food suppliers, and farmers even though the primary intent is to provide food to needy, income eligible individuals and households. Each program funded must be able to demonstrate that at least 51% of the persons being provided assistance qualifies as low or moderate income (80% of area median income).
 - c. **To meet CDBG requirements a public service must be either:**
 - i. **A new service; or**
 - ii. **A quantifiable increase in the level of a service above that which has been provided as a result of COVID-19. This requirement is intended to prevent the substitution of CDBG funds for recent support of public services by the grant recipient using local or state government funds.**
 - d. **There must be documentation that the public service prepares for, responds to or prevents the impacts of CV-19.**
 - e. **All costs must be reasonable.**
- 5) Can the funds be used to acquire vehicles, e.g., refrigerated trucks for transporting and food and keeping it fresh?
Yes, and in those cases the vehicle must be tied to the provision of the service. We'd also need to know if the vehicle would be used for any other purpose. Consult with your Program Representative on other reporting requirements, as some property purchases may need to be recorded in the [Property Register](#) section of Intelligrants.
- 6) Can the funds be used to purchase real property or make property improvements?
No. Both purchase of real estate and property improvements are considered "bricks and mortar" and are treated as public facilities activities - not public services - for purposes of a Massachusetts CDBG Program.
- 7) Can we RFP for vehicles, such as refrigerated trucks?
Yes
- 8) Can the funds be used to lease or rent space?

Yes, paying costs of operating a facility (leasing space) in which a service is located is eligible. Rent, like the cost of utilities, copy machines, insurance, is considered part of the operating cost associated with administering public social services.

9) How much can be used for admin for grantees?

12% for grantees

10) Can that admin funding be used to have a partner entity deal with the CDBG administrative work?

Yes

11) What kind of grant contract will be required between DHCD and the grantees?

A Standard Contract Form required by the Commonwealth, with CDBG-specific attachments related to the program requirements, a sample of which is attached as Final CDBG Attachment A FY 2020.

12) What kind of reporting is required? The screenshot provides the categories of reporting required.

The Federal CDBG program requires quarterly reporting on actual individuals served. Provided below is the demographic information we are required to collect on individuals receiving food assistance, in a screenshot from the grant management system DHCD uses to capture the number of individuals served, as well as income, race, and ethnicity data.

	Applicants				Total	Beneficiaries				Total
	*0-30	31-50	51-80	>80		*0-30	31-50	51-80	>80	
White	90	57	11		158	90	57	11		158
Black / African American					0					0
Asian	1				1	1				1
American Indian / Alaskan Native					0					0
Native Hawaiian / Other Pacific Islander					0					0
American Indian / Alaskan Native and White	1				1	1				1
Asian and White					0					0
Black / African American and White					0					0
American Indian / Alaskan Native and Black / African American					0					0
Balance / Other	13	4			17	13	4			17
Total Residents	105	61	11	0	177	105	61	11	0	177
Hispanic Included in "Total Residents"	2	1			3	2	1			3
Female Head of Household	3	1			4	3	1			4
Handicap	29	3	1		33	29	3	1		33
Elderly (60+)	42	33	4		79	42	33	4		79

* Median Family Income (MFI) percentage.

13) How often do we need to submit reports?

Quarterly Reports - due by the 15th day following end of quarter, which include narrative and updating accomplishments and performance measure information

Update accomplishment statistics on an on-going basis as much as possible to demonstrate consistency with spending and quarterly at a minimum.

14) What does the line in the chart above "Hispanic Included in Total Residents" mean, and how should data be entered?

Hispanic is a category of ethnicity, not race. Hispanic relates to Spain or to Spanish-speaking countries, like those of Latin America. A Hispanic person should also be included in one of the "race" categories above.

- 15) Besides the issue of an enormous volume of paperwork, many undocumented people are reluctant to accept services if it means they must provide certain information. Can we determine income eligibility in other ways besides self-certification?

To determine income eligibility, grantees and their sub-grantees can have beneficiaries “self-certify” their household income information without asking for any backup documentation. A sample self-certification form was provided by DHCD.

There are also situations that do not require self-certification, because the nature of the program, or of the person assisted, that deems them income eligible. Those include:

- Low Mod Income Area (LMA) – e.g., neighborhood service center that is limited to serving a particular primarily residential area documented by US Census data to be predominately (at least 51%) low and moderate income. Contact your DHCD Program Representative if you have a sub-grantee that meets this requirement. Documentation of a Low Mod Income Area must be provided.
- Particular population – e.g., public housing residents, or a service that ONLY serves a low-moderate income population. The program must be designed to serve the particular population exclusively.
- Categorical eligibility, i.e., Recipients of other income eligible programs automatically deemed eligible – e.g., school lunches, fuel assistance, rental voucher program – *if the program serves this population exclusively.*

Documentation on how these situations meet the income guidelines must be available in the files of the grantees and/or the subgrantees. Number of non-duplicated persons served will still have to be reported. **Determining income eligibility by any means other than self-certification would require consultation with DHCD.**

- 16) Why is it necessary to document the low-and-moderate income status of recipients when using CDBG funding?

The CDBG program is one of the longest running community development programs of Housing and Urban Development (HUD). CDBG has been used to fund public infrastructure, such as street and sewer improvements, affordable housing rehabilitation, business development, and many other community development activities. The primary national objective of CDBG is to benefit low and moderate income (LMI) persons defined as below 80% of an area’s median income.

When CDBG funds are used, some level of income documentation is always required to document national objective. Self-certification is typically used for public social service programs. It is the simplest method of demonstrating compliance with LMI benefit. A model form was provided.

- 17) How should beneficiaries that are presumed to be eligible (i.e., recipients of other income eligible programs who are automatically deemed eligible (school lunches, fuel assistance, public housing resident) be reported?

Here is HUD’s guidance on reporting for these categories.

Abused children - Extremely low income (0-30% Area Median Income)
Battered spouses - Low income (31 – 50% Area Median Income)
Severely disabled adults - Low income (31 – 50% Area Median Income)
Homeless persons - Extremely low income (0-30% Area Median Income)
Illiterate adults - Low income (31 – 50% Area Median Income)
Persons with AIDS - Low income (31 – 50% Area Median Income)
Migrant farm workers - Low income (31 – 50% Area Median Income)

Elderly - If assistance is to acquire, construct, convert, and/or rehabilitate a senior center or to pay for providing center-based senior services, report the beneficiaries as moderate income. If assistance is for other services (not center-based), report the elderly beneficiaries as low income. If an activity serves a combination of these groups, identify the number in each group and report those numbers under the appropriate income levels.

18) How will the information from individual recipients who complete certification forms be kept confidential?

DHCD will not verify client identities or investigate any client's background. The sub-grantee is responsible for ensuring that this form is completed with a client name and signature. When the sub-grantee provides monthly reporting to the community foundation (CF), they are providing summary-level data only without any names or other identifying information. This data will then be entered into the beneficiary data field in the Intelligrants system and, ***no personal information is recorded.***

- 19) It's assumed that Community Foundation's will work with sub-grantees to provide direct services to recipients. Will DHCD review the background of all participating sub-grantees before funds can be spent? What happens if a sub-grantee is unable to provide the necessary LMI benefit information?

Sub-grantees do not need DHCD approval to participate but we would be happy to provide input on programs that you propose to support after you have conducted your RFP process. DHCD cannot indemnify you from the federal requirements for LMI reporting, but we trust that you and the entity's you engage with will do your best to collect and report it. Our primary goal is to get funds out the door to assist persons in need.

- 20) Does there need to be a services contract between the Community Foundation and each of the subgrantees (food pantry, housing authority etc.)?

Yes. Grantees will be required to enter Professional Services Contracts with organizations receiving CDBG funds. **A sample Professional Services Contract was provided by DHCD and is available on DHCD's webpage.** Organizations receiving CDBG funds from grantees will also be required to complete a Duplication of Benefits form, a sample of which was also provided.

- 21) Does each beneficiary need to complete the Duplication of Benefits Form?

For non-duplication of benefits – the expectation is that it is for CDBG funds, correct? I cannot imagine you would ask us to say, follow Jane Smith through Lawrence to the multitude of agencies that she receives food on a weekly/monthly basis, we are not expected to track that person across all the places they receive food, correct?

No, Only the sub-grantee needs to complete, not the person receiving the assistance.

- 22) Can an entity receiving ARPA funds also receive this CDBG funding, or is that a Duplication of Benefits?

Yes, if the funds are used to address a different need, or if there are insufficient funds to address the total need. HUD defines a Duplication of Benefits as occurring 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.

- 23) What reporting requirements are necessary to document the community foundation's general administration fee?

Reports that will be monitored by DHCD staff include but are not limited to, payroll reports, salary allocations, timesheets, job descriptions, rent, all expense invoices/backup documentation, etc.

- 24) Can a Community Foundation (CF) grantee provide fiscal management services to a sub-grantee that is waiting for its non-profit status to be approved?

Yes, this is acceptable. An agreement between the CF grantee and the sub-grantee that protects the integrity of the CDBG funds and helps the CF carry out its fiduciary responsibility must be in place. Consult with your Program Representative if you have a specific situation that involves a fiscal sponsorship.

- 25) Are separate bank accounts necessary to properly account for the CDBG funds?

For this program, the fiscal team has determined that the Community Foundations will not require a separate bank account for the CDBG CARES funds, however, the CDBG funds must be tracked separately in ledgers and accounting records for audit purposes.

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26) Is a A-133 audit required, and if so, can that cost be borne by the general administration fee?
If the awardees receive and pass through more than \$750,000 in a fiscal year, or if they have combined federal expenditures with other programs exceeding \$750,000 in a fiscal year, they

would need a Single Audit. The cost of an audit is an allowable cost but should be proportional to any other programs covered by the audit.

27) Would a community fridge in a designated food desert be eligible?

Yes, this would be eligible, so long as this is a new or expanded activity, meets national objective compliance and the tie to COVID is documented.

28) We would like to use this funding to allow organization to provide grocery gift cards, which give families more control over their food needs, is this okay?

No, **grocery gift cards and food debit cards are not eligible** under the CDBG regulations.

29) Does MA Chapter 30B relate to grantees and or contractors/sub grantees in the CDBG-CV food security program?

The Massachusetts Legislature enacted the Uniform Procurement Act (Chapter 30B) in 1990. Chapter 30B establishes procedures to follow for most agreements for acquisitions of supplies and services, dispositions of surplus supplies, and real property acquisitions and dispositions by **local governmental bodies**. If Foundations undertake an RFP process to solicit services, guidance may be found here. <https://www.mass.gov/files/documents/2017/01/oi/publicsocialservices.pdf>

30) Many CF grantees are purchasing/leasing capital items. What are the reporting requirements and how should the national objective be documented?

Capital items should be reported for the term of the grant and beneficiary data collected based on the information in answer to Q.15 above. Remember, any capital item must be tied to an increase in need/demand or a new service as a result of COVID. A justification needs to be documented and maintained in the files.

31) Can the purchase/lease of capital items be done on a pro-rated basis?

Yes, if there are other funds available to complement the CDBG funds or if the CDBG funds will be used to address an increased need, and this "increase" can be attributable to only a percentage of the overall need and cost or if the equipment can be pro-rated to a portion of a physical area served.

32) Can funds be used to pay for computers, printers?

These are eligible costs if they are used to support the funded food security program.

33) Are churches or religious organizations allowed to act as subgrantees?

Organizations that are religious or faith-based are eligible, but may not engage in inherently religious activities, such as worship, religious instruction, or proselytizing, as part of the programs or services funded.

34) Can the Professional Services Contract be modified?

Yes, this can be modified, as needed, if they are not substantial to the contract language. For example, modifications may be made to "City/Town/Municipality/Consultant" as needed. Foundations should follow their own established guidelines for contract execution and signatory.

35) Do we need a self-attestation form EACH time people receive food assistance?

No. The self-certification of the household on the first visit ONLY meets the income-eligibility requirement and provides the non-duplicated number that must be reported in the beneficiary detail.

36) Is it correct that that we only report each person one time? So, for example, if a food provider knows that Jane Smith receives resources every month she is only reported once, correct?

Yes, this is correct. The beneficiaries are only reported once in the beneficiary detail screen in Intelligrants. However, in the narrative for the quarterly report, you may opt to include information that includes total visits or meals. This is not required but may be helpful in conveying the total volume of services provided. For example, "there were 1500 visits to the food pantry this quarter."

37) Would a grocery delivery service (Peapod) be ineligible like, buying a gift card to a grocery store?

It depends.

- If it's a delivery gift card, then it's not eligible.
- If they're paying a delivery bill on behalf of a beneficiary, then it could be eligible if the subrecipient pays the vendor directly.
- If the subrecipient receives an invoice or a copy of the receipt after the funds were used, and if they have a way to document how the funds were used, then it's probably ok. If they don't, then it would be viewed like a cash benefit, and it would be ineligible.
- The program should have policies and procedures to ensure cost reasonableness.

38) If a walk-in cooler is purchased through the grant would installation be eligible (ie. electricians, contractors, light construction)?

Per consultation with HUD, there are two regulations to determine if the incidental work associated with this (or any similar situation) is eligible. The answer ultimately depends on how much of CDBG funds finance the purchase of the walk-in cooler, and how much work is involved to install it; and if that work is considered construction work.

If the installation costs are less than 13% of the total equipment cost, then these costs would be eligible. If they are greater than that amount, they are ineligible as Davis Bacon Wage requirements would be triggered. There could also be potential environmental impacts that were not considered depending upon the physical nature of the installation.

- 39) We are interested in working with a nonprofit that serves schools currently classified as free lunch schools due to federal funding in response to the pandemic. It would be a barrier for this nonprofit to collect individual demographic and income information from each student served due to logistical limitations. Is there an acceptable alternative method?

The Title 1 Free/Subsidized School Lunch program is currently under a waiver from the federal government in response to the pandemic. This waiver allows all children to access free lunches, regardless of income. You would need to determine what percentage of the kids are from households earning 80% AMI or less. Acceptable methods would include:

- Access the data that the school or district used to qualify kids for The Title 1 program pre-pandemic
OR
- You could provide demographic data for the schools that will be targeted. The expense would be pro-rated based on the % of LMI kids at a given school.
- **See Answer to Q.15 in FAQ for more detail**

- 40) If food organization were to partner with a school district, for example on a dinner program, can they use the districts categorization as being over 51% low and reduced lunch as a qualifier of Low and Moderate Income? In this or similar partnerships, who is responsible for the self-attestation form the nonprofit or the school district?

See Q 39.

The grantee is responsible for obtaining this information and providing to DHCD. Grantees can establish procedures for obtaining relevant information from sub-grantees, school districts, or other sources.

- 41) In the category of capital expenses, can we provide funding for items like fuel costs and maintenance?

Yes, assuming parameters in Q4 are met. 2 CFR part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards) allows for these costs as part of a public social service program.

- 42) Would a position doing food systems-oriented work – for example, system mapping, other systems analysis, system improvements — be an eligible expense under this grant?

Planning -type activities are NOT eligible under this grant.

- 43) There is tremendous concern about the reporting requirements. If a person does not want to disclose their address on the self-certification, could they use the food bank address?

DHCD normally requires subrecipients to collect addresses as part of the recordkeeping requirements.

In consultation with HUD about this issue, and HUD advises against using a food banks address (or having multiple self-certification forms indicating the same address) on the forms. Blank forms or “left blank for privacy reasons” notations are preferable. However, the aggregate documentation must be sufficient to demonstrate that at least 51% of the beneficiaries are LMI.

44) How do you recommend immigrant/refugees self-report income? What is acceptable?

There is no reason that immigration status should be collected.

45) When referring to programs or services “that results in a quantifiable increase in the level of a service above that which has been provided as a result of COVID-19” does this refer to the number prior to COVID compared to when COVID began (say, late spring 2020) or is the state looking for a steady and ever-increasing number of people served?

An increase that compares pre-COVID service levels as compared to service levels in response to COVID (March 2020 and beyond) would be an acceptable way of documenting this requirement. We are looking for a reasonable tie-back to the impacts of COVID. If you are unsure, please contact your Program Representative.

46) Intelligrants -Can you confirm:

- a. there should be one project set-up for each service provider, aka subgrantee, aka contractor (so we could have multiple projects?)
- b. that each project/subgrantee has at least one contractor?
- c. The contractor and the service provider/subgrantee/project would be the same entity if it was for their internal payroll expense

Yes

47) For Purchases like “XYZ Food Pantry buying a refrigerator” at Best Buy (Best Buy would be the contractor, and XYZ Food Pantry would be the service provider/subgrantee/project) in Intelligrants?

“Best Buy” does not need to be set-up as a separate contractor under the XYZ Food Pantry. For purposes of Intelligrants, the sub-grantee (Name of Organization) is the same as the Project and the Contractor. Once all Projects and Contractors are set up in Intelligrants, expenses are recorded for each contractor. The fiscal staff will provide instruction on how to input expenses. The “notes” section can be used when recording expenses to provide detail on specific expenses, e.g., in this case “Best Buy refrigerator”.

48) How many months of COVID-response benefits the Commonwealth is requiring of equipment purchased with CDBG funds, especially given the supply chain challenges of procuring equipment?

Each situation may be unique and may depend on what the scope of services and the contract period is for that sub-grantee/provider. The period of performance for these grants ends 3/31/23, and these funds are intended to address immediate needs related to COVID. It is recommended that there be sufficient time to collect documentation to demonstrate compliance with LMI benefit. This time period will depend on how the benefit is going to be determined i.e., self-certifications may take longer to collect and to establish compliance, whereas other methods may be more direct and national objective can be clearly verified. If self-certification is used, it is recommended that at least a **six-month** period is used to collect sufficient data to document.

- 49) We've received a couple of applications for funding which include salary and wages of existing staff to administer the program for which they are applying for support. I know that new positions can be funded through this grant but I'm unclear about how to deal with existing staff time. Is that just part of the 10% admin costs our CBOs can use and if so, do they have to specifically account for that time? Or should we include their hours in the program claims, again accounting for their time?

Salaries and wages are a part of the program costs. If you can demonstrate that there is a COVID-related increase, these are allowable program costs. Payroll expenses should be tracked/allocated by revenue source. If there are multiple grants or funding sources for a given position, tracking should show how time is allocated across the sources. CDBG cannot pay for existing staff that are already fully paid from other sources, unless they are working additional hours. Staff time allocations can be adjusted to represent their work on the CDBG program. Staff costs cannot be paid by duplicate sources (no double-dipping). Please consult with your fiscal representative with questions.

- 50) Among the projects we look to submit for the CARES Block Grant includes a project that expands our work in the Housing Authority. In terms of keeping records, if we serve Public Housing authority residents, would we need to acquire individual data? Since this part of the project is dedicated to a population, would the reporting structure look different? Just trying to understand the obligations on our end. We've developed a good relationship with the residents (who are often distrustful of government agencies) so if we need to get data, I don't see that as a barrier to service. I know that a nonprofit working directly with the housing authority does not need to use the self-attestation forms. Is there anything they need to do to prove the income of the people served?

Grantees should have a statement on file that beneficiaries are LMI (presumed eligible) as a result of being in a program with an income-eligibility requirement. Individual self-certification forms are not required. However, you must have a method for collecting race/ethnicity info.

- 51) If a nonprofit organization is purchasing food, are there guidelines for the procurement? Do they need competitive bids, etc.? How about for capital purchases? Do they need multiple bids?

DHCD has established that for the Community Foundation sub grantees/nonprofit organizations, and in accordance with [24 CFR 570.489 -- Program administrative requirements](#) that:

Purchases must be necessary and reasonable, demonstrate cost reasonableness; and procurement must follow sound business practices. Detailed guidance may be found at:

- ❖ [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) and
- ❖ <https://www.hudexchange.info/sites/onecpd/assets/File/Playing-by-the-Rules-Handbook-CDBG-Subrecipients-Administrative-Systems-Chapter-3.pdf>.

All organizations must maintain **records** detailing the history of the procurement (2 CFR 200.318(i)). These records should include your rationale for the method of procurement used, selection of contract type, contractor selection/rejection process, and the basis for the contract cost or price.

2 CFR 200.318 also includes several cost saving methods that can be mentioned, such as shared inter-entity procurements (200.318(e)) and use of surplus property (200.318(f)). The following summary information is to be used as a guide for purchases:

Micro Purchase – 2 CFR 200.67 (Purchase of supplies or services at or under \$10,000)

- Does not require solicitation of competitive bids/proposals
- Requires need and rationale documentation
- Requires cost reasonableness documentation (based on research, experience, purchase history or other information and documents it files accordingly)
- Requires applicable federal contracting language in the contract
- Requires documentation of best efforts to use small and minority businesses, women's business enterprises, and labor surplus area firms when possible (200.321)
- Domestic preferences for procurements (200.322)

Small Purchase – 2 CFR 200.320 (b) (Purchase of services, supplies, or property below the Simplified Acquisition Threshold of \$250,000)

- Requires everything required for micro-purchases **AND**
- Requires documented informal solicitation of bids/prices - solicitation information must be consistent for all vendors

52) How many years after the grant period does equipment need to be tracked? Is it 3-5 years?

This HUD resource offers guidance about the disposition of personal property, some of which is highlighted below. <https://www.hudexchange.info/sites/onecpd/assets/File/Playing-by-the-Rules-Handbook-CDBG-Subrecipients-Administrative-Systems-Chapter-4.pdf>

CDBG funds may be used for equipment when such items constitute all or part of a public service pursuant to 24 CFR 570.201(e), such as a Meals on Wheels vehicle; however, *leasing vehicles is normally the preferred option (2 CFR 200.465(e))*. Grantees should consider whether they can achieve the same program objectives utilizing leasing.

For organizations using CDBG funds for equipment, the following principles apply:

- Acquisition (2 CFR 200.313(a)): Title to equipment acquired with CDBG funds is vested in the organization acquiring the equipment (personal property), subject to the conditions described.
- Use (2 CFR 200.313(c)): Your organization must use equipment purchased with CDBG funds for the CDBG program or project as long as needed, whether or not the program or project continues to be supported by Federal funds.

If CDBG funds are used by a subrecipient to acquire personal property, the Foundation, through its agreement with its subrecipient(s), are responsible for ensuring:

- That the property is used for its intended (and approved) purpose.
- That the property is maintained in good condition.
- That, if the property is sold after purchased, or within 3 years from the date of submission of the final QR, the CDBG Program is reimbursed for the CDBG share of the property's value.

Several key themes apply to most property:

- Property acquired with CDBG funds for a specific purpose must be related to food insecurity.

- The use of that property for its approved purpose must continue.
- The personal property must be needed and used for the CDBG activity.
- Accurate records for the property (e.g., purchase date, ownership documents, acquisition price, location of where it's kept, physical description, maintenance history and condition, original and current use, and other inventory types of data) must be maintained.
- The use of the property must be in accordance with its intended purpose, and consideration must be given to prevent its damage, theft, or loss.
- If the property is no longer needed, it must be disposed of according to specific rules which address issues such as paying back the grantee, accounting for program income, etc.
- In general, the rules for acquisition, management, and disposition of real property are found in the CDBG Regulations (24 CFR 570), and the rules for ownership, use, and sale of personal property is in the Omnibus Circular (2 CFR 200).

Management requirements (2 CFR 200.313(d)): For personal property and equipment (including replacement equipment) acquired in whole or in part with CDBG funds, **the Foundation, through its agreement with its subrecipient(s)**, must have procedures and control systems in place to keep adequate equipment records (2 CFR 200.313(d)(1)), including:

- Description of the property.
- Identification (such as an ID or serial number).
- Funding source.
- Name of titleholder.
- Acquisition date and cost.
- Federal share of the cost.
- Unit acquisition or rental cost.
- When appropriate, disposition data (date of disposition and sale price).
- Location, use, and condition.
- Conduct a physical inventory of the property no less often than every two years, including a reconciliation of the inventory with the equipment records.

Responsibility of the Foundation: The Foundation must track property purchased through any subgrantee for a period of 3 years from the date of submission of the final quarterly report through an annual certification form signed/dated and submitted by the subgrantee to the Foundation reviewed and signed by the Foundation that the use and management requirements above are being followed. that includes information about the use/condition/location of the property.

If the personal property is no longer needed for the originally authorized purpose; the Foundation must obtain disposition instructions from DHCD. Please consult with your fiscal rep for any disposition

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questions.

53) If a nonprofit receives a CDBG grant from the town through their CEDDA Department (Community and Economic Development). Are they still allowed to apply for your program provided it does not duplicate funding?

Yes. See answer to Q.22