

# CDBG CARES Act NATIONAL OBJECTIVES

---

July 27, 2021

1:00 PM EDT



# Presenters

- Christopher Kizzie, HUD TA, Enterprise Community Partners
- Rudy Muñoz, HUD TA, MDG Associates, Inc.

## Assistance with Q & A

- Gloria Coates, Office of Block Grant Assistance, HUD
- Julia Neidecker-González, Office of Block Grant Assistance, HUD

# Webinar Objectives

- Summarize the three CDBG National Objectives
- Identify alternative requirements and flexibilities granted in the CDBG-CV Federal Register Notice for National Objectives
- Discuss some of the considerations for choosing the most appropriate National Objective
- Review current and future CDBG-CV resources and technical assistance

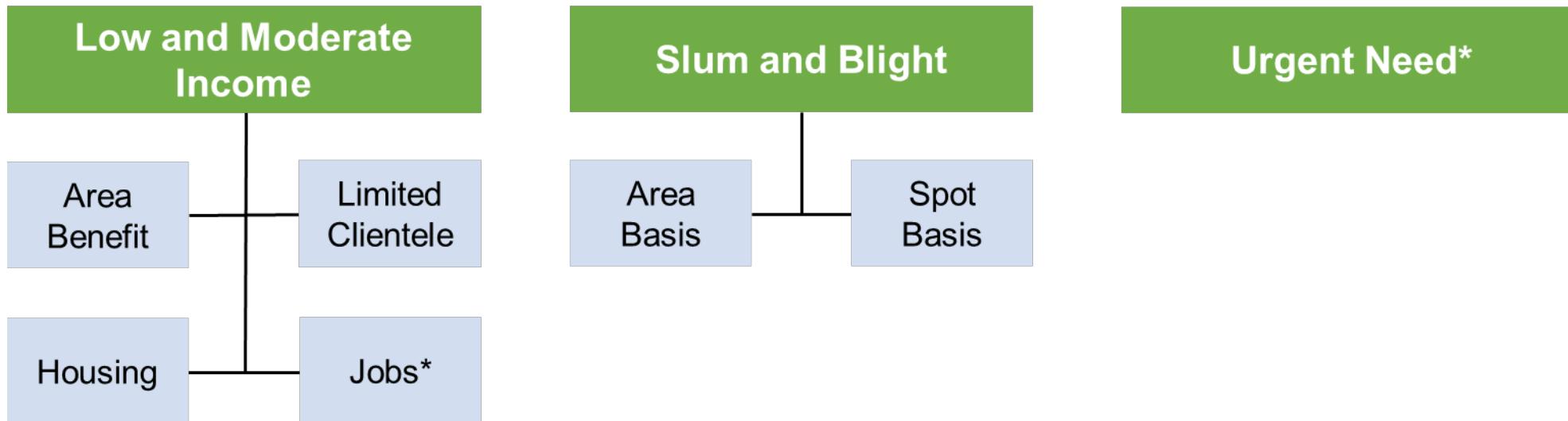
# Webinar Outline

- National Objectives and Alternative Requirements
  - Overall Low- and Moderate-Income Benefit (LMI)
    - Limited Clientele (LMC)
    - Jobs (LMJ)
  - Urgent Need
- Documentation options and flexibilities
- Choosing the appropriate National Objective
- Additional Resources / Future Webinars
- Q&A

# National Objectives and Alternative Requirements



# CDBG National Objectives



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

<https://www.hud.gov/sites/dfiles/CPD/documents/FR-6218-N-01-CDBG-CV-clean-8-7-20-header-for-posting.pdf>

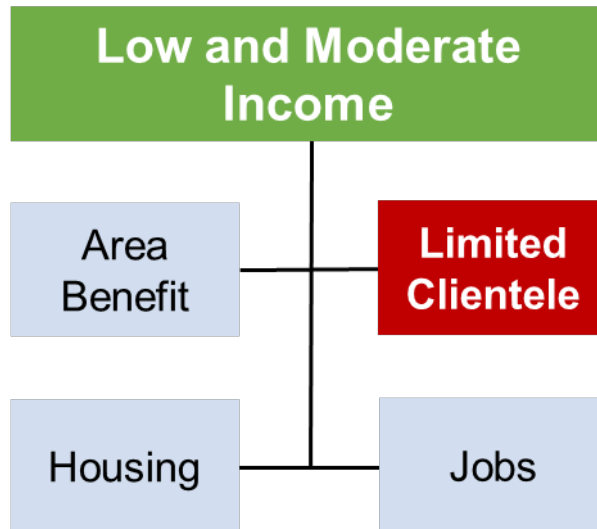
For additional information:

<https://www.hudexchange.info/resource/19/basically-cdbg-training-guidebook-and-slides/>

# Overall LMI Benefit

BENEFIT STANDARD	GRANTEE TYPE	MEASUREMENT
<ul style="list-style-type: none"><li>• 70 percent overall LMI benefit standard</li></ul>	CDBG (Entitlement and State)	<ul style="list-style-type: none"><li>• The percentage calculation is based on aggregate CDBG expenditures over a period of up to three years specified by the entitlement grantee or State in a certification to HUD. The certification must be included in the Action Plan submission.</li></ul>
<ul style="list-style-type: none"><li>• At least 70 percent of all non-administrative expenditures must be for activities that meet the low- and moderate-income National Objective</li></ul>	CDBG-CV (Entitlement and State)	<ul style="list-style-type: none"><li>• Calculated based on percentage of total CDBG-CV grant expended for LMI</li><li>• This is separate from the calculation for regular formula CDBG allocations</li></ul>

# CDBG National Objectives – LMC

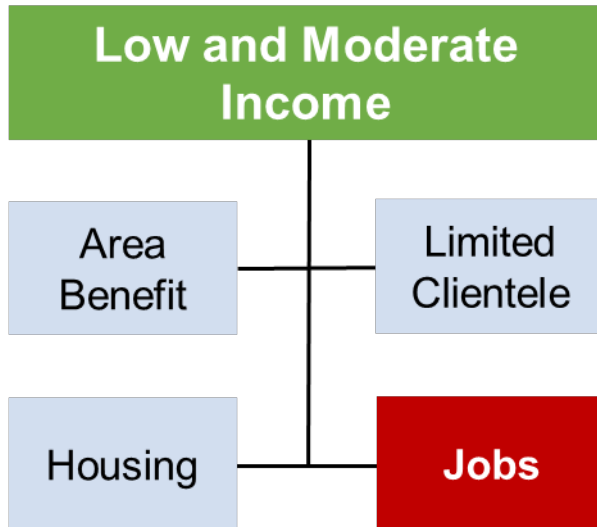


24 CFR § 570.208(a)(2)

- Activities that benefit specific individuals
- Typical Activities: emergency grant payments made directly to service providers for subsistence-type payments such as rent/mortgage and utilities, food pantry, emergency shelters for homeless persons, PPE, Internet access
- Options for meeting limited clientele:
  - 51% of participants are documented as LMI
  - Participation is limited to LMI only
  - Presumed benefit activity exclusively serves:
    - Abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers
  - Nature and location of the activity indicates LMI benefit



# CDBG National Objectives – LMJ



24 CFR § 570.208(a)(4)

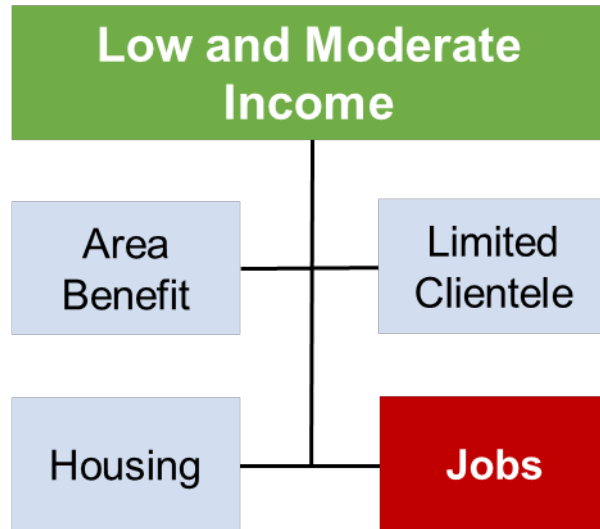
- Activities that provide economic opportunity
- Typical activities: job creation by hiring extra cleaning staff, providing working capital loans to businesses to assist them in retaining jobs, primarily those held by or made available to low- and moderate-income persons
- In order to meet this criteria, activities must **create or retain** permanent jobs

AND

- 51% of the jobs created/retained must be **available to or held by** LMI persons
  - Jobs are counted on full time equivalent (FTE) basis

# CDBG National Objectives – LMJ

## (Cont'd)



24 CFR § 570.208(a)(4)

- For jobs **created**, 51% of the jobs must be held by or available to LMI
- For jobs to be considered **retained**, document that jobs would be lost without CDBG and that job
  - Is currently held by LMI person OR
  - Is expected to turn over in two (2) years and will be filled by an LMI person or made available to LMI
- May be presumed LMI for jobs if:
  - Employee resides in Census tract/block numbering area (BNA) with 20% poverty and general distress; or
  - Employee resides in Census tract/BNA with 70% LMI; or
  - Business and job are located in a Census tract/BNA with --20% poverty and general distress\*

\*An alternative requirement in the CDBG-CV Federal Register Notice (FR-6218-N-01) eliminated the requirement that a Census Tract containing at least a portion of a central business district must have a poverty rate of 30% before residents and businesses in the tract are entitled to a presumption of LMI.

# CDBG National Objectives - URG

## Urgent Need

*24 CFR § 570.208(c)*

- Urgent need is used to address emergency situations
- Typical activities: public services for non-LMI clientele such as mortgage assistance, or health services to address a serious outbreak
- To meet the urgent need test:
  - Existing conditions pose serious & immediate threat to health/welfare of community

\*The CDBG-CV Federal Register Notice establishes specific guidance to appropriately document use of the Urgent Need National Objective

# Documentation Options and Flexibilities



# Documentation Options and Flexibilities - LMC

Category	Documentation Standard	Options
<ul style="list-style-type: none"> <li>At least 51% of participants are LMI</li> </ul>	<ul style="list-style-type: none"> <li>Information on family size and income (e.g., income certification)</li> </ul>	<ul style="list-style-type: none"> <li>Verifiable self certification</li> <li>Income determination based on source documents / third party verification</li> </ul>
<ul style="list-style-type: none"> <li>All participants are members of groups that are presumed to be LMI</li> </ul>	<ul style="list-style-type: none"> <li>Document(s) indicating the beneficiary is part of a group that is presumed to be LMI</li> </ul>	<ul style="list-style-type: none"> <li>Options vary depending on the group served</li> </ul>
<ul style="list-style-type: none"> <li>The nature and location of the activity is such that it may be concluded the activity's clientele are LMI</li> </ul>	<ul style="list-style-type: none"> <li>Document that by nature/location of an activity, it can be concluded that the activity's clientele is primarily LMI</li> </ul>	<ul style="list-style-type: none"> <li>Documentation describing how the nature of the service or the location lends itself to serving primarily LMI</li> </ul>

*Recordkeeping Requirements: 24 CFR § 570.506*

# Documentation Options and Flexibilities - LMJ

- Normal recordkeeping requirement:
  - Document family income
- Streamlined recordkeeping requirements:
  - Individuals that apply for or hold jobs may be considered to be members of one-person families; or
  - Grantees may substitute records showing the type of job and showing that the annual wages or salary of the job is equal to or less than the Section 8 low-income limit for a one-person family
- 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
- 51% of the actual FTE jobs filled must be held by LMI

# Documentation Options and Flexibilities – LMJ (Cont'd)

Regular CDBG Location Presumptions	Alternative Requirements
<ul style="list-style-type: none"> <li>• Document the family income of the beneficiary to determine if that person is LMI</li> </ul>	<ul style="list-style-type: none"> <li>• Document that the individual beneficiary's income is considered LMI for a one-person family</li> <li>• Document that the type of job and annual wage/salary for that job is equal to or less than the LMI income limit for a one-person family</li> </ul>
<ul style="list-style-type: none"> <li>• The Employee resides in a Census Tract/BNAs with 70 percent LMI</li> </ul>	Not Applicable
<ul style="list-style-type: none"> <li>• The Employee resides in a Census Tract/block numbering area (BNA) with 20% poverty and general distress</li> </ul>	Not Applicable
<ul style="list-style-type: none"> <li>• The Employee resides in a Census Tract/BNAs with a Central Business District, with 30% poverty and general distress</li> <li>• The Business and the job are located in a Census Tract/BNAs with a Central Business District, with 30% poverty and general distress</li> </ul>	<ul style="list-style-type: none"> <li>• The Employee resides in a Census Tract/BNAs, including an area with a Central Business District, with 20% poverty and general distress</li> <li>• The Business and the job are located in a Census Tract/BNAs, including an area with a Central Business District, with 20% poverty and general distress</li> </ul>

# Documentation Options and Flexibilities - URG

Criterion for Urgent Need	Documentation Options from Federal Register Notice
Is the activity designed to alleviate existing conditions?	The same documentation that is used to document that the CDBG-CV activity prevents, prepares for, or responds to coronavirus may be used
Does the condition pose a serious and immediate threat to the health or welfare of the community that is of recent origin or that recently became urgent within the last 18 months?	Documented by HHS Public Emergency Declaration, Federal Disaster Declaration, or State/local emergency declaration
Is the grantee unable to finance the activity on its own, and are other sources of funds not available to carry out the activity?	The same documentation that is used to make the activity eligible for CDBG-CV may be used to document this criterion, including documentation that the activity prevents, prepares for, or responds to coronavirus, as well as documentation of compliance with Duplication of Benefits requirements



# Choosing the Appropriate National Objective



# Choosing a National Objective

- Determine the compatibility of a National Objective with the eligible activity by reviewing the IDIS Matrix Codes / National Objectives table available at:
  - <https://www.hudexchange.info/resource/2546/matrix-code-national-objective-table/>
- 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

# Choosing a National Objective (Cont'd)

Eligible Activity	Considerations	Best Choice
<p>Activity to provide emergency payments on behalf of an individual or family for up to six consecutive months, to prevent, prepare for, and respond to coronavirus.</p> <p>Entitlement: 24 CFR 570.207(b)(4); State: 24 CFR 570.482(c)(2)</p> <p>Matrix Code: 05Q Subsistence Payments</p> <p>Likely National Objectives: LMC - Entitlement: 570.208(a)(2)(i); State: 570.483(b)(2)</p>	<p>Actual Beneficiaries: Specific individuals and families</p> <ul style="list-style-type: none"> <li>LMC: Many options for documenting compliance; can serve a range of incomes with 51% benefit to LMI families</li> </ul>	<p>LMC: The activity is a public service that provides a direct service to residents. To address the 70% overall benefit test, the LMC National Objective is the best choice.</p>
<p>Provide owners of microenterprises or person(s) forming a microenterprise with technical assistance or capacity building grants</p> <p>Entitlement: 24 CFR 570.201(o) State: 24 CFR 570.482(c)</p> <p>Matrix Code: 18C Microenterprise Assistance</p> <p><b>Likely National Objectives:</b></p> <p>LMC - Entitlement: 24 CFR 570.208(a)(2)(iii); State: 570.483(b)(2)(iv))</p> <p>LMJ - Entitlement: 24 CFR 570.208(a)(4); State: 570.483(b)(4)</p> <p>URG - Entitlement: 24 CFR 570.208(c); State: 570.483(d)</p>	<p><b>Actual Beneficiaries:</b> Specific owners of businesses with five or fewer employees</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>URG: Offers maximum flexibility under CDBG-CV Notice. Can target businesses for economic reasons other than LMI jobs. Funding limited by overall benefit requirements.</li> </ul>	<p>LMC or LMJ: To address the 70% overall benefit test, either the LMC or LMJ National Objective is the best choice, but not the only choice.</p>
<p>Activity to use CDBG-CV funds to provide COVID-19 Testing</p> <p>Entitlement: 24 CFR 570.201(e); State: 24 CFR 570.482(c)(2)</p> <p>Matrix Code: 05M Health Services</p> <p><b>Likely National Objectives:</b></p> <p>LMC - Entitlement: 570.208(a)(2)(i); State: 570.483(b)(2)</p> <p>LMA - Entitlement: 570.208(a)(1); State: 570.483(b)(1)</p> <p>URG - 24 CFR 570.208(c); State: 570.483(d)</p>	<p><b>Actual Beneficiaries:</b> Specific individuals</p> <ul style="list-style-type: none"> <li>LMC: Family size and income information may be gathered in service settings targeted to LMI such as free clinics; Federally Qualified Health Centers are targeted primarily to LMI or presumed groups</li> <li>LMA: Most direct and efficient if the service provided by the activity is available to all the residents in a COVID-impacted residential neighborhood that is at least 51% LMI or meets the exception criteria</li> <li>URG: If targeting clients with immediate need for testing and time constraints make documentation less viable</li> </ul>	<p>LMC or LMA or URG Depends on the individuals served and the setting</p>

# Resources





# HUD Links and Resources

- CDBG-CV Federal Register Notice (FR-6218-N-01) published 8/7/20
  - Federal Register Notice: <https://www.hud.gov/sites/dfiles/CPD/documents/FR-6218-N-01-CDBG-CV-clean-8-7-20-header-for-posting.pdf>
- Questions:
  - CDBG-CV AAQ: <https://www.hudexchange.info/program-support/my-question/>
- CDBG-CV Resources
  - [https://www.hud.gov/program\\_offices/comm\\_planning/cdbg\\_programs\\_covid-19](https://www.hud.gov/program_offices/comm_planning/cdbg_programs_covid-19)
  - <https://www.hudexchange.info/programs/cdbg-cv/>
- CDBG-CV Toolkit
  - <https://www.hudexchange.info/programs/cdbg-cv/cdbg-cv-toolkit/introduction/>
- Basically CDBG Chapter 3 – National Objectives
  - <https://www.hudexchange.info/resource/19/basically-cdbg-training-guidebook-and-slides/>
- CPD Income Calculator
  - <https://www.hudexchange.info/incomecalculator/>
- IDIS Matrix Code Definitions
  - <https://files.hudexchange.info/resources/documents/Matrix-Code-Definitions.pdf>

# Additional Resources

- CDBG-CV Ask a Question
- CDBG-CV On-Call TA
- [Webinar Series](#)
  - Federal Register Notice
  - Economic Development Models
  - Using CDBG-CV to Address Housing Instability
  - State CDBG-CV Implementation
- Quick Guides
  - [Broadband](#)
  - [Duplication of Benefits](#)
  - [Economic Development](#)
  - [Financial Management](#)
  - [Public Facility Improvements with CV](#)
  - [State CDBG-CV Implementation](#)

# Question & Answer

---

