

**Community Block
Development Grant (CDBG) &
Coronavirus (CBDG-CV)
Frequently Asked Questions (FAQs)**

January 2023



Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Table of Contents

National Objectives, Eligible Activities, and Eligible Costs.....	3
General.....	3
Economic Development.....	8
Income Verification.....	10
Subsistence Payment Programs.....	11
Cross Cutting Elements and Compliance Documentation	13
Procurement	13
Closeout	13
Program Income.....	14



Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Version Number	Date	Amendments
1.0	2022	Compiled questions from Office Hours, TA requests, and Grantee emails
2.0	8/31/22	Separated NOFA FAQ from Program FAQ
3.0	1/2023	

National Objectives, Eligible Activities, and Eligible Costs

General

- 1. Does a planning grant application that is for a jurisdiction's income survey meet the National Objective of LMA?**
- 2. Can we conduct an income survey under CDBG grant?**

All activities in the State CDBG Program must meet a National Objective, including planning only activities. An income survey does not plan for meeting a particular National Objective, nor is it guaranteed that the survey will result in a determination that 51% of the population of a particular service area is LMI. An income survey allows a Grantee whose project service area does not meet LMA by census data to determine eligibility for CDBG funds.

The cost of an income survey can be reimbursed with General Administrative funds as those do not have to meet a National Objective. The Department understands the need for conducting income surveys as the ACS data has large margins of error in rural area. We are working on some strategies for assisting our communities to access resources to complete them.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, Tools: How to Conduct Income Survey & Income Survey Methodology Checklist (Pending: in development)

3. What activities are eligible under the 21 D Fair Housing Activity?

Matrix Code 21D includes Fair Housing Activities that are carried out as part of general program administration and therefore do not need to meet a national objective. Fair Housing activities under 21D are subject to the 7% general administration cap.

Although commonly used in the CDBG Entitlement Program, HCD does not separate costs of required Fair Housing activities from general administration costs in IDIS, HUDs reporting system.

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Fair housing activities carried out as a public service, should use Matrix Code 05J. An example of an 05J activity is a program providing counseling on housing discrimination. The activity would need to meet a national objective.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, Section 2.5.7 Public Services

4. Is case management for permanent supportive housing a public service? Which Matrix Code would this fall under? Would we be able to include items such as interview clothing, bus passes, gas cards as needed in the supportive services plan?

Yes, case management for permanent supportive housing would be considered a public service. 05Z is a sort of catch all for if you're doing multiple activities that are not specific to a single action, so it may fall under this category. However, we recommend you use the link below to determine that your program does not better fit a different code.

Note: these services are limited to case management for permanent supportive housing and are not necessarily eligible under other activity types.

[Matrix Code Definitions - HUD Exchange](#)

Applicability: CDBG Programs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, Section 2.5.7 Public Services

5. Can county-wide CDBG programs benefit residents who live in Tribal areas?

This is technically allowed; however, you must keep in mind that the resources that are being allocated should be focused on the non-tribal areas. Federally recognized tribes get their own source of funding, so you need to make sure that the types of programs that you're planning are not significantly benefitting or geared toward tribal residents at the expense of the other residents in the county.

Applicability: CDBG Programs

*Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, [Section 2.6 Activities Serving Beneficiaries Outside the Jurisdiction of Grantee](#), "Any activity utilizing CDBG funds must *significantly* benefit residents of the jurisdiction of the Grantee. For an activity to significantly benefit residents of the Grantee's jurisdiction, the CDBG funds expended by the Grantee must not be unreasonably disproportionate to*

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

the benefits to its residents. HCD considers significantly benefitting to be no less than 70% of all beneficiaries.” (note: this is a pending update to Chapter 2)

6. Does it affect members of federally recognized tribes not on tribal land or only on tribal lands?

It would apply to both. The program must be for the primary purpose of benefitting the jurisdiction that is applying. If there happen to be members of a federally recognized tribe participating in the program, that’s acceptable as long as the program is primarily benefitting residents of the jurisdiction. Administering a program involving real property on tribal land can be very complicated so be aware of that when designing a program.

Applicability: CDBG & ESG Programs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, Section 2.6 Activities Serving Beneficiaries Outside the Jurisdiction of Grantee, “...the grant cannot be used to provide a significant benefit to the entitlement jurisdiction unless the entitlement grantee provides a meaningful contribution to the project. HCD must approve any activity proposed in an Entitlement jurisdiction, including the amount of funds contributed by the Entitlement, prior to application for CDBG funds.”

7. Can we get sample program information for a Neighborhood Cleanup activity? We are late choosing this as an activity and starting from scratch. I'd appreciate application/guideline/budget info. Also, can we create a program to fund our code enforcement officers with activity delivery funds for outreach and referrals, pay our public works employees with activity delivery to clean up public spaces and then complete an RFP for a junk removal service to complete the junk removal from private properties?

8. In the past, for Neighborhood Cleanups, the activity could only take place in public right-of-ways and not on private property. Has this changed?

HCD is happy to put Grantees carrying out similar activities in touch to see if they’re willing to share their program design. as All costs must be clearly defined as a component of the eligible activity/project and all hours are tracked specifically to the CDBG activity and meet a national objective.

Please be aware that providing a “junk removal” from private residences does not fall under the LMA national objective, as that is a direct benefit. Neighborhood cleanup on private property can only be done when slum and blight or urgent need national objectives are used. In order to use these national objectives, the applicant must consult with HCD. HCD has full discretion over whether these national objectives can be used.

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

However, if “junk removal” or “heavy trash” pick up occurs at drop-off locations or curbside, it would be allowable under LMA.

Applicability: CDBG Programs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, Section 2.5.7 Public Services “Under this category, CDBG funds may be used to provide public services (including labor, supplies, materials, and other costs).”

Chapter 6 Financial Management, Section 6.2, Administrative Costs “For those projects directly administered by the grantee, employees paid in whole or in part from CDBG funds should prepare timesheets indicating the hours worked for each pay period. Timesheets must show the exact hours each individual worked on the project, the hours worked on non-CDBG projects, the date on which the work was performed, and a description of the work performed. The employee and the employee's supervisor must sign the timesheet.”

9. Is racial equity a federal CDBG requirement or HCD requirement? If federal, please let us know the regulation citation. If it's an HCD requirement, does it meet the national objective and therefore it can be billed as activity or does it need to be billed as administration?

The requirement to further racial equity is not a regulation, but rather an HUD initiative to ensure racial equity is prioritized in federal programs including CDBG. The national objectives still apply as originally indicated, but the requirements around racial equity are to look at your program design carefully to make sure that you are serving marginalized communities. Again, this is not a regulation, but is best practice for conducting your activity delivery. Developing programs that prioritize racial equity are General Administration costs. Actual implementation of the program would be an Activity cost.

Applicability: CDBG Programs

Relevant GMM Chapter: Appendix B: Equity and Belonging Toolkit (Pending: in development)

10. For CDBG COVID-19 program. With rent being included again in the program, previously arrears utility expenses on the first application were counted as 1st month of assistance. To avoid lead test (100-day rule) rent assistance has a maximum 3 months. Will rent assistance arrears be counted as 1st month of assistance or coverage only available for 3 months of billed amounts in the 3 consecutive months regardless or arrears?

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Rental assistance arrears can be counted as the first month of assistance, as long as the assistance is for arrears incurred no earlier than April 1st, 2022.

Applicability: CDBG-CV Programs

Relevant Management Memo: #22-02 Rental Relief Policy Guidance

11. Can we assist rental applicants who receives section 8?

There are many particulars that we would want to look at. However, in general, CDBG subsistence payments can be used to pay the gap, assuming your program guidelines are allowing it and the COVID tie back is being met. You would not be able to use the program to duplicate their benefits, it would be the gap only.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Appendix C: CARES Act Waivers and Alternative Requirements, Duplication of Benefits

Chapter 2 National Objectives and Eligible Activities, Section 2.5.7 Public Services

12. The CV Rental Relief Program Policy Considerations documents mentions at least 51% of families assisted must be at 80 or below AMI. Does this mean we can assist persons over the income limits under CV if they have been financially affected by COVID?

No, per the language in the CDBG-CV NOFAs and the Subsistence Payment Guidance, subsistence payment programs operated by grantees must serve 100% households that income qualify at 80% AMI or below.

CDBG-CV1 NOFA (page 5): [CDBG Coronavirus Response Round 1 - Notice of Funding Availability \(ca.gov\)](#)

CDBG-CV2/3 NOFA (page 5-6): [Coronavirus 19 Tranche 2 and 3 \(CDBG-CV2 and 3\) NOFA Amendment #1](#)

CDBG-CV Sample Subsistence Payment Program Guidelines (page : https://gn.ecivis.com/GO/srmng_downloadSolicitationFileExt/SOLICITATIONFILEID/44k8hIgeiCE~

Applicability: CDBG-CV Programs

Relevant GMM Chapter: Appendix C CARES Act Waivers and Alternative Requirements

13. For all CDBG-CV assistance, future payments (next month's rent for example) can only be made for the following month, not months in advance, correct?

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Correct, you cannot pay future rent or future services - the payments must be made as they are due in accordance with lease agreement.

Applicability: CDBG-CV Programs

Relevant GMM Chapter: Appendix C CARES Act Waivers and Alternative Requirements

Economic Development

1. In reference to serving either tribal members or businesses on tribal lands, I was under the impression that we had to get an MOU with the tribe to run an ED activity that might serve any of their tribal members or anyone on tribal land. Based on how the previous question was answered, it sounds like that is not actually necessary as long as we are not primarily serving tribal members or people on tribal land.

If you plan to make awards to businesses on tribal land or otherwise serve individuals living on tribal land you do need permission from the tribe to do so, and an MOU would be a vehicle to obtain and record that permission. We would recommend reaching out to our HCD staff in this type of situation so that we can assist you.

Applicability: CDBG & ESG Programs

Relevant GMM Chapter: Appendix C: CARES Act Waivers and Alternative Requirements

2. I just wanted to confirm some details in Appendix M: Economic Development. 1. Are DUNS numbers still required or will UEI's be used, since SAM.gov is not using DUNS anymore? 2. Is the public service benefit going back down to \$35,000 for LMJ? Was the increase to \$85,000 just for CV contracts? 3. Can BA loans be structured as forgivable/grants for Business Assistance as long as they meet the LMJ creation/public service benefit? The City of Yreka is interested in using CDBG for a construction mitigation program, as Cal Trans will be replacing main street over the next 3 years and the business disruptions are already significant.

1. DUNS numbers are no longer required. Unique Entity ID's (UEI's) are now required.

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

2. The CDBG-CV federal register increased the public benefit standard per job to \$85,000. This was only applicable to CV-1-2-3 projects. Annual CDBG per job maximum is still \$35,000.
3. Yes. CDBG may be used for forgivable loans/grants for Business Assistance as long as a national objective is met (In this case that would be LMJ).

Applicability: CDBG Programs

Relevant GMM Chapter: Appendix D Economic Development Manual and Chapter 2 National Objectives and Eligible Activities, Section 2.2.4 Low Mod Jobs and Section 2.5.12 Assistance to For-Profit Businesses

3. Can you please define “store front”? Is it a business with a physical address where mail is received but where no services are provided out of? Can it be an online bakery that doesn’t have a bricks and mortar store front but has an online business that was impacted by COVID?

CDBG-CV does not explicitly require a “storefront”. The CDBG Program allows for assistance to home-based businesses. However, there are other eligibility tests that should be considered when determining whether the business is eligible. Grantees should include any limitations on the eligibility of home-based businesses or the requirement for a brick-and-mortar location in their program guidelines.

- What is the national objective?
 - If LMI Jobs, where are the jobs located, are they permanent FTE jobs (cannot count 1099 jobs, for example), etc.?
 - If LMCMC – ensure the owners are all LMI
 - If LMA – will need to ensure there is adequate justification for how the project provides an area benefit if it doesn’t have a store front. In some cases, this national objective may not be reasonable to use.
- What is the COVID nexus?
 - What is the nature of the business and how does the nature of the business feed into the COVID nexus?
- Eligible activities and DOB: Ensure the funds are provided for eligible activities that can be supported by documentation of use of funds. If a home-based business, did the applicant receive other funding from other sources (E.g., ERAP or HAF) for home costs (e.g., utility, rent/mortgage, etc.) that could be duplicative with home-based business working capital costs?

Applicability: CDBG-CV Programs

Relevant GMM Chapter: Appendix D Economic Development Manual

4. Are property taxes for the business property excluded from Microenterprise CDBG-CV operating expenses as an eligible expense? It’s

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

not specifically excluded or included in Exhibit H and it's not excluded nor included in Dorris' guidelines.

There are no HUD or CDBG regulations that explicitly prohibit property taxes from eligible operating expenses. Any instance of indicating such costs as ineligible have been imposed by State or local jurisdiction policies. HCD has not imposed any such restrictions, therefore the local jurisdiction can and should establish a definition for "Microenterprise Operating Expenses." With a clear definition of eligible operating expenses, the local jurisdiction will be able to approve awards consistently and equitably.

Applicability: CDBG and CDBG-CV Program

5. For the Small Business Assistance Program: If a business does not use a payroll system and instead pays an employee through a business check. Would copies of the check qualify as proof of payroll as there is no way of detail to determine the hourly pay rate or amount of hours worked to verify if the employee works full or part-time?

The business is required to demonstrate the employee is an employee, and not an independent contractor (1099). This can be demonstrated with IRS W-2 forms. If payroll is paid by check without pay-stub information including hours, rate, and benefits, the business must be able to provide payroll details from another source such as a ledger or tax documents such as quarterly IRS tax payments (Form 941). Grantees should verify all available information.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Appendix D, Economic Development

Income Verification

1. If applicant has a rental house, do we use Cash Value of asset in addition to the rental income?

More information is needed to determine a complete answer to this question, however the rental income would be considered in Part 5 income. In the 4350.3 Revision 1 HUD Handbook there is a formula for converting the asset to income and taking the higher of the two amounts.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities, Income Verification and Review Guidance Tool (Pending: in development); and Appendix E Housing Rehabilitation, Section 11.2 Program Guidelines.

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

2. The Social Security sent a Consent for Release of Information form which states that the SSA may charge a fee for non-program purposes. We would not like (the local jurisdiction) to be charged. Is it fine to rely on the New Benefit Amount statement?

Yes. It is not necessary to pay a fee for verification through SSA. They should have access to their SSA portal, where they are able to print out Social Security Verification for free. A Benefit Amount Statement is sufficient for Verification of Social Security Benefits.

Applicability: CDBG and CDBG-CV Programs

3. For part 5 income, if someone has a child support award but are not receiving payments (or are receiving less than the award), can we use the last six months of actual payments to forecast an annual amount?

You will need to make sure that the documentation in the income verification files is as accurate and up to date as possible. If you have the legal documents that show someone is supposed to be given a specific amount of child support, you can show through bank statements or other verified methods that payments are not being received. Then you can accurately document your part 5 income based on the current amount that they are receiving. If the file includes child support statement but they're not receiving that, then you need to have it in the file so that any auditor can come in and understand fully why the calculations were made in this way. There is also guidance on this in the 4350.3 HUD handbook on income verification.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter 2 National Objectives and Eligible Activities, Income Verification and Review Guidance Tool (Pending: in development)

Subsistence Payment Programs

1. If we want to add Rental Assistance to our current 202-CV2-3 SPP program, can we continue to use the National Objective of LMC as per the NOFA?

Yes. LMC, with income verification, is the appropriate national objective for rental assistance programs. Grantees may include rental assistance in their current subsistence program guidelines and it will not require a change in Matrix Code or National Objective.

Applicability: CDBG and CDBG-CV Programs

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Relevant GMM Chapter: Chapter 2 National Objectives and Eligible Activities Section 2.5.7 Public Services

2. We have a local resident who has not paid water bill for over a year and has been served a shut off notice for later this week. Local guidelines state that we can provide assistance up to a max of \$600. Should the city pay in a one-time payment in the amount of arrears or can the city pay at the monthly rate up to the \$600 limit? Since this is a one-time payment for back bills that occurred in the last year, does that kick in the lead-based paint regulations if the payment is more than \$61.94 per month x 3 months. What is throwing me off is “assistance that lasts longer than 100 consecutive days”, the assistance is a one-time payment, not consecutive payments moving forward, does that kick the lead-based paint regulation into effect?

First, when paying a water bill or sewer bill –it is very important to ensure that this is not a municipally owned/ operated utility. HUD has issued very specific guidance regarding the eligibility of subsistence payments to municipally owned utilities. That guidance is linked here: <https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-CV-Q-and-A-on-Public-Utilities.pdf>

In regard to your question, when paying arrears, the 100-day clock begins at the date of the first payment. Therefore, even if you pay the full allowable amount (\$600) in one payment – you are not triggering the lead-based paint requirement. This can be cited on page 3 of the March 2021 FAQs linked here: <https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-and-CDBG-CV-Subsistence-Payments-Arrearages-033021.pdf>

Keep in mind that this household would not be eligible for additional subsistence payments of any kind from CDBG-CV unless the maximum cap is raised and the assistance is delivered within the 6 months after the first payment is made (for the arrears).

HCD has not provided explicit guidance regarding the recurrence of 3- or 6-month periods. For CDBG-CV, such a payment can only be made to a beneficiary once for the lifecycle of the grant. HUD has not provided guidance regarding the formula program – but it is generally assumed that you cannot provide assistance for more than one 3-month period in the grant cycle.

Applicability: CDBG-CV Programs

Relevant GMM Chapter: Appendix C CARES Act Waivers and Alternative Requirements

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

3. Can you please clarify that we will be allowed to assist clients with rent through CDBG-CV if they have already received ERAP/Housing is Key even though they are technically both CARES Act funding?

Correct, as long as there is not duplication in funding and it ties to the April 1 date. If a household is receiving a partial subsidy, CDBG can fund the rest of that subsidy. CDBG-CV and any another source of federal funding may not pay for the same cost, for the same time period. For example, if a household is receiving a 50% subsidy from ERAP, CDBG may pay for the other expense.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Appendix C CARES Act Waivers and Alternative Requirements, Duplication of Benefits

Cross Cutting Elements and Compliance Documentation

Procurement

1. What are the CDBG requirements for extending an existing consultant contract? We have an ED Program Operator that we are using for our 2020 activities and would like to extend this contract to cover our 2022 activity (same activity). Is there a dollar threshold or percentage? It would not go beyond the 5-year time limit. Just wondering how much we could increase the amount if possible.

Grantees are required to follow the procurement standards in 2 CFR 200 for all procurements utilizing CDBG(CV) funds. The ability to extend an existing contract is dependent on how the original contract was procured. Was the procurement language specific in limiting the scope to 2020 program year activities or did the procurement provide for extensions and additional activities?

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Chapter 5 Procurement, [Section 5.6 Other Procurement Issues](#)

Closeout

1. For 2020 projects, are we just following our normal closeout process? I think HCD said they were working on a memo for that as well, but I think it was just for CV funds?

Have questions? Contact CDBG@hcd.ca.gov or your HCD Representative



Community Development Block Grant Coronavirus (CDBG-CV) FAQs

The memo will apply to all awards made in the eCivis system. Thank you for your patience. We are working on ensuring that the instructions allow for a smooth process in the system.

Applicability: CDBG & CDBG-CV Programs

Relevant GMM Chapter: Chapter 12 Closeout

2. What is the CV grant close out process? Can we close out CV-1 & CV-2&3 grants at the same time? What documentation is required to be uploaded or submitted to HCD staff?

We are in the process of preparing a closeout management memo that will outline what documentation is needed. You cannot close out both grants at the same time, they must be closed out separately. The only exception is that if your CV2-3 is a continuation of CV-1, then you may conduct the public hearing at the end of the CV2-3, but please note that this is contingent upon your program details, so please check with your GA for guidance and confirmation.

Applicability: CDBG-CV Programs

Relevant GMM Chapter: Chapter 12 Closeout

3. Do we have 60 days to submit funds requests after the expenditure deadline for CV1 grants?

The Milestone memo that each CDBG-CV grantee signed provides 90 days to complete close out after expenditure deadline. This is longer than the 30-day expenditure deadline provided in the Standard Agreement. The 90-day deadline prevails.

Applicability: CDBG Programs

Program Income

1. At the end of the Fiscal Year if the jurisdiction has receipts of PI under \$35k then the funds would be defederalized?

That is correct. If at the end of Fiscal Year 2021-2022 which runs from July 1, 2021 through June 30, 2022 the grantee has receipted less than \$35,000, then the grantee must notify in writing to HCD that the funds have been “defederalized” and removed those funds from the PI account.

Applicability: CDBG and CDBG-CV Programs

2. If at January 1, 2022 the PI cash on hand (not receipts) is under \$35k and not already encumbered in a grant then a PI application does not have to be submitted to prevent sweep back?

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

The \$35,000k is based on the amount receipted in any given fiscal year. If you have receipted less than \$35,000 so far during the 2021-2022 Fiscal Year, you could withhold the amount receipted so far from what must be encumbered if you anticipate that by June 30th 2022 it will not exceed \$35,000 and could, at that point, be “defederalized” and removed from your PI account. Without knowing the specifics of how your cash on hand balance came to be under \$35,000, we can’t give an answer about whether it would be swept back or not.

Applicability: CDBG and CDBG-CV Programs

3. Will there be a template for the PI commitment request? Will we be using the previously established PI True Up Form for this?

There is no template that is going to be distributed for PI commitment requests. HCD is willing to review commitment plans should you need to submit them, please note that you will need to specify in your plan why you are unable to meet the June 30th deadline.

Applicability: CDBG Programs

Relevant GMM Chapter: Chapter 6 Financial Management, Section 6.6 Program Income and Chapter 10 Reporting and Recordkeeping, Section 10.2 Financial Reporting.

4. In our PI commitment request, should we also list the PI that has been committed thus far?

Yes, this shows good faith that you are actively planning and using the program income and that’s what HCD is looking for in terms of getting your commitments completed for your program income. You should also include this in your PI Report submitted via the eCivis Grants Management Network.

Applicability: CDBG Programs

Relevant GMM Chapter: Chapter 6 Financial Management, Section 6.6 Program Income and Chapter 10 Reporting and Recordkeeping, Section 10.2 Financial Reporting.

5. With the PI Amendment Request, can we request allocation of 2022 expected PI so that we don’t have to go through this process again next year?

We strongly encourage you to include your future receipted PI in your Amendment Request, that will also help you avoid a full amendment process. If you are including future receipts in your PI Amendment Request you need to

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

identify the future receipts in your budget. This is done using the program Income section of the budget. Cash on hand should go into the General Administration or Activity section of the budget and be labeled “PI Cash on Hand”.

Applicability: CDBG Programs

6. What is the current maximum of PI that you can put on a planning grant?

The maximum amount of PI that you can apply for a PI-only application or to augment a standard application, the PI allocation may not exceed 17% of your annual receipts. This ensures that no grantee exceeds the 20% cap on administration and planning for CDBG funds including PI.

24 CFR 570.489 a. (3)(ii): The combined expenditures by the State and its funded units of general local government for planning, management, and administrative costs shall not exceed 20 percent of the aggregate amount of the origin year grant, any origin year grant funds reallocated by HUD to the State, and the amount of any program income received during the program year.

Applicability: CDBG and CDBG-CV Programs

7. What are the restrictions regarding the use of PI for public services activities?

Due to the statutory cap (15%) on Public Services in the CDBG Program, program income cannot be used for public service activities.

The **only exception** to this restriction is when PI will be used on a CDBG-CV-1-2-3 project (the statutory cap was waived under the CARES Act Federal Register).

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Appendix C, CARES Act Waivers and Alternative Requirements

8. What can PI admin be used for without having an open SA?

You can't use PI for admin funds without an open Standard Agreement. The only way to expend PI administrative funds is to do so within a Standard Agreement. Please reach out to your Grant Administrator or HCD Representative to see options for utilizing the PI administrative funds.

Applicability: CDBG and CDBG-CV Programs

9. Can a Jurisdiction make a CDBG OOR Loan with PI if they don't have an open standard agreement?

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

No, you must have an open standard agreement. If you want to provide this type of loan, you will need to submit a Program Income only application.

Applicability: CDBG and CDBG-CV Programs

10. This is given as example if PI is under contract for a loan/grant: If a jurisdiction has \$35,001 in PI and the jurisdiction would like to set up a loan or grant program for the ED and Housing Rehab programs so that the jurisdiction can perform portfolio management but one account has say ED \$5000 and Housing Rehab has \$30,001 how does the jurisdiction go about getting a grant or loan out for ED for the \$5000 as this is not enough funds to actively do a grant/loan program?

The answer provided is based strictly on the information as provided in the question and may not accurately reflect all situations.

In general, \$35,001 is not sufficient funding to create a housing rehab or economic development program.

If the Grantee currently has an ongoing loan program, PI funds may be used as additional loan/activity funds. The Grantee may use General Admin from a different CDBG grant or another local funding source to cover the costs of portfolio management.

Portfolio Management is not an eligible activity on its own and must be incorporated as activity delivery or admin costs tied to an eligible activity.

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapter: Appendix D, Economic Development and Appendix E, Housing Rehabilitation

11. A city would like to expand their current meals on wheels program to add more days. They currently charge a very small fee for the existing days that meals are delivered.... would that money be considered "PI" once CDBG gets involved? Or would it just be an offsetting revenue source that we would need to take into account when tracking expenditures for the program?

If CDBG funds are used for this program, the CDBG funds should be budgeted to cover all necessary costs, negating the need for participants to pay a fee. Programs using CDBG for Public Services should budget accordingly in their application, to make sure that programs are offered with no financial barriers to participation. Programs that charge a fee in addition to having services funded through CDBG are at a higher risk of audit findings. Charging fees for CDBG or CDBG-CV funded programs require the Grantee to track all income as potential Program Income. In addition, fees charged for CDBG-CV funded services risk the appearance of a Duplication of Benefit (i.e., paying for the same services twice).

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Community Development Block Grant Coronavirus (CDBG-CV) FAQs

Applicability: CDBG and CDBG-CV Programs

Relevant GMM Chapters:

Chapter 6 Financial Management, Section 6.6, Program Income. “Under the CDBG Program, funds received by the Grantee as a result of a CDBG-funded activity are generally referred to as program income. Program income funds retain their federal identity **in perpetuity** and are **subject to all federal requirements.**”

Appendix C: CARES Act Waivers and Alternative Requirements, Duplication of Benefits. “Duplication of benefits occurs when federal financial assistance is provided to a person or entity through a program to address losses resulting from a federally declared emergency or disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs.”