

Implementing Your CDBG-CV Economic Development Activities

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CDBG
CARES Act



Presenters



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Vision • Strategy • Implementation

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Eighteen Months Into COVID: What Now?

Community *needs are transitioning from **Emergency Relief to Longer Term Recovery.***

How can grantees use CDBG-CV funds to respond to evolving needs? Suggestions:

- ***Update needs assessment*** and re-allocate funds to other activities if appropriate
- ***Think in terms of community tieback*** instead of business tieback—for example, forgivable loans to startups that will occupy storefronts vacated by COVID-impacted businesses
- ***Focus on prevention of future outbreaks*** by providing grants or loans for COVID resiliency improvements to facilitate social distancing and infectious disease control

Grantee Self-Assessment

- What is the performance of your CV economic development program(s)?
 - Not yet launched
 - Operational but not thriving
 - On pace to fully expend
- What is working well and what needs improvement?
- What factors do you think are contributing to your successes and/or challenges?
- How are your economic development programs helping your communities prevent, prepare for and/or respond to the COVID pandemic crisis?

Any of these Challenges Impacting your CDBG-CV Economic Development Programs?

1. Pandemic lifecycle change *from emergency relief to longer-term recovery*
2. **Influx of COVID stimulus funds** such as PPP 1 & 2, EIDL, and special targeted SBA programs such as Restaurant Revitalization Fund, ARP EDA
3. Challenges with CV *program design and/or policies* (too rigid, hard, complex?)
4. **Assistance caps are too small** for the amount of effort to apply and comply
5. **Mis-matched financing mechanism.** Servicing vs. forgivable loan or grant
6. Challenges with **outreach and marketing** to cultivate applicants – “*Is the Need still There?*”
7. Challenges with **program management capacity** and definition of roles between grantee, contracted subrecipients and/or vendors

Remember:

The COVID Pandemic has been dynamic and stressful.

Conditions change; needs change and CDBG-CV economic development program interventions may need to change.

Let us resolve to reflect and re-position with a focus on Impact and Expenditure of CDBG-CV funds.



In the midst of chaos,
there is also opportunity.

Sun Tzu

- 6 -

Categories to Consider as You Refine Your Economic Development Programs

- I. Updated Needs Assessment
- II. Program Design to address new and/or evolving needs
- III. Compliance Pathway options
- IV. Underwriting in context of a crisis
- V. Outreach and Marketing
- VI. Capacity Manage at Scale: Staff and Systems

I. Updated Needs Assessment

- Identify gaps in your current program
- Inventory other forms of assistance currently available to businesses
- Survey workforce development agencies, economic development partnerships, chambers of commerce, and other stakeholders in the business community
- Work with your Planning and/or GIS Departments to gather quantitative data

Take the Lead on Re-Assessing Needs.

Benefits will help you position you CDBG-CV ED programs for success.

II. Program Design Considerations

If you decide on a new approach, please consider:

- Form of assistance – Grants, forgivable loans, or serviceable loans?
- Use of partners – Who will do what, by when?
- Underwriting – Methods for calculating a cost reasonable amount of subsidy that addresses unmet needs with COVID tie back.
- Procurement for Program Management Talent

III. Compliance Pathway

- How does the proposed activity prevent, prepare for and/or respond to the COVID pandemic crisis?
- Does the proposed activity meet eligibility requirements?
- Does the activity meet an appropriate national objective?
- If applicable, will the activity achieve the individual public benefit standard?
- What data is needed for IDIS setup and reporting?

IV. Underwriting. What is the purpose of Underwriting in a Crisis?

Make sure HUD CDBG-CV Funds address unmet needs and gaps in funding

Avoid Duplication of Benefits

What is the purpose of underwriting in a crisis?

Establish cost reasonableness of proposed expenditures

Avoid fraud, waste and abuse

Help position business for longer terms success as going concern

Help Community be better positioned to prevent, prepare for and/or respond to COVID pandemic and beyond

IV. Underwriting. So.....

- Be mindful that the crisis persists, and complexity kills innovation.
- Avoid the temptation to “Over-Underwrite” which leads to death by a thousand cuts
- Avoid the temptation to impose a servicing loan when a business is managing a crisis
- Develop criteria for flexibility serving businesses that are not traditionally credit-worthy
- Invest in underwriting staff who are trained in how to follow HUD guidelines for calculating unmet need for Working Capital Assistance

V. Marketing and Outreach

“Build it and they will come” **does not work in a crisis.**

Strategic Outreach and Marketing is an Imperative.

- Marketing starts with outreach and needs assessment, especially for businesses in LMAs!
- Target businesses that meet your program design profile
- Leverage networks of business associations
- Social media, community newsletters, listservs
- Engage partners who work with MBE, WBE and Section 3 businesses to assist with outreach

VI. A. Staff Capacity

1. What are the core program / project management responsibilities, at what scale over what time period?
2. What does your staff do best?
3. What functions are beyond your expertise / capacity?
In what are do you need help?
4. Do you need to procure for talent or grow talent from within your community?
 - Strategies to clarify management capacity needs and how to procure it on terms that work for you.

VI. B. Systems Capacity

What management systems do you need to support of successful CDBG-CV ED program?

- Process Map of who does, what, when, how, with what resources, what decision-making authority and memorialized by what milestone or document?
- Policies and Procedures
- Efficient and waste free document templates
- Clear compliance pathway to avoid staff 2nd guessing themselves
- Clear payments systems to avoid delays
- Production & Expenditure Reporting. “What gets Measured gets done.”

Implementation Next Steps

What is on your Follow-Up “TO DO” List?

- Action Plan Amendment
- Line up partners
- Policies, procedures, forms and checklists
- Marketing materials (FAQ, flyer)
- Do a test project from start to finish for practice for your staff and team and then
- Program launch!

General CDBG-CV Resources

- HUD [CDBG CORONAVIRUS-19 Resources](#) on HUD Exchange Landing Page:
- [Ask-A-Question](#): Link to AAQ desk for additional information or support
- [CDBG-CV regulatory Notice: FR-6218-N-01: Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for CDBG-CV Grants, FY 2019 and 2020 CDBG Grants, and for Other Formula Programs](#)
- [Frequently Asked Questions \(FAQ\): COVID-19 FAQs](#)
- [Duplication of Benefits \(DOB\) Guidance: CDBG-CV Duplication of Benefits Resources](#)
- [Section 108 Q&A related to Coronavirus: Section 108 Q&A for Borrowers Seeking Relief as a Result of Coronavirus](#)

CDBG Economic Development Resources

- [HUD CDBG-CV Economic Development Quick Guide](#)
- [Economic Development Toolkit Manual](#)
- [Microenterprise Assistance Toolkit](#)
- [Economic Development Toolkit Slides](#)
- [24 CFR Part 570](#) (HTML) - 570.201(o), 570.203, 570.209
- [Appendix A to Part 570 Guidelines and Objective for Evaluating Project Costs and Financial Requirements](#)
- [CDBG Economic Development Activities Matrix](#)
- [CDBG Economic Development Flow Chart](#)
- [Memo: Counting Jobs for Economic Development Activities](#)

Questions?



Thank You!

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prevent, prepare
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