

# CDBG Office Hours

Team HCD CDBG

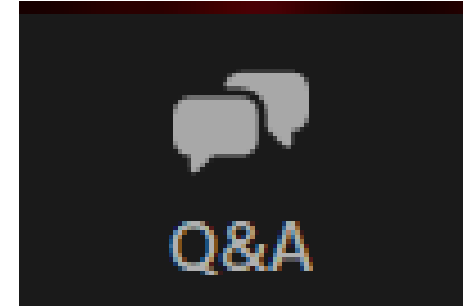
Wednesday, April 5, 2023





# How to ask a question

- Webinar questions:
  - Click “Q & A” chat bubble to submit a question to the team
  - You may ask questions anonymously, but if you want your name, organization, or region associated with your question, you will need to type it in the “Your Name” box
  - The team will read questions out loud throughout the presentation and will provide answers if possible
  - All questions will be saved and recorded as part of the public record





# CDBG Program Updates

## 2021 CDBG NOFA

- 46 Recommended for award
- 1 Change Requested
- 45 Executed

## 2022 CDBG NOFA

- 64 applications submitted
- 41 Recommended for Award
- Disqualified applications letters and appeals have been received, reviewed and responded to.
- Scoring and Ranking have been completed.
- **Round 1** totaling 36 awards have received Loan committee and Directors approval.
- Staff will be working on getting the Conditional award letters out via email by mid next week.
- **Round 2** will be on the OTC waitlist that we are able to fund from the 2022 NOFA (**OTC Waitlist status on the next slide**)

## 2023 CDBG NOFA

- Working on development
- Projected 2023 NOFA drop date June of 2023



## Estimates for funding the 2019 Over-the-Counter Waitlist

- Currently \$31.5 Million in waitlisted projects (15 applications)
- Approximately \$12 Million available from the 2022 NOFA
- Approximately \$8 Million available from prior year funding
- \$24 Million available for OTC projects under the 2023 NOFA
- \$44 Million available less \$31.5 Million for the OTC projects = Approximately \$12.5 million for new OTC applicants in 2023



# National Community Development Week – April 10-14, 2023

HCD is looking for projects to highlight during the upcoming National Community Development Week.

- Do you have an upcoming groundbreaking or ribbon cutting?
- Want to share some pictures and a project description?
- Do you have a project that uses CDBG AND HOME funds?

We want to know about it!! Please reach out to [Janice.Waddell@hcd.ca.gov](mailto:Janice.Waddell@hcd.ca.gov).





# National Community Development Week – April 10-14, 2023

If holding a groundbreaking or ribbon cutting let us know the date, time and location.

If sharing project information, please provide photos/plans or renderings of your project and a brief description.

[Community Development Week Toolkit Link](#)

#CDWEEK2023 #CDBGWORKS





## CDBG-CV Set-Asides

### **CDBG-CV Tribal Set Aside\***

- 19 Submitted Applications:
  - 1 Rescinded by Applicant
  - 2 Awaiting Corrections
  - 2 Routing
  - 0 Pending Signatures
  - 14 Approved

\*As of 3/20/2023



# CDBG-CV Expenditure Thermometer

\$150,626,712

\$120,501,369

100%

80% June 25, 2023

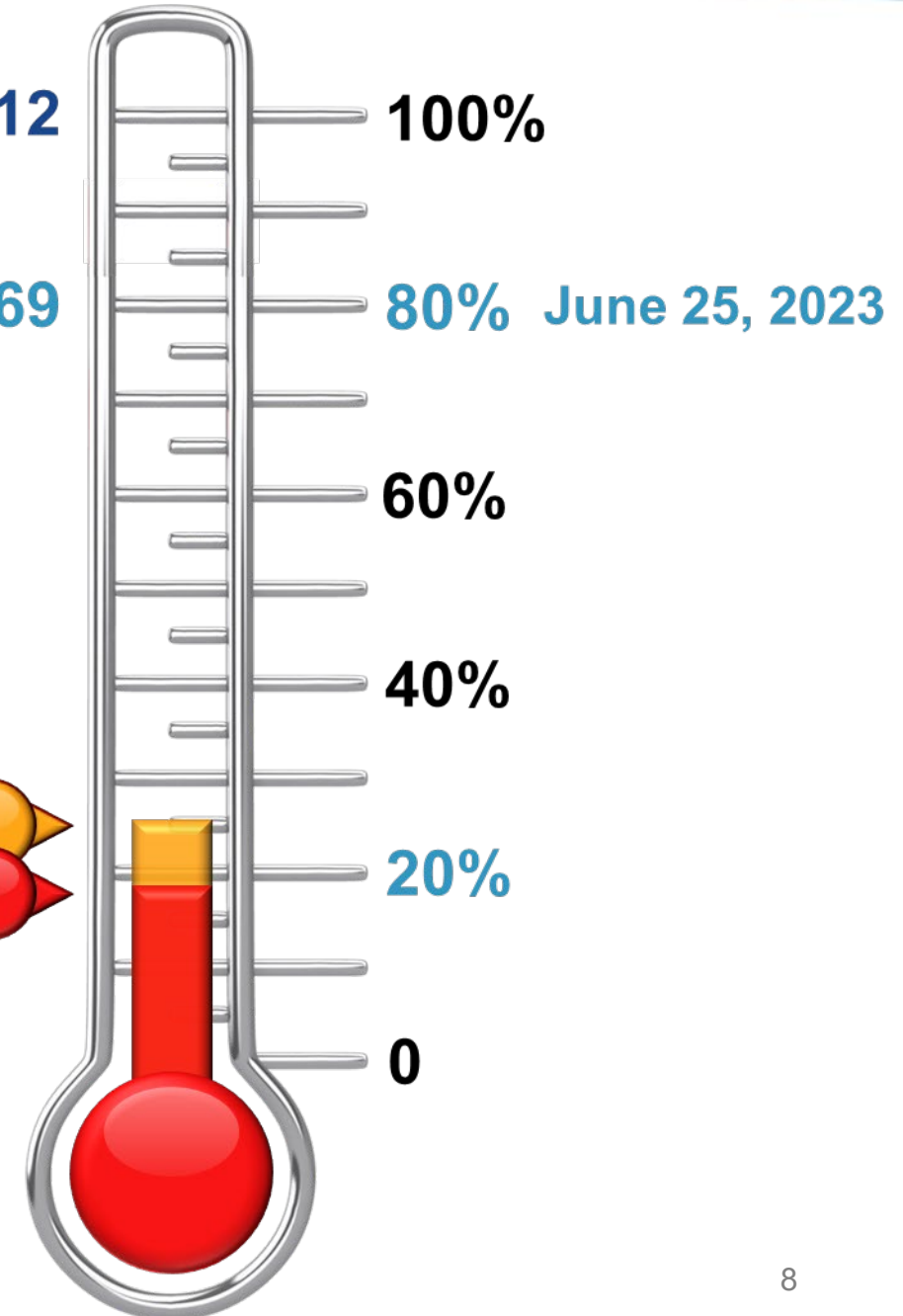
As of 3/30/2023:

 Total Disbursed: \$25,854,798

 Total Pending: \$12,553,550

**Funding at Risk: \$82,093,021**

Total:  
\$38,408,348



## Remember:

- Approximately 2½ months until June 25, 2023  
80% Expenditure Deadline for CDBG-CV funds.





## Be prepared for the CDBG–CV 80% Expenditure Deadline

- For CDBG–CV2-3 awards – Do not expect extensions. Due to HUD’s 80% expenditure deadline, your award will be rescinded by 80% of the unspent balance when we reach June 25, 2023.
- For CDBG–CV1 awards – all CDBG-CV1 awards have an expenditure deadline of June 25, 2023 or sooner. Any funds unspent by that date will be rescinded.



## HCD submitted Expenditure Extension Request to HUD

- HCD recently submitted a request to HUD for an extension to the 80% expenditure deadline of June 25, 2023 for CDBG-CV funds.
- HUD has acknowledged receipt of HCD's request.
- HCD can not assume approval or move forward with any Standard Agreement amendments until HUD responds.
- For now, proceed in accordance with the 80% expenditure deadline of June 25, 2023.



## Section 3 Compliance Training

- HCD will dedicate the April 19<sup>th</sup> Office Hours to Section 3 Compliance Training.
- Training will cover:
  - Section 3 new-rule requirements
  - Suggested forms and tool
  - Reporting to HCD
- Please plan to attend if you work with CDBG grants with Section 3 compliance.



# Labor Compliance Announcement

- HUD has informed HCD that it will be conducting labor standards remote monitoring April 24-28, 2023
- HUD will tell us one or two weeks prior to the monitoring which activities will be monitored.
- We will reach out to grantees to request documentation as soon as possible.
- Please be prepared to submit electronic copies of labor compliance records with all personal identifying information redacted should your activity be selected for monitoring.



# Desk-top Review of CDBG-CV Agreements

- Grant Administrators (GAs) will be conducting Desk-top Reviews of all CDBG-CV Standard Agreements prior to Closeout.
- Desk-top Review will include GAs reviewing:
  - Program Guidelines
  - Environmental Review Records
  - Duplication of Benefits
  - National Objective
  - Cost Eligibility
  - Section 3 & Labor Standards (as applicable)
- Please be prepared to provide requested information in a timely manner and be open to promptly correcting documents to ensure compliance.

# Questions and Answers: Recap from Prior Office Hours





# MOU Closeout Public Hearing

## Question

Our award includes 10 jurisdictions on an MOU, however, there is only one grantee. For closeout will we have to have a Public Hearing for each jurisdiction, or only the grantee?

## Answer

The grant was made to the grantee, so under the citizen participation plan that is the entity that needs to have a public hearing. The public hearing can be a community meeting held at a time/location that is accessible to those that benefitted from the program and would like to give feedback. As long as it is held, publicly noticed, and in accordance with our public participation plan that will meet the requirement.

**From: Office Hours 3/8/23**



# Admin Funds

## Question

Can admin funds be used during the 90-day closeout period after the performance period, and included in the final payment request?

## Answer

No they cannot. The end of the performance period is also the expenditure deadline. All expenses must be made prior to that date.

**From: Office Hours 3/8/23**





# Community Development Projects

## Question

Will there be funding for community development projects in the 2023 NOFA?

## Answer

In the 2023 NOFA an over the counter component will be included for infrastructure and public facilities. We will be prioritizing 2019 OTC applicants that have not yet been funded. We provided a slide with an updated breakdown of the funds requested and funds available. If there are remaining, unfunded applications, they will receive priority in June 2023 after the NOFA has dropped, then after the window has closed all new applications can come in and be awarded on a first-come, first-served basis as long as they meet the threshold requirements.

**From: Office Hours 3/8/23**



# Program Income Receipting

## **Question**

Receipting for PI is becoming extremely burdensome for very small jurisdictions that do not have the staff time to scan large number of payments that come in throughout the month separately from their regular accounting with little to no funding if there are no open grants. A jurisdiction we are working with is unclear why this is needed as jurisdictions have annual fiscal audits.

## **Answer**

HUD regulations require PI to be reported as soon as it is receipted. We are working on the PI policy and will send out a memo regarding this soon. As a reminder Program Income isn't considered Program Income until you hit \$35,000 in a single program year. You don't have to submit documentation of those receipts until you reach the \$35,000 threshold. Please reach out to Felicity Gasser for further assistance.

[Felicity.Gasser@hcd.ca.gov](mailto:Felicity.Gasser@hcd.ca.gov)

**From: Office Hours 3/8/23**



# Microenterprise

## **Question**

One microenterprise owner is looking to sell their business to a new owner. The original owner holds an active CDBG loan balance from a prior program on the business. The prospective buyer is income-qualified and has applied to an active ME program. Can part of the buyer's award include paying off the outstanding loan balance?

## **Answer**

By including the cost of the loan within the value of what the buyer is buying, you may be artificially inflating the value of the business. Paying off the seller's loan is not the best way to look at it, instead looking at it as the proceeds from the sale paying off the loan and the buyer being underwritten for their own loan might be a better approach. The seller's loan might have resale or sellers provisions in it, so make sure to review the loan in settling on your strategy. Refer to CDBG Grants Management Manual Appendix D-7: HCD Underwriting Guidelines

[Appendix D-7: HCD Underwriting Guidelines](#)

**From: Office Hours 3/8/23**



# Rejected Applications

## Question

Can HCD staff mark the rejected applications in eCivis as rejected? It is confusing seeing a bunch of applications listed as draft even though they have been submitted.

## Answer

We will work on getting that updated once we get into the recommended awards stage. Thank you for your patience.

**From: Office Hours 3/8/23**



# Repurposing CDBG-CV-1 Funds

## Question

Can CDBG CV-1 funds be repurposed to assist emergency services for flood victims who have been displaced?

## Answer

At this stage, we are not allowing amendments to CDBG-CV-1. You may be able to make changes to your program guidelines to allow for that depending on what your awards are for. These are still CV funds so a COVID nexus would still be required. If this is completely changing the nature of your CDBG-CV-1 award, then it is not allowable. If your award is for a Subsistence Payment program and you want to make emergency limited-term assistance available to flood victims who would otherwise qualify for the program you might be able to make program guidelines that would allow for this – please have a conversation with your GA and review the type of assistance that your governing body approved and how broad that approved assistance may be.

**From: Office Hours 3/8/23**



# Owner-occupied Definition

## Question

Can you please verify that the definition of Owner-occupied is the owner residing in the home for a minimum of 12 months?

## Answer

This definition should be found in the local program guidelines, but it doesn't appear in our housing manual. This would have to come from the state, and whatever the state thinks is appropriate.

**From: Office Hours 3/8/23**



# 2022 Award Notifications

## Question

When will jurisdictions know if their 2022 application were not awarded?

## Answer

The threshold reviews have been completed and letters have been sent out to grantees who did not meet the threshold requirements. The seven applicants that did meet the threshold requirements but did not score high enough based on the funds that we had available for that specific solicitation have received emails. If you have a question about a specific application, please send Mamie Early a direct email at: [mamie.early@hcd.ca.gov](mailto:mamie.early@hcd.ca.gov) Before we are able to publicize the list on our website, the director's office must review the list, which is currently taking place.

**From: Office Hours 3/8/23**



# 2023 Infrastructure

## Question

For 2023 Infrastructure projects, do they also need a nexus to Housing or Economic Development?

## Answer

Yes, all 2023 infrastructure public facility over the counter applicant projects need to describe what the nexus is to housing and or economic development for their project. This is to meet state statutory obligation that at a minimum 50% of our awards are in support of housing and 30% are in support of economic development.

**From: Office Hours 3/8/23**





# 80% Expenditure Deadline

## Question

I understand that for CV 2-3 grantees, HUD can recapture funds if 80% is not expended by 6/25/2023. Does this mean that the City should stop reimbursing our subgrantee because the City may have to pay the spent monies back to HCD/HUD?

## Answer

The answer is no you should not stop reimbursing your subgrantees because the more money we spend, the less likely we are to have to return unexpended dollars. If you have invoices and the ability to continue spending your grant funds because you are running a program before the June 25 expenditure deadline, please do so. Getting those financial reports into eCivis is incredibly important, as you disperse funds to your subrecipients, please report that in eCivis immediately because that is how HUD is going to know what has been expended at any given time.

**From: Office Hours 3/8/23**



# Technical Assistance

## Question

We are interested in applying for a grant to construct and/or acquire affordable housing. Is there someone at HCD that we can call for technical assistance? Mostly to ensure we would be eligible?

## Answer

CDBG cannot be used in most cases for construction of new affordable housing, but there are some exceptions to that rule. Please reach out to your CDBG Rep. for tech assistance and guidance. If you have issues locating your rep, please e-mail Mamie Early for assistance at [Mamie.Early@hcd.ca.gov](mailto:Mamie.Early@hcd.ca.gov)

**From: Office Hours 3/8/23**



# Financial Reporting

## Question

For funds requests, we normally wait until the check is cut by our accounts payable and we attach a copy to our submittal. Should we not wait for the subrecipient's invoice to make it through accounts payable and just submit the financial report?

## Answer

Please continue with that practice as it is a best practice. Our GA's and reps are looking for a cost incurred in order to approve Financial Reports. In the future, as we approach the 80% expenditure deadline, we may provide different guidance, but for now please keep doing what you are doing.

**From: Office Hours 3/8/23**



# PI Reporting

## Question

As that is only on an annual basis, that PI does not include PI that has previously been committed to other projects, is that correct?

## Answer

Yes, receipted CDBG funds become Program Income after you reach \$35,000 in receipts on an annual basis. so if you have \$200,000 in your PI account at the end FY2021-22, you should track PI starting in FY 2022-2023. If you do not reach \$35,000 in the new program year, you can defederalize the funds by removing them from your program income account and documenting that you have done so via submittal of a \$0 Financial Report in your eCivis Portal Receipting and Reporting “award”. Otherwise, if you reach \$35,000 at some point during the middle of the year, then you need to start reporting it as you receipt it.

**From: Office Hours 3/8/23**



# Defederalization

## Question

Do you know how long the defederalization process takes?

## Answer

By June 30, if you have receipted under \$35,000 for that year, you need to document a process of removing that amount from your PI account. A process will be made available for this via a forthcoming management memo and PI Policy. However long it takes your fiscal team to complete that process is how long the defederalization process will take. We believe this will generally take no more than 30 days.

**From: Office Hours 3/8/23**

Questions and Answers:  
Please submit your question(s) via Zoom  
Q+A

