



Indiana Office of Community and Rural Affairs

Community Development Block Grant and the CARES ACT (CDBG-CV)

Presented by:

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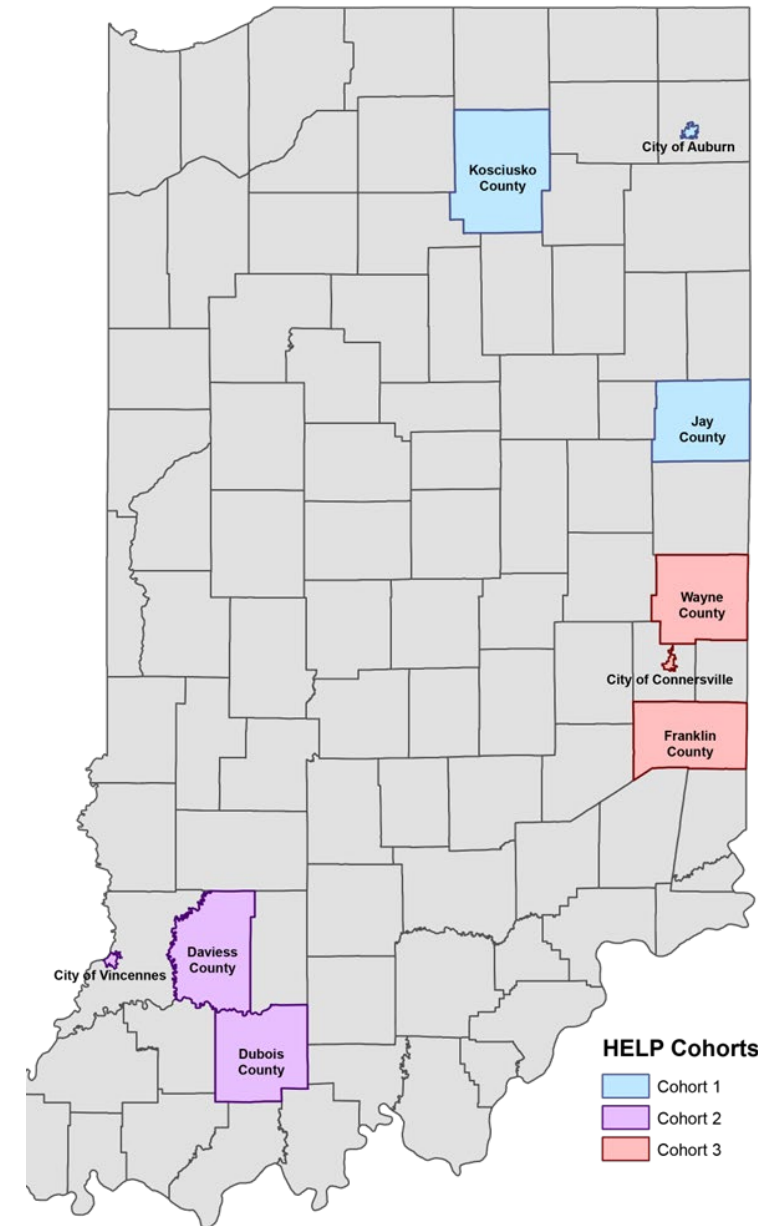
Presentation Goal

This presentation is intended for communities in the Hoosier Enduring Legacy Program (HELP).

Goal 1: Build participants' understanding of the CDBG program basic requirements, CARES Act and Federal Register program waivers, and alternative requirements.

Goal 2: Increase participants' understanding of how CDBG-CV funds can be used to address needs in their communities.

Goal 3: Build projects with knowledge of CDBG-CV funding requirements.





AGENDA

1. Community Development Block Grant Program Overview
2. Overview and Background of the CARES Act
4. CDBG-CV Grants Rules, Waivers and Alternative Requirements
5. National Objective
6. Ineligible and Eligible Activities
8. Prepare, Prevent, and Respond Tieback
9. Documentation
10. Duplication of Benefits
11. CDBG-CV Expenditure Deadline
10. Rural Indiana Response with CDBG-CV
11. Resources
12. Q&A

Community Development Block Grant Program Overview

The **Community Development Block Grant** also referred as CDBG is funded through the U.S. Department of Housing and Urban Development (HUD) under Title I of the Housing & Community Development Act of 1974 as amended.

The primary objective of the CDBG program is to develop viable communities by providing principally persons of low and moderate income:

- Decent housing;
- A suitable living environment; and
- Expanded economic opportunities.

Indiana receives approximately \$31 million in CDBG funds annually.

The Indiana Office of Rural and Community Affairs (OCRA) oversees and administers these CDBG funds on behalf of the state.

Under this program, OCRA provides CDBG assistance to **non-entitlement** for activities that help build stronger and more resilient communities.

Under the State CDBG program OCRA is responsible for

- Developing the consolidated plan;
- Designing the CDBG program within statutory and regulatory parameters;
- Setting priorities and deciding what activities to fund;
- Distributing funding according to the method of distribution;
- Establishing financial management, recordkeeping, reporting, monitoring, audit and closeout systems for their programs; and
- Ensuring compliance by state grant recipients.

The U.S. Department of Housing and Urban Development (HUD) is responsible for monitoring the states to ensure compliance with CDBG program requirements.

More information on these terms can be found at the link: [OCRA Consolidated & Action Plans](#)





Units of General Local Government (UGLG) Responsibilities

Under the state CDBG program, non-entitlement localities are known as Units of General Local Government (UGLG) and they are responsible for:

- Prioritizing the types of activities, they apply for;
- Handling local citizen participation;
- Carrying eligible activities; and
- Complying with federal and state requirements.



Coronavirus Aid, Relief and Economic Security Act

THE CARES ACT

Overview of the CARES Act

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act made available \$5 billion in supplemental Community Development Block Grant funding (CDBG-CV) to prevent, prepare for and respond to the coronavirus. The CDBG-CV funds were allocated to states and localities according to section 106 of the Housing and Community Development Act of 1974 and additional CARES Act requirements. The allocation of the funding was carried out in three phases. The State of Indiana received \$51 million of CDBG-CV funds.

- HUD published the **Federal Register Notice (FR-6218-N-01)**, HUD waived some CDBG program requirements and impose alternative requirements.
- HUD did not waive or alter cross-cutting requirements (Fair Housing, Environmental Review, Labor Standards, etc).

CDBG-CV Grant Rules, Waivers, and Alternative Requirement

The CDBG regulations are the framework for the CDBG-CV program. The CARES Act and the Federal Register 621-N-01 provided waivers and alternative requirements to existing CDBG requirements.

The goal of the waivers and alternative requirements is to expedite the use of CDBG-CV funds.

The rules, waivers, and alternative requirements described in this section only apply to CDBG-CV grants.

- National Objective
 - Urgent Need
 - LMI Job
- Eligible Activities
 - Prevent, Prepare and Response Tieback
- Program Requirements
 - Documentation
 - Duplication of Benefits
 - Expenditure Deadline

Note: The flexibilities, waivers, and alternative requirements do not apply to other sources of CDBG funds (even if used in conjunction with CDBG-CV funds).

National Objectives

WAIVER AND ALTERNATIVE REQUIREMENTS

What's the National Objective?

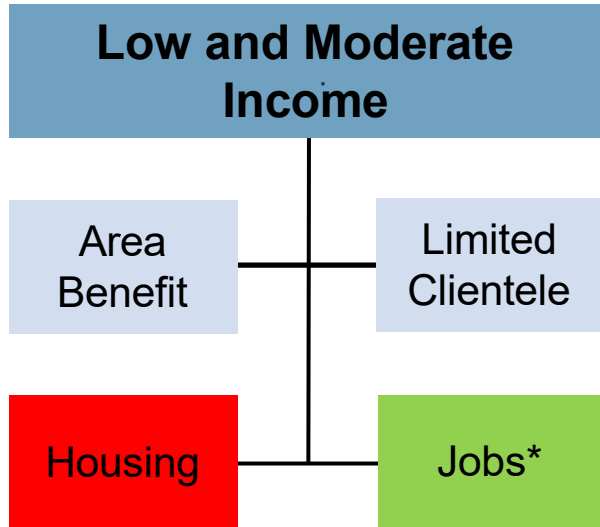
The CARES Act did not waive the National Objective Requirement

For CDBG-CV, each funded activity must meet one of three named national objectives (LMI, Slum and Blight or Urgent Need)

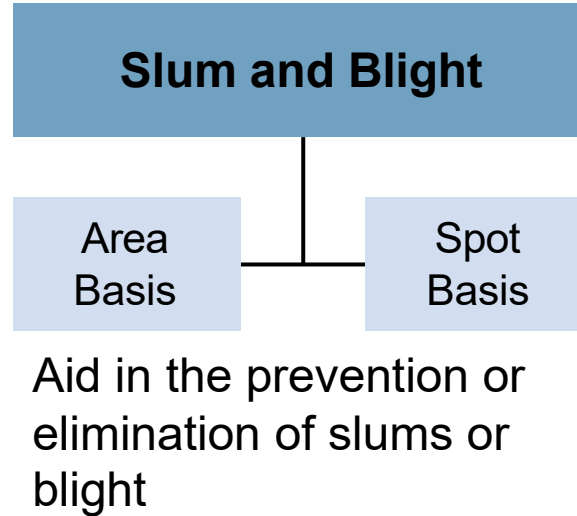
OCRA must ensure that at least 70 percent of CDBG-CV funds must be used for activities that benefit low- and moderate-income persons.

The remaining 30 percent may be used to eliminate slum or blighted conditions, or to address an urgent need for which the grantee certifies it has no other funding.

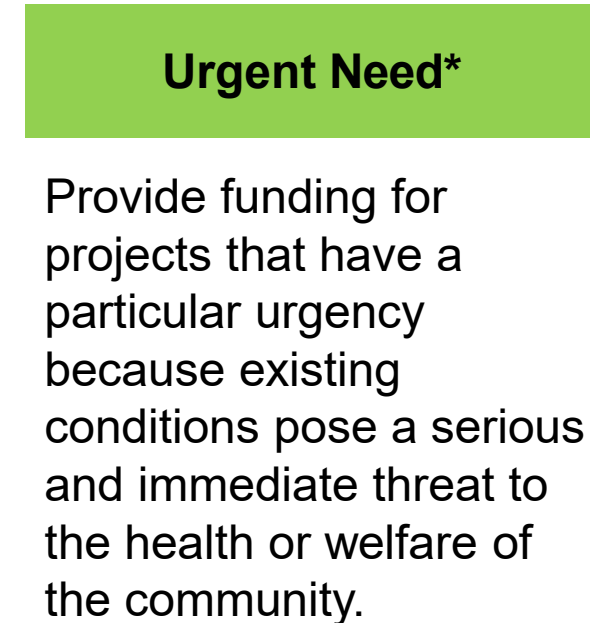
The Three CDBG National Objectives



Provide benefits to Low to Moderate-Income persons.



Aid in the prevention or elimination of slums or blight



*Modified by the CDBG-CV Federal Register Notice (FR-6218-N-01)



National
Objective: Low
and Moderate
Income (LMI)

LMI: Area Benefit

The area benefit category is the most used national objective for activities that benefit a residential neighborhood.

An area benefit activity is one that benefits all residents in a particular area, where at least **51%** of the residents are LMI persons.

Service Area LMI is determined through following:

CENSUS DATA

HUD census data is the primary way of determining LMI.

Census = 100% survey of service area.

You can find this data utilizing the most recent Census data located at the website below:

[HUD Maps](#)

INCOME SURVEYS

Conducted when a community OR a specific area within a community does not meet the required 51% LMI through the Census.

Must request OCRA's Approval prior to conducting an income survey.

LMI: Limited Clientele

Activities in this category provide benefits to a specific group of persons rather than everyone in an area. 51% of the beneficiaries still must be LMI persons.

Activities in this category benefit a specific group of persons rather than everyone in an area without regard to their residence, or it may be an activity that benefits only certain persons within a specific area.

LMI: Presumed Class

HUD designated eight presumed classes that automatically qualify as meeting the benefit of low-to-moderate income are:

Abused
Children

Battered
Spouses

Senior Citizens
(62+)

Illiterate
Adults

Severely
Disabled
Adults

Homeless

Persons With
HIV-AIDS

Migrant Farm
Workers

LMI: Housing

Although LMI housing is one of the categories listed to qualify under the LMI national objective, OCRA does not fund housing projects.

In the State of Indiana, housing activities are funded by the Indiana Housing and Community Development Authority (IHCDA).

LMI: Jobs*

The job creation and retention LMI benefit national objective addresses activities designed to **create** or **retain** permanent jobs, at least 51 percent of which will be made available to or held by LMI persons. (on a full-time equivalent basis)

For jobs **created**, 51% of the jobs must be held by or available to LMI persons

For jobs to be considered **held by** LMI persons:

- Must document income of LMI persons hired or have evidence of a qualifying presumption
- Written agreement with the business to enforce requirement

For jobs to be considered **available to** LMI persons:

- No special skills, training, or education required

LMI persons must receive first consideration

Written agreement with the business to enforce requirement

For jobs to be considered **retained**, document that jobs would be lost without CDBG-CV and that job

- Is currently held by LMI person
- Is expected to turn over in two (2) years and will be filled by an LMI person or made available to LMI

LMI Jobs*: Waiver and Alternative Requirements

Location-based presumption of LMI Benefit for Job creation/retention

CDBG-CV establishes an alternative requirement to the LMI benefit presumption for qualified census tracts and standardizes the poverty rate. It allows grantees to presume a person is LMI if the census tract where they live or where the assisted business or job is located meets one of the following:

- Qualifying Census tract meets the 70% LMI requirement
- Has a poverty rate of at least 20%
- If the census tract has a portion of or a central business district, it
 - qualifies with a poverty rate of at least 20% (CDBG CV eliminated the higher 30% percentage for central business districts to qualify)
- has evidence of pervasive poverty and general distress

*Modified by the CDBG-CV Federal Register Notice (FR-6218-N-01)



National
Objective:
Slum/Blight

Prevention or
Elimination of
Slums or Blight:

Area Basis: clearly eliminating signs of slums or blight in a defined area.

Spot Basis: strictly limited to eliminating specific instances of blight outside such an area and is a single property.



National
Objective:
Urgent Need*

Urgent Need:
Project **MUST**
meet all of the
following
criteria...

Existing conditions must pose a serious and immediate threat to the health and welfare of the community.

Condition must have been recent or recently became urgent within the last 18 months from **DHHS, President's, local or state Coronavirus emergency declaration.**

The community is unable to finance the activity on its own or is unable to obtain funding through other sources

Note: Since the 18-month determination window has now passed, OCRA does not expect HELP communities to utilize the urgent need national objective

Choosing a National Objective

Determine the compatibility of a National Objective with the eligible activity

Determine the actual beneficiaries of the activity (end users)

Consider the documentation requirements associated with the available National Objectives

Select the National Objective that best represents the activity's benefit to the

Community for which adequate documentation is readily available or is most likely to be obtained

Example: Choosing a National Objective

Eligible Activity	Considerations	Best Choice
<p>Provide owners of microenterprises or person(s) forming a microenterprise with technical assistance or capacity building grants.</p> <p>Matrix Code: 18C Microenterprise Assistance</p> <p>Likely National Objectives: LMC, LMJ, URG(*)</p>	<p>Actual Beneficiaries: Specific owners of businesses with five or fewer employees</p> <ul style="list-style-type: none"> • LMC: Option to document that owner(s) or persons forming microenterprise are LMI and to continue serving them for up to three years provides significant flexibility • LMJ: CDBG CV offers flexibility to use job description/ salary and one-person households when documenting that 51% of jobs created/retained are held by/available to LMI 	<p>LMC or LMJ</p> <p>To address the 70% overall benefit test, either the LMC or LMJ National Objective is the best choice.</p>



Ineligible and Eligible Activities

Ineligible Activities/ Projects

Activities that do not meet the Prevent, Prepare and Respond to Coronavirus

The purchase of personal property, equipment or furnishings not permanently attached to a building

Income payments

The real property acquisition for ineligible activities

Maintenance and operating expenses of public facilities or services

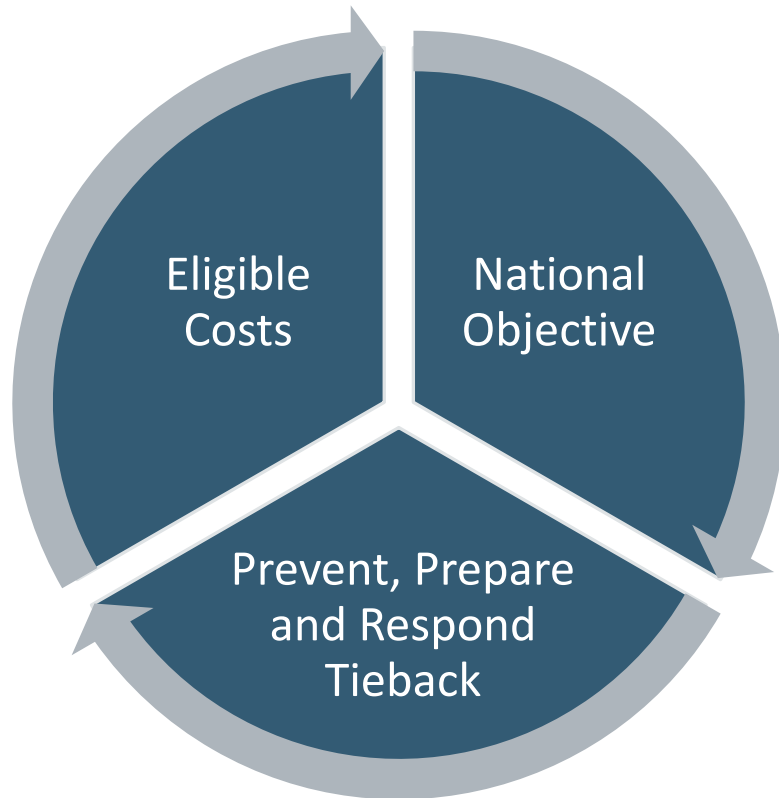
Regular Government Operations

The acquisition, construction or rehabilitation of government buildings (except for ADA)

Political or Lobbying activities

CDBG-CV assisted facilities may not be used as collateral during any part of the grant period or subrecipient reporting period.

Eligible Activities/Projects



All CDBG-CV projects/activities must

- Meet National Objective
 - Be Eligible Activities
 - HCD Act Title I (as amended or waived)
 - 24 CFR part 570- CDBG regulations
- Have a Tie Back to COVID-19
 - PPR tieback
- Eligible Costs
- Meet the Documentation Requirements
- Avoid Duplication of Benefits
- Meet all Crosscutting Federal requirements

Eligible Activities

Grantees may use CDBG-CV funds for various eligible activities to prevent, prepare for or respond to coronavirus (PPR tieback). To satisfy these purposes, grantees can carry out activities that respond to the **direct** effects of the pandemic or undertake activities to address **indirect** effects, such as the economic and housing market disruption caused by social distancing measures and staying at home orders to prevent the spread of the virus.

Generally, CDBG-CV eligible activities follow under four categories:

- Public Services*
- Public Facilities and Improvements
- General Administration and Planning Activities*
- Economic Development*

Public Services*

- The CARES Act suspended the 15% cap on public services.
- Public service activities funded with CDBG-CV grants must be new or show a substantial increase in the public service activities provided by or on behalf of local government in the 12 calendar months before the submission of the State's action plan.

*Modified by the CARES Act

Public Services: Program Example

AFTER SCHOOL EDUCATION PROGRAM

Target Population: Elementary and middle school children in LMI public school districts or central location

National Objective: LMI Area Benefit or Limited Clientele

PPR Tieback: Student fell behind in their education learning during the pandemic (indirect effect)

Public Service: One-on-one tutoring to help students catch up to their grade level

Eligible costs:

- Tutors and administrative staff
- Equipment and supplies such as tablets, computers, etc. central to the provision of service



Public Facilities and Improvements

The public facilities activity category generally addresses the physical costs of improving the facility rather than providing support for operating expenses or services that may be provided within the facility.

Activities can include Acquisition, rehabilitation, construction, reconstruction or installation of public improvements.

Projects that focus on physical improvements to publicly accessible facilities owned by public entities or nonprofit organizations.

They frequently include:

- Social Service facilities
- Shelters and day access centers
- Childcare Centers
- Public Infrastructure
- Outdoor facilities
- ADA accessibility

Public Facilities: Project Example

CHILDCARE FACILITIES

Target Population: Children in a LMI area or Children that are at least 51% LMI.

National Objective: LMI Area Benefit or Limited Clientele

PPR Tieback: Modification of existing childcare facilities is needed to reduce coronavirus spread (indirect effect)

Public Facility Improvement : HVAC improvements, expansion or reconfiguration of the interiors to allow physical distancing

Eligible costs:

- Rehabilitation
- Construction of new facilities
- Acquisition of existing facilities



General Administration and Planning*

The administrative and planning cap was adjusted, 13% available to local units of government for planning, management, and administrative costs

Communities can use the funds to plan for long-term recovery and strengthen the community's resiliency.

- Comprehensive planning
- Broadband readiness planning
- Water utility planning
- Economic recovery planning

*Modified by the CDBG-CV Federal Register Notice (FR-6218-N-01)

Economic Development*

HUD provided additional waivers and flexibilities to help small businesses adapt business facilities, maintain operations and provide working capital to prevent workforce disruption, and avoid business closures

Activities under economic development generally follow two subcategories

1. **Special Economic Development:** The eligible activities under this subcategory must satisfy a two-part test:
 - **Eligibility of activity:** Financial assistance to for-profit businesses can occur as acquiring property, clearing structures, building, expanding or rehabilitating a building, or providing operating capital. The type of assistance includes loans and grants.
 - **Public Benefit:** The assistance to private for-profit businesses must have underwritten and provide either: 1) jobs or 2) goods and services to a low- moderate income area.
2. **Assistance to Microenterprises:** HUD defines microenterprises as a commercial enterprise with five or fewer employees, for which one or more is the enterprise's owner.
 - Eligible activities for microenterprises do not require the public benefit test.
 - Microenterprise assistance can also meet the limited clientele LMI Benefit National Objective based on the microenterprise business owner income.

Opportunity Zones and related flexibilities for economic development*: HUD waivers clarify that the assistance can be made through any financing mechanism, not just the New Markets Tax Credits, especially in Opportunity Zones.

Find [opportunity zones](#) in your community

*Modified by the CDBG-CV Federal Register Notice (FR-6218-N-01)

Economic Development: Program Example

SMALL BUSINESS TECHNICAL ASSISTANCE PROGRAM

Target Population: Microenterprises or Small business

National Objective: LMC or LMJ

PPR Tieback: Small businesses must adapt to an evolving environment post-covid.

Economic Development: Grants for technical assistance services for small businesses

Eligible costs:

- Workshops
- Assistance in developing business plans
- Marketing
- Technical resources



Prepare , Prevent, or Respond to Coronavirus

PPR TIEBACK



PPR Tieback

- PPR tieback is a CARES Act statutory requirement
- All CDBG-CV-funded activities must prevent, prepare for, and respond to coronavirus (Direct and Indirect Approach)
- OCRA must ensure that all activities comply with the PPR tieback
- Focus on documented coronavirus effects or risks to overall economic, service, housing and infrastructure serving LMI neighborhoods and communities
 - Activities' relationship to the pandemic will vary based on community impacts
 - The file must tell the story
- Consider both backward-looking and forward- looking risks or vulnerabilities to coronavirus.

Note: Tie back does not mean that each assisted business or LMI person must have been negatively affected by the pandemic. The grantees can choose to design projects to drive economic recovery, infrastructure, services and overall community resiliency to respond to the coronavirus.

Direct vs Indirect Approach: Assessing PPR Tieback

Demonstrate PPR through:

- Direct Effect of the coronavirus pandemic
 - Rehabilitation of building to create additional quarantine and isolation rooms for recovering coronavirus patients
- Indirect Effect to the economy and housing market disruptions cause by social distancing or stay at home orders
 - Small business assistance caused by social distancing measures and stay at home orders implemented to prevent the spread of coronavirus

Mitigate future coronavirus pandemic impacts

When Assessing a Proposed CDBG-CV Activity Ask Yourself:

Does the proposal address a high-priority need?

Does it meet a national objective?

Is the proposed activity eligible?

Does it prevent, prepare for, or respond to current or future impacts of the coronavirus? (Direct vs Indirect approach)

Is the plan for carrying out the activity realistic?

Does the budget realistically reflect the cost of requested resources?

Is this a strategic use of funds?

Activity	PPR Tieback	Direct/Indirect
Construction of Community Center or Health Center	To serve as overflow quarantine areas for local hospital	Direct
Upgrade to Park to add more covered outdoor space	To increase capacity for social distancing	Indirect
Rehab of building	To add isolation rooms for quarantine	Direct
Extend broadband infrastructure	To support tele-school and telemedicine.	Indirect
Reconstruct of degraded water lines	to supply potable water to homes, schools, and health providers.	Indirect
Fund mobile pop-up stations	To serve as COVID testing facilities	Direct
Upgrade HVAC system in childcare facility	To increase safety measures during COVID	Indirect

Examples of Activities and PPR Tiebacks

Documentation Requirements

WAIVER AND ALTERNATIVE REQUIREMENTS

Documentation Requirements

Accurate and complete documentation is essential to the successful management of your CDBG-CV activity (National objective, Activity eligibility)

Grantees must document that all CDBG-CV funded activities help prevent, prepare for, or respond to coronavirus with studies or local data.

Failure to maintain adequate documentation of connection to the coronavirus as well as activity and participant eligibility can undermine program performance, regulatory compliance, and HUD oversight.

Documentation: Waiver and Alternative Requirements

The Federal Register 6218-N-01 provided additional flexibilities and options for documentation

LMI Job creation/retention

Income documentation: When certifying income for job creation/retention

- It allows grantees to consider an individual that apply for or holds a job to be a “household of one” for purpose of meeting income eligibility requirements.
- It allows grantees to substitute records showing the type of job and the annual wages/salary of the job, rather than the individual’s income.

Note: Other flexibilities and option are available for Limited clientele

Documentation: Waiver and Alternative Requirements

Special Economic Development

Public Benefit Standard: HUD waived the aggregate public benefit standard and revised the individual public benefit standard for certain economic development activities under the assistance to the for-profit business subcategory.

Grantees must document that:

- The activity will create or retain at least one job full-time permanent job per \$85,000 of CDBG-CV funds used.
- The activity will provide goods and services to residents of an area such that the number of LMI persons residing in the area served by the assisted businesses amounts to at least one LMI persons per \$1,700 of CDBG-CV funds used.
- The assistance was provided due to business disruption related to coronaviruses, in which case, no monetary standard applies.

Financial Underwriting and Evaluation Requirement: All special economic development projects must undergo evaluation and underwriting prior to funding.

Duplication of Benefits

Duplication of Benefits

Grantees must remain aware of potential duplication of benefits when carrying out CDBG-CV-funded activities.

Many financing programs have become available through the CARES Acts, American Rescue Plan (ARP) and other federal allocations that can be used for the same eligible activities as CDBG-CV.

Duplication of Benefits (DOB) occurs when a person, household, business, unit of local government or other entity receives financing from multiple sources for the same purpose. The total assistance received for that purpose is more than the total need for assistance.

- Receiving DOB could result in the required repayment of duplicative funds and de-obligation of funding.
- OCRA has a duplication of benefit assessment process that all communities will go through to ensure that there aren't any duplication of benefits.

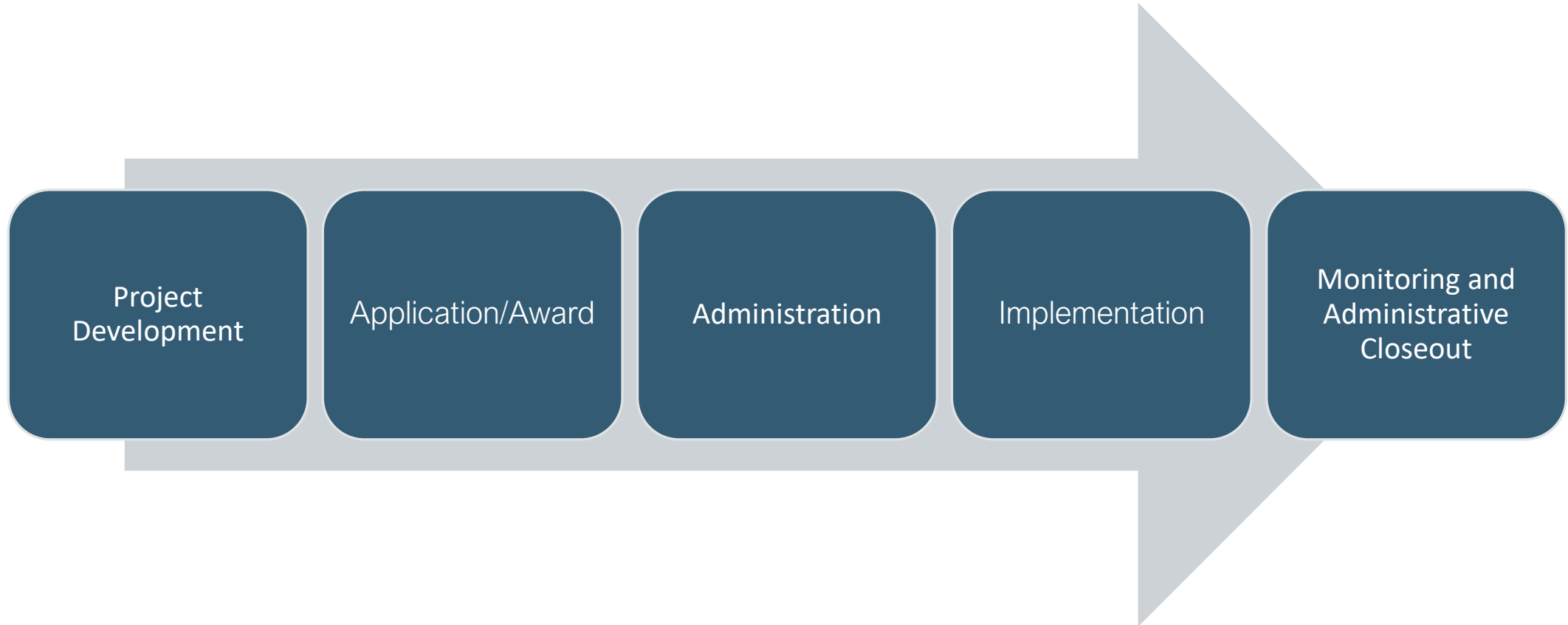
Recommendations

Maintain	Maintain documentation of other CARES Act assistance, including eligible activities and availability of assistance to determine risk of duplication
Use	Use CDBG-CV assistance to address unmet needs or provide unduplicated assistance, with special attention to needs of low- and moderate-income persons
<u>Note</u>	Assistance is not prohibited to meet needs that remain after considering other federal, state, local or philanthropic financial assistance



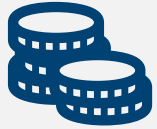
Project Development, CDBG-CV Requirements and Expenditure Deadline

OCRA CDBG-CV Phases



CDBG-CV Requirements





CDBG-CV grants are available for limited purposes under the CARES Act.



Grantees must take the expenditure deadline into account during the project development phase and Strategic Investment Plan.



HELP communities must **spend** all CDBG-CV grants by **Jan. 21, 2026**.

CDBG-CV Expenditure Deadline

THE OCRA CERTIFIED GRANT ADMINISTRATOR

The OCRA Certified Grant Administrator

THE REQUIREMENTS, THE DUTIES, THEIR ROLE IN HOOSIER COMMUNITIES AND THE VISION

The Requirements

All Grantees that apply for a CDBG-CV grant from OCRA must use a grant administrator certified by OCRA.

Grant administrators must be procured in accordance with federal and state guidelines if their professional service fees are to be paid from grant funds.

If local funds will be used to pay for grant administration services, the Grantee should use local procurement policies.

View a current list of [OCRA Certifies GA's](#)





The Duties

Follows all federal, state and local laws, regulations and guidance while administering grants.

Advises communities openly and honestly.

Avoids any conflicts of interest and discloses any conflicts of interest when they exist.

Interacts in a professional manner with community members, OCRA staff and other stakeholders at all times.

Holds the interests of the community above their own interests.

Fosters new and innovative ideas by sharing best practices and other resources.





Rural Coronavirus Response with CDBG-CV

GUIDE FOR HELP COMMUNITIES TO
MAXIMIZE CDBG-CV AND ARPA FUNDS.

Pathway Assessments & Project Identification



Advancing e-Connectivity

Seeks to aid communities by increasing or improving broadband access services, promoting digital inclusion, and supporting businesses and organizations that focus on broadband access and technological innovation.

Possible initiatives include:

- Digital Adoption Support
- Digital Ready Businesses
- Intelligent Communities



Quality of Place

Focuses on improvements to the built environment and community infrastructure.

Possible initiatives include:

- Arts and Culture
- Housing
- Community Facilities
- Historic Preservation
- Youth Engagement
- Gateway Beautification
- Main Street Redevelopment



Community Wellness

Seeks to expand and improve infrastructure and initiatives related to our people. Public health is important to overall community wellness. Possible Initiatives include:

- Mental Health
- Parks and Trails
- Food Deserts/Healthy food markets
- ADA accessibility
- Walkability/Bike Lanes/Public Transit
- Childcare
- Blue Zones



Strengthening Local Economies

Help communities grow and support robust local and regional entrepreneurship cultivation through innovative programs and capital investments. Possible initiatives include:

- Entrepreneurial Ecosystems
- Economic Gardening
- Small Business Revolving Loan Fund
- Business Retention and Expansion; Workforce Development
- Business Networks
- Co-Working Spaces

Activity	Potential Eligible CDBG-CV Projects	HELP Pathway
Public Facilities: Broadband	Create public hotspots to increase the e-connectivity in a community for people to do work, school, and access public services and resources.	Advancing E-Connectivity
Public Facilities: Neighborhood Revitalization	Create public spaces such as fitness, outdoor or social spaces with ample lighting suitable for pedestrian traffic where insufficient facilities are available	Enhancing Quality of Place Promoting Community Wellness
Economic Development: Assisting Microenterprises	Provide small business with technical assistance and loans to help transition small business to telework, capital improvement, employee training and business adaptation.	Strengthening Local Economies
Public Service: Substance Abuse Treatment	Increase capacity of local facilities or support partnerships that provide services to people in need of substance abuse recovery.	Promoting Community Wellness
Planning: Comprehensive Plan	Comprehensive planning allows communities to analyze land use, fiscal capacity, placemaking, economic development, housing, transportation, agriculture, natural resources, parks and recreation, broadband, hazard mitigation and historical resources, and execution of proposed projects to implement the community's readiness to future health crisis.	Advancing E-Connectivity Promoting Community Wellness Strengthening Local Economies Enhancing Quality of Place



Community Development Block Grant CARES Act Funds companion volume

A guide for maximizing the implementation of Community Development Block Grant CARES Act Funds in HELP Communities.

Designed for the Hoosier
Enduring Legacy Program

August 2022

OCRA
OFFICE OF
COMMUNITY &
RURAL AFFAIRS

Resources

- [OCRA CDBG-CV toolkit](#)
- [OCRA CARES Webpage](#)
- Presentation Slides will be available next week on OCRA's Website
- [CDBG-CV Federal Register Notice](#)
- [CDBG-CV Resources](#)
- [CDBG CARES Act Webinar Series](#)
- [CDBG-CV PPR Flexibilities Quick Guide](#)
- [HUD CDBG-CV Toolkit](#)

Questions?



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