

## **CDBG CARES Act**

### **Working With CDBG-CV Subrecipients To Expand Programs**

Rob Sronce: And we're recording. Thank you, Chantel. Hello. And good afternoon, everyone. Thank you for joining us for today's session of the CDBG CARES Act webinar series: Working With CDBG-CV Subrecipients To Expand Programs.

This, today, is part one of a two-part webinar on the use of subrecipients for CDBG-CV grantees. Part two, the CDBG-CV subrecipient agreement as a management tool, will be held this coming Thursday, the 13th, also at 2:00 p.m. Eastern. Please be sure to join us this Thursday. Next slide.

My name is Rob Sronce. I'm with the Cloudburst Group. I am glad to be here with two of my colleagues, Sara Daines -- hello, Sara.

Sara Daines: Hi.

Rob Sronce: And Cherré Palenius. Hi, Cherré.

Cherré Palenius: Hello.

Rob Sronce: We are also joined today by staff from HUD's Office of Block Grant Assistance, Puping Huang --

Puping Huang: Hi, everyone.

Rob Sronce: -- and Gloria Coates.

Gloria Coates: Good morning and afternoon to all.

Rob Sronce: Thank you, Gloria. Thanks for joining us. Also working behind the scenes is our Zoom host, Chantel Key, from ICF. Thanks, Chantel, for all your help.

Before we start, I would like to review a few things. This webinar is scheduled for one hour. However, the session could run a little longer. Thanks for your patience if we do. If you do need to step away or you can't stay for the full length of the webinar, please know that the session will be recorded. Slides, transcript, and recording will be posted on the HUD Exchange, usually in about two weeks, if a -- little bit more or less.

Please note that all participants, or attendees, are in listen-only mode, so you're muted by default. If you need help with using Zoom or have other technical issues, please chat at the host through the Zoom chat, and Chantel will be glad to help you.

Please do not use the chat for questions to the presenters. And oh -- also I will be -- you'll see some URLs in the slides every now and then. I've got those handy. I'll try to drop them into the chat as we go through.

However, if you have questions for the presenters, use the Q&A feature. That way we can capture them and log them as answered or not answered. Please enter them as you have them. We hope to have time at the end to answer as many as we can.

Please also remember, if you do have a question and we don't get to it, and it's important, HUD Exchange does have an "ask a question" for CDBG-CV grantees, so please take advantage of that. And again, all of this will be posted to the HUD Exchange about -- in two or three weeks after we're done here today. Next slide, please.

So we hope that this presentation -- today and Thursday -- will help you, CDGB-CV grantees, to more effectively manage subrecipients as a means to deliver your programs. In this first session, we'll talk about the benefits of collaborating with subrecipients; how to be strategic when it comes to identifying, selecting, and engaging subrecipients; and we'll also begin to discuss how the subrecipient agreement is an important management tool. Next slide.

On Thursday in session two, we'll continue the conversation with a specific focus on the subrecipient agreement, including specific CARES Act requirements and available waivers, how to manage risk through the subrecipient agreement and, of course, producing results and timely program performance using subrecipients. Next slide, please.

So once again, two sessions: today and Thursday -- also at 2:00 p.m. on Thursday -- both covering the use of subrecipients and CDBG. Today, the effective use of subrecipients broadly; and Thursday, really diving down into the subrecipient agreement. So with that, now I'll turn it over -- turn it back to our first presenter, Sara Daines. Sara?

Sara Daines: Thanks, Rob. Before we begin, we thought it would be appropriate to give a brief overview of how the pandemic has affected the nation and the challenges you as grantees have faced the past 23 months. As of yesterday, over 61 and a half million people in the United States have tested positive for COVID, with more than 836,000 deaths attributed to the virus since March of 2020. Rates of infection, after a brief decline last year, have skyrocketed this past month with the emergence of the rapidly-spreading Omicron variant. The social and economic impacts of the virus have been widespread, profound, and long-lasting.

A number of federal agencies have been tracking how the pandemic has affected the country. The unemployment rate released by the Department of Labor, which hovered around 3.5 percent in the months before the pandemic was declared, shot up to 8.6 percent in April. According to the Federal Reserve, roughly 39 percent of the people who lost their jobs during this period were earning less than \$40,000 a year before they were laid off.

The Census Bureau reported that one in five households were unable to keep up with their rent or mortgage payments, with one in three indicating that they did not have enough to eat. And in rural areas, according to the FCC, nearly one fourth of the population lacked access to dependable high-speed internet at a time when virtually everything from school and work, to medical appointments and family gatherings, went online.

These are just a few of examples of the many challenges communities across the country have faced. Black, indigenous, and people of color have been disproportionately affected during the pandemic, as have older Americans, members of the LGBTQ+ community, and lower-income households. And while things have improved this past year due, in part, to the development of

vaccines, job growth -- albeit slower than hoped -- and the infusion of federal recovery funds, the pandemic has, and continues to have, a profound impact on the lives of millions of people.

Unfortunately, according to public health officials, the coronavirus is not going anywhere any time soon. Grantees have had to respond to demands for new services, unpack evolving guidance from HUD, adjust to less-than-ideal working conditions, and take on additional responsibilities during the pandemic to administer a record influx of local, state, and federal funds.

Masking mandates, physical distancing requirements, and lockdown measures changed how many of you were able to interact with your subrecipients and coworkers. The transition to working remotely and the lack of sufficient staff support created additional challenges and stresses. You've been working longer and harder.

Grantees are responding to the pandemic in a number of ways. Whereas in the past, your CDBG program may have focused on housing rehab and home ownership programs, or streetscapes and ADA improvements, many of you have expanded your portfolios to include support for local food pantries, housing and business assistance programs, or in the development of new non-congregate housing, testing sites, and broadband infrastructure.

To increase the impact of your CDBG-CV funding, grantees have been partnering with local agencies to provide needed services, something they may not have done in the past. Others are expanding the programming offered by their existing subrecipients, increasing their funding levels and amending their scopes of work. Many have looked beyond their usual pool of subrecipients and identified new organizations to work with. State grantees have begun to provide direct services using subrecipients, many for the very first time.

With the enactment of the CARES Act on March 27, 2020, \$5 billion in CDBG-CV funding was approved by Congress for programs that are designed to prevent, prepare for, or respond to the impacts of the coronavirus.

The funds were distributed in three rounds, or tranches. In the first tranche, funds were awarded to all grantees based on the formula used to calculate their annual FY20 CDBG allocation.

The second round of funds was targeted to grantees with higher percentages of low-income elderly, children in poverty, and unemployment claims.

And in the third and final tranche, funds were distributed to areas with a high percentage of businesses experiencing high growth, high job loss, and corresponding high rates of unemployment. Local rates of COVID cases or deaths were also considered, as were the number of households at higher risk for the transmission of the virus or eviction.

We've included this slide to give you a visual sense of the increase in funding grantees have received with the adoption of the CARES Act. The four grantees highlighted here: Dover, New Hampshire; Lewiston, Idaho; Bellevue, Nebraska; and Marco Island, Florida, were randomly selected based on their location and, to a lesser extent, their population. The CDBG-CV funding

each received ranged from 120 to 225 percent of their annual CDBG allocation, based on the factors I described earlier.

Subrecipients can play a successful -- play a significant role in the successful delivery of CDBG-CV programing for smaller grantees like this.

As the pandemic continues, grantees are reevaluating and adjusting their programs to reflect changing community needs and resources, and to explore new ways to work with community partners. While the initial focus of many has understandably been on responding to the immediate economic impacts of the pandemic, grantees have begun to invest in public facilities and infrastructure projects designed to mitigate the long-term impacts of the coronavirus and the variants that are likely to develop down the road.

Options for identifying potential community partners -- your prospective subrecipients -- is the focus of our next segment of our presentation. Turning it over to you, Cherré.

Cherré Palenius: Thank you, Sara. Working with your existing subrecipients provides grantees with the ability to escalate current programs, expand the scope of services being provided, discuss new and/or innovative activities for driving longer-term recovery, and revitalization, which increases both the subrecipients' and the grantees' organizational capacity and resiliency. Let's start with describing what a subrecipient is. CDBG subpoint J Grant Administration 24 CFR 570.500(c) defines subrecipients as a public or private nonprofit agency, authority, or organization. A public agency, authority, a non -- a public housing authority, housing redevelopment, or housing authority. For a private nonprofit, nonprofits need to have an IRS 501(c)(3) or (c)(4) designation.

A for-profit is authorized to facilitate economic development at 24 CFR 570.201o (small zero, or O). The subrecipient term excludes a community-based development organization, or CBDO, which is defined at 24 570.204, unless the grantee explicitly designates the CBDO as a subrecipient. A CBDO has a specific geographic location, like an urban neighborhood or a rural community, and specific CDBG-eligible activities: for instance, an energy conservation program.

Subrecipients also includes a public agency designated by an uglug [ph] to receive a loan guarantee under Subpart M, the Section 108 loan. Subrecipients expand the ability of the grantee to implement and administer CDBG funds and must adhere to CDBG rules and the uniform administrative requirements at 2 CFR, part 200.

Subrecipients are also reimbursed for direct activity delivery costs. [Subtype C ?] program administrative costs at 24 CFR 570.206 is where you will find additional information on general overall management, oversight, and coordination. This does not include staff and overhead costs directly related to carrying out CDBG-eligible activities. For more information relative to what is staff program admin costs versus activity delivery costs, check out the CPD notice 13-07.

Like the neighborhood stabilization program (NSP), the Coronavirus Aid, Relief, and Economic Security, or CARES Act, for the CDBG program, allows states to use their CDBG-CV funds directly to carry out CDBG-CV activities in all areas of the state, establishing statewide programs covering entitlement, non-entitlement, and tribal communities; using state employees

and state agencies; or assistance provided under agreements with state-wide and local-level subrecipients.

States acting directly may also adopt statewide procurement policies using interagency agreements (including agreements with tribes), passing these procurement requirements on to other state agencies, provided the statewide procurement requirements are based on full and open competition and meet the CDBG procurement requirements at 24 CFR 570.489(d) and the reporting requirements on real property at 2 CFR 200.330.

States must have consent from tribes to work directly in tribal communities. States looking to carry out CDBG-CV activities may want to check out the state Quick Guide, which provides additional information on the direct administration implementation model, or the pass-through model, which is like the process used by entitlement communities.

There are several advantages to working with subrecipients, especially when identifying the unmet and the ever-changing needs of your communities dealing with this pandemic. Many subrecipients have a greater connection to the local community and its residents and/or they have expertise in a specific area, such as housing counselors who may have household budgeting expertise, which in turn increases your access to technical expertise the grantee staff may not have. But partnering with subrecipients may assist grantees in prioritizing resources and increases the grantees' capacity for moving towards recovery.

It's literally all hands on deck. It's going to take a village to tackle this unforeseen pandemic, which means subrecipients have become important partners working with grantees to deal with the unexpected social and economic disruption of coronavirus, to improve the community strength, resistance, and resiliency, combating this pandemic and moving forward towards recovery.

Working -- many grantees are engaging new nonprofit organizations as first-time subrecipients, connecting with interagency departments and social service organizations working with vulnerable populations, reaching out to health providers, the faith community, local community groups, educational and economic development entities, etc. If this is the first time you will be funding a faith-based organization, check out the CPD Notice 04-10 for additional guidance on how to fund faith-based organizations.

Working with subrecipients also creates several potential challenges; new subrecipients may have limited or no knowledge about cross-cutting requirements, fair housing, lead-based paint, environmental reviews, the Uniform Relocation Act Section 3, or the uniform administrative requirements at 2 CFR Part 200. And many may have limited or no knowledge about the CDBG-CV program requirements, such as the PPR tieback, or duplication of benefits.

Not to mention they may have reduced staff capacity, past performance issues, or additional stress, taking on new or additional program activities centering on pandemic recovery. As mentioned before, reach out for referrals of reliable subrecipients from local officials, grantee staff, community groups.

Review the capacity of current subrecipients you contract with; then assess their expertise and the staff capacity to take on additional activities. Request a simplified or limited application. Or directly solicit qualified organizations, like a food bank distribution organization, especially if you're in a rural area where there may be only one food bank.

As a grantee, you need to determine what's the best method for soliciting subrecipients based on the pandemic's impacts in your community. So think about: what other community's unmet needs and where are the gaps? What's not being funded or is underfunded? What's the capacity of your existing subrecipients? How many qualified subrecipients are available? And what is your internal capacity to manage the solicitation and pre-award review process? Now I'll turn the presentation back to you, Sara.

Sara Daines: We're going to shift gears a bit here and talk about the selection process. A thoughtful and careful assessment of prospective subrecipients before the award of any CDBG-CV funds, including organizations you have worked with in the past, is important. It will help you select and manage your subrecipients, reduce risks of noncompliance, and ensure the success of your program.

Regardless of how you go about identifying prospective subrecipients, it is important that you present your selection criteria at the beginning of the process. Your criteria should be clearly identified, easy to understand, specific, and reflect the requirements about the CDBG program and the CARES Act.

There are multiple benefits of developing your evaluation criteria and clarifying the process before you begin to solicit proposals. It will assure potential subrecipients that the process is fair and objective, increase their awareness to the requirements of your program, and allow you to focus your evaluation process on factors that are critical to the success of your overall CDBG-CV efforts.

It may even reduce the political pressure you might get to fund a specific organization or assist a targeted constituency. Remember, it is important that your selection process is fair and that grant awards are based on criteria that is objective and applied across the board, regardless of who the prospective subrecipient might be.

When assessing the eligibility of a proposed activity, a number of factors should be considered. The priority needs included in your consolidated plan may have changed. Does the proposed activity fall within these revised priorities? Remember that while the CARES Act provides waivers from several CDBG requirements, the list of eligible activities did not change.

The prevent, prepare for, and respond to coronavirus requirements laid out in the CARES Act, the PPR tieback Cherré referenced earlier, is key to the development of a successful CDBG-CV activity. A prospective subrecipient can't simply state that because an activity will take place during a pandemic, that meets the PPR tieback requirement.

Does the proposed activity address the national objective? The national objective requirements of the CDBG program were not suspended under the CARES Act. And based on your experience

with similar programs you may have implemented or funded in the past, consider whether the plan they are proposing for carrying out the activity and the budget are realistic.

One of the more important things to consider in this process is whether or not this is the best use of your funds based on your priority needs and its anticipated impact on your community. You also need to assess and evaluate the eligibility and capacity of the organization seeking funding. Do they qualify as a subrecipient? When in doubt, read the regs and verify that they do.

As Cherré noted earlier, not all organizations are eligible to receive funding. Regardless of the type of funding they may have received in the past, have they offered a similar program or undertaken a project with comparable complexity before? If they have, what was the outcome? Did they do what they said they were going to do? Were they able to complete the project on budget and on time? If not, why not? There may be some extenuating circumstances that prevented them from successfully completing the program. Ask them about it if you have any concerns.

And lastly, based on the information they have provided, do you think they fully understand what they need to do to succeed? The requirements of the program can be challenging if they have not received federal grant funds before or do not have the administrative and financial capacity to comply with the regs.

The capacity of the prospective subrecipient must also be considered. Organizations, large and small, have been experiencing high rates of turnover during the pandemic, losing experienced staff with the skills needed to administer their programs. Despite their recruitment efforts, they may be struggling to fill vacant positions with qualified employees.

Another factor to consider is whether -- what other grants they may have been awarded. They may be fully staffed, but do they have the capacity to successfully undertake your program and the rest of their portfolio in a timely and compliant manner?

The information you glean during your evaluation of the proposed activity and your assessment of the prospective subrecipient will help you make reasoned supportable award decisions, and we'll also help you tailor your subrecipient agreement, identify what their training and technical assistance needs may be, and develop an appropriate monitoring plan.

HUD's "Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight" was updated and published this past December. The updated guide includes an application rating, or scoring template, and a risk analysis matrix that may be helpful as you go through this process. They include many of the considerations we've highlighted here and provide options for both scoring proposed activities and evaluating the risks associated with prospective subrecipients. We encourage you to check it out.

There are several things you can do to help your subrecipient succeed. One is to offer training and technical assistance, focusing on the activity they will be undertaking or gaps in expertise identified during your assessment. Trainings could be provided remotely or on-site, or in a group setting, depending upon coronavirus protocols that may be in place in your community or that

have been established by your organization. I'd also encourage you to explore some of the online training that HUD and other grantees have developed.

Key to ensuring the success of your subrecipient is the development of a clear and detailed agreement. As I mentioned earlier, HUD has updated its Managing CDBG Guide. There are a number of resources included in chapter three that may be of interest: a checklist for basic provisions that should be included in your agreement, a listing of relevant citations, and a sample agreement. While the guide doesn't specifically call out the requirements of the CDBG-CV program, the information can be helpful.

Before I turn you back to Cherré, who will be talking in more detail about the subrecipient agreement, there are two last things I would encourage you to consider doing to help your subrecipient succeed. Depending upon their expertise or capacity, consider breaking the proposed activity down into more manageable components. This could be done by phasing the project, or splitting it up into distinct -- separate, distinct activities undertaken by individual subrecipients.

It may also be helpful to provide them with a checklist to satisfy your documentation requirements, or a step-by-step checklist for elements of the program, such as the income verification process. And last but not least, consider conducting more frequent reviews of the paperwork collected during the implementation of the project or site visits just to check and see how things are progressing. Cherré?

Cherré Palenius: Thank you, Sara. Your subrecipient agreement identifies the rules and regulations your subrecipient must follow and conditions for funding, measures the subrecipient progress, and provides guidance for your staff and your subrecipient about performance, methods, and administrative responsibilities. It is your key tool for managing your subrecipients.

A good subrecipient agreement is clear, measurable, complete, and enforceable. A thoroughly-constructed agreement will clearly identify the CDBG regulatory and CARES Act compliance requirements, articulate your performance expectations, and monitoring obligations, ensuring your CDBG-CV funds are spent appropriately and in a timely manner.

Your CDB -- your subrecipient agreement is an effective management tool. If your agreement clearly describes all the program requirements, defines each party's role: what is your role and responsibilities, and what is their role and responsibilities to you? What are each party's expectations? You have set expectations, and so do they. Are they clearly spelled out in your agreement?

Your agreement needs to clearly define what the performance goals are and ensure they're achievable. Don't set your subrecipients up to fail. Establish mutually agreed-to performance deadlines and include your monitoring process. Will you be monitoring initially on a weekly basis, then monthly or quarterly? What documentation must they have? When and how often will you conduct on-site or desktop monitoring?

And most importantly, as you're communicating with your subrecipient, take the time to ensure the subrecipient staff fully understands all the various requirements that's outlined in your agreement.

All CDBG program requirements apply to the CDBG-CV seed funds unless specifically waived or HUD has issued an alternative requirement. The CARES Act added duplication of benefits and the prevent/prepare for/respond to tieback. Other requirements, such as removal of the 15 percent public service cap, were put in place by the Federal Register notice, effective in early August of 2020. If you have additional questions, review the resources noted on this slide.

Also remember your subrecipient agreement must include, and you must monitor for, all activities that are used to prevent, prepare for, and respond to the pandemic (also known as the PPR tieback), emergency subsistence payments, duplication of benefits, economic development activities, disbursement of funds, and reporting requirements.

The main component of your subrecipient agreement needs to include eligibility of the CDBG-CV and CDBG activity: the PPR tieback. What is the tieback? You need to describe the PPR tieback. You need to identify the CDBG national objective. 24 CFR 570.208 if you need additional information. And you need to include all HUD-required CDBG and CDBG-CV rules and cross-cutting regulations.

Over the next several slides, we will provide more information relative to these key elements, along with more detailed information in session two. Your subrecipient agreement must meet all the CDBG requirements at 24 CFR 570.503, agreements with subrecipients, and those imposed by the CARES Act, and the CDBG Federal Notice.

Your agreement needs to clearly describe the eligible activity in the statement of work, identify specific tasks required to complete these activities, a detailed line-item budget identifying activity and administrative costs, plus your established deadlines for identified tasks and completion of the activities.

Your agreement needs to also identify quantitative measures to gauge the progress and success of each activity based on the funded activity. The number of households, the number of businesses or individuals assisted, which in turn you will use for tracking their performance goals, plus include your monitoring procedures. A best practice is to tie reimbursement with meeting deadlines and completing tasks.

Remember, you must indicate how the eligible activity will prevent, prepare for, and/or respond to the pandemic. Is the activity addressing current or future pandemic impacts? Does the activity abide by the CARES Act guidance? And have you included it in your monitoring procedures? For an emergency assistance program, you need to provide a COVID-19 tieback for each individual household assisted.

Each project and/or individual file should tell a story about how the activities implemented have responded, prevented, and/or prepared for coronavirus, and should be documented in the file as

part of your project review and eligibility analysis. Consider both backward-looking and forward-looking risks or vulnerability to coronavirus.

And remember, for economic development activities, the tieback is different. You can choose to design this activity to drive economic recovery as a response to the economic downturn of many businesses negatively impacted by this pandemic: hotels, restaurants, retail -- both large and small.

As we indicated previously, your subrecipient agreement needs to clearly indicate the funds are for activities that prevent, prepare for, and/or respond to coronavirus, especially if you're using the same recipient for other non-CDBG-CV assistance or services.

Make sure you review your monitoring procedures and add the PPR tieback information, specifying what documentation is required to meet the PPR tieback of the CARES Act. Is the PPR tieback a direct or indirect effect? A direct effect could be rehabilitation to create additional quarantine rooms for recovering patients. An indirect effect could be small business assistance caused by social distancing measures and stay-at-home orders to prevent the spread of the pandemic, or upgrade of a heating ventilation air conditioning system in a child care facility.

Identify the national objective the pandemic activity is addressing. Describe how the activity relates to the CDBG national objective, how it will be documented, and what the necessary requirements are for meeting the national objective. If you're having trouble with identifying and documenting the CDBG national objective, I would suggest that you go back and review the CDBG national objective webinar that was held November 16, 2020, and is located on HUD Exchange.

For programmatic records, a helpful section of the CDBG regulations to review, which discusses the records that must be maintained to comply with CDBG regulations, is at 24 CFR 570.506. During session two, we will provide more information on meeting and documenting the national objective. Now I will turn the presentation over to Sara to complete.

Sara Daines: As Cherré has noted, your subrecipient agreement can be an effective tool for monitoring purposes as well, providing a framework for verifying regulatory compliance and monitoring program performance. The agreement, in addition to addressing routine closeout measures, should provide for an early assessment of your subrecipient's operations and their compliance with the CDBG-CV program's documentation requirements. The need for interim assessments of their progress should also be considered.

The next two slides illustrate how you can incorporate monitoring provisions into your agreement and the documentation you can request to monitor their progress. Consider including provisions in your agreement that will allow for the early review of the material and procedures they plan to use. Identify, for example, the documents that they will need to submit for your review and approval at the beginning of the planned activity. This could include their intake application, the procedures that they will be using to comply with the program's duplication of benefits restrictions, and how they will be documenting the income of anticipated beneficiaries.

Include language that ties the disbursement of funds to specific performance measures. This could be done by date, activity, or metric, based on the nature and complexity of the activity. And while it may result in multiple copies, be sure that the material they provide is included in the project file and not just attached to the request for funds.

Remember that 80 percent of your CDBG-CV funds must be expended no later than the end of the third year of your period of performance, and that any unspent funds may be subject to recapture. As such, it is important to track your subrecipients' activity and drawdown rate to ensure the timely expenditure of funds.

Additional information on how your subrecipient agreement can be structured and specific monitoring recommendations to ensure the success of both you and your subrecipient will, as Cherré mentioned, be presented during the second of this two-part webinar.

Before we wrap it up and move on to questions, we encourage you to make the most of your subrecipients. They can assist you in identifying challenges you may not be aware of, address overwhelming community needs, and maximize the impact of your CDBG-CV funds. The more you can do to ensure their success, the more successful your CDBG program will be.

Before I turn you over to Rob, I wanted to encourage you to make use of the many resources that have been developed by HUD and are available online. Several of those are listed here and include the managing CDBG guide I mentioned earlier, as well as the CDBG-CV toolkit that I found useful in working with grantees. Rob, do you want to take it from here?

Rob Sronce: Yes. Thank you so much. We've got a number of questions. We've got a nice chunk of time left -- 20 minutes left. So I'll go through some of the questions. And looks like some of these maybe Puping or Gloria want to weigh in on. Let's see. And I've -- we've been answering some of them, providing some resources in the Q&A panel.

Let's see. The first one -- this is for HUD -- is asking about CPD notice 1709, that -- there's a CDBG-CV project. It's a public facility, involves a faith-based organization. The notice has specific disposition requirements for property owned by faith-based organizations and has raised a concern. The concern is that disposition requirements would be longer than the five-year restricted use period, and they're just looking for some guidance; waiting to hear back there in conversations with their field office, and wondering if you had any comment on that. I'm thinking Gloria.

Gloria Coates: Yes, Rob. Actually, one of my colleagues sent that question to me and what I said -- and I don't know if she ever sent it to the grantee, regarding faith-based nonprofits. And maybe this is a little over-explanation.

But what I told her, that if you go first to the -- what we call the admin regs 57502, that talks about the applicability of part 200 requirements -- it says in there that real property doesn't apply -- section 311, except as provided in 200 J.

Well, we all know now that 200 J is now at -- the provisions that were there are now at 24 CFR 5.109 J. And it reads partially, "Disposition of real property by a faith-based organization after its use for unauthorized purpose, or any change in use of the property from an authorized purpose, is subject to government-wide regulations governing real property disposition."

2 CFR part 200 subpart D, and the HUD program regulations as directed by HUD. The relevant section of 2 CFR part 200 subpart D is 2 CFR 200 311, real property and specifically, 2 CFR 200 311 C addresses disposition of real property. And there it states that HUD instructions must provide one of the three alternatives that are identified there.

All of them require payment to the federal agency, depending on what alternative is chosen. And in addition to that, the HUD program regulations must be followed for disposition of real property by a nonprofit subrecipient, which are contained at 575 3 B 7. Now, I didn't read all of the alternatives, but there are three alternatives listed at 2 CFR 200 311 C.

Rob Sronce: Thank you, Gloria. We've got two questions --

Gloria Coates: Sorry it sounds confusing. I mean, it's a lot to it, but -- yeah. I get it.

Rob Sronce: Yeah. Thank you. So we've got two sort of related questions here, maybe one of our presenters want to take on. The benefits of subrecipients, specifically subrecipient versus contract -- or subcontractor. When might a grantee want to use one versus the other? Sort of a short pro and con, if you would.

Sara Daines: Cherré, do you want to go ahead?

Cherré Palenius: I will try. A subrecipient we defined earlier in our talking points as a public agency or a nonprofit. The -- so one of the first things you're going to want to think about is, are they a nonprofit or are they a for-profit organization? And if they're for-profit and if they are not doing special economic development activities, then they'll be a subcontractor.

A subrecipient has more responsibilities to you relative to the CDBG regulations and the CDBG-CV requirements than maybe a subcontractor does. So you're going to want to look at the pros and cons, and then look at the activities, and then make a determination as to -- see if it makes more sense to use that particular entity as a subcontractor versus a subrecipient. It's kind of hard to answer otherwise, without knowing a lot of the specific details.

Rob Sronce: All right. Thanks, Cherré. For Gloria or Puping, a couple of questions about the expenditure dates for CV funds, the various allocations. Can you provide some direction to grantees on the HUD's expectations and requirements in terms of expenditure and or obligation?

Puping Huang: Yeah. This is Puping. I will take a stab at it. So the obligation date is your first, CDBG-CV 1. When you sign grant agreement with HUD, that's the date, And the four -- CV 1, CV 2, CV 3, all together, considered as one CV grant. So we use the grant agreement date when you sign the agreement with HUD for the CV 1. So from that date, at three years, that's your three years of expenditure deadline, which you have to spend 80 percent of CV funds.

And then for the CV funds, also, we have six-year performance -- period of performance, so -- instead of eight. But for now, you only need to worry about 80 percent of expenditure deadline, which is your CV 1 grant agreement signed date, plus three years.

Rob Sronce: Great. Thank you, Puping. There's also a -- there's a really great -- it's called the CDBG-CV toolkit I've linked to. There is a section on financial management and the Quick Guide does speak some to the period of performance for the grant.

Puping: Since you asked that question, I can suggest to my directors -- we'll post your grant application date and the 80 percent of expenditure deadline online, or we'll share with field office and have field office share with you. So whatever the method is appropriate, we're trying to disseminate that information to the -- to you guys.

Rob Sronce: Thanks, Puping. We have a couple of questions here. I think this is a particularly good one, along the vein of selecting subrecipients, and from -- and saying how does one become a subrecipient? So if you're out there in the field and you believe you can provide services, what's the way to make yourself known as someone who would be interested in becoming a subrecipient or receiving and using CDBG funds as a nonprofit?

Sara Daines: What I would encourage agencies like that to do is to contact their area CDBG program and just let them know that you exist, and that you're interested in working with them to provide programing. You can also track their activity online to see if there have -- issued requests for proposals or other announcements regarding the availability of funding.

I mean, the key is to make sure that you're eligible for the participation in the program. But that's something you can talk through with your local CDBG staff. It's worth exploring, and I would encourage you to do that.

Rob Sronce: Thanks, Sara. And here's one for probably Gloria or Puping. Can subrecipients use CDBG-C funds to reimburse for activities that were already carried out during fiscal 21-22, clarified. I think -- and I think this -- go ahead.

Gloria Coates: I'm sorry. Okay. Ask that again, because I'm not sure exactly what you're asking. I just need to make sure I have a clear picture.

Rob Sronce: Yeah. Sorry. I read that and I was like, "Hmm, I thought I was asking one thing," but -- so if you could ask that question again -- try to do our best to answer it there.

Let's see. Just scrolling through here. I'm sorry. It's a lot of great questions here. Hmm. Some of these, I'm -- apology, some -- I don't quite have enough information to really be able to pose the question, or they're really in the [weeds ?] that you should talk to your field office about it, or reach out to ask a question, and we can take some time to figure out the question.

Puping Huang: So for the previous question, the -- you asked, can subrecipient use CDBG funds to reimburse for their activities that already carried out during FY21-22? Are you talking about

can you use CDBG-CV funds to carry out activities that funded in 21 22? That what [are you wondering? ?]

Rob Sronce: Yeah. I'm not sure, but that was my guess, that it was talking about previous -- prior -- you know, a cost incurred prior to the subrecipient agreement.

Gloria Coates: Mm-hmm. And this is one of those -- you need more information to really make a clear determination. I mean, they can use -- to address coronavirus, they can use FY19, FY 2020 funds along with their CV to address coronavirus. But for their 21 program year they cannot, because the CARES Act only specifically allows FY19 and FY20.

So if there was a -- if they can demonstrate that they have a cost that was incurred before they received their either CARES Act grant or either of these -- it depends, see. It all depends on when they applied for their grant. And like I said, there just too many moving pieces to it.

But they have to be careful with regard to incurring costs. You know, anything that they have -- that they can incur costs for and reimburse has to be in a plan or an amended plan. It can't just be something that they decided out of the blue that they want to reimburse for. You know, of course, it has to be eligible, meet a national objective, and all of our cross-cutting requirements.

And because it's going to play, you know -- it has to be something that the citizens have been advised of. So they can't just reimburse simply because they want to; all the requirements have to be met, first of all. But without additional information in this instance, it'd be kind of hard to make a determination.

Rob Sronce: Okay. Yes. Lots to consider.

Gloria Coates: And I'm sorry I can't be more precise. I just kind of gave the basic parameters of reimbursing costs. But if it's PPR and if it's 19 or 20 money that specifically was identified for addressing coronavirus that -- they may be able to if they met all the requirements. But like I said, it depends.

Rob Sronce: Yes. Yeah. As we've known, working -- myself and Sara have worked quite a bit in the "ask a question," and please do feel free to submit a question there and we can we can walk through it. But there are a lot of -- the answer is going to depend on knowing some of the details of the situation. It's difficult to answer without that conversation.

Okay. I think, again, we have a number of questions that we're not able to get to today. I encourage you to put this through "ask a question" and then we can have time to sort them out with you. Myself or Sara and many other TA providers who are available and ready to take your questions.

So I think we'll wrap it up today and look forward to you joining us again on Thursday. So thanks Sara and Cherré and Chantel and all the team at ICF, and our guests from HUD, Gloria and Puping.

Please again, note that the -- yeah, we apologize. We say two to three weeks to get the slide deck, transcript, and recording out. Sometimes it's quicker. Seldom is it going to take more than three weeks, but we do need to review and get the transcript back, and get the recording. Make sure that everything is compliant with the standards for publishing on HUD Exchange.

So again, yeah. Thank you. And please, we look forward to having you joining us for part two. We'll dive into the subrecipient agreement. So that'll be this Thursday, the 13th, also at 2:00 p.m. Eastern. We look forward to seeing you there. Thank you and have a good afternoon.