

# Using CDBG-CV for Broadband

July 28, 2021

How Community Development Block Grant CARES Act (CDBG-CV) grantees can help narrow the digital divide through the provision of broadband infrastructure and services to communities in need due to the coronavirus.



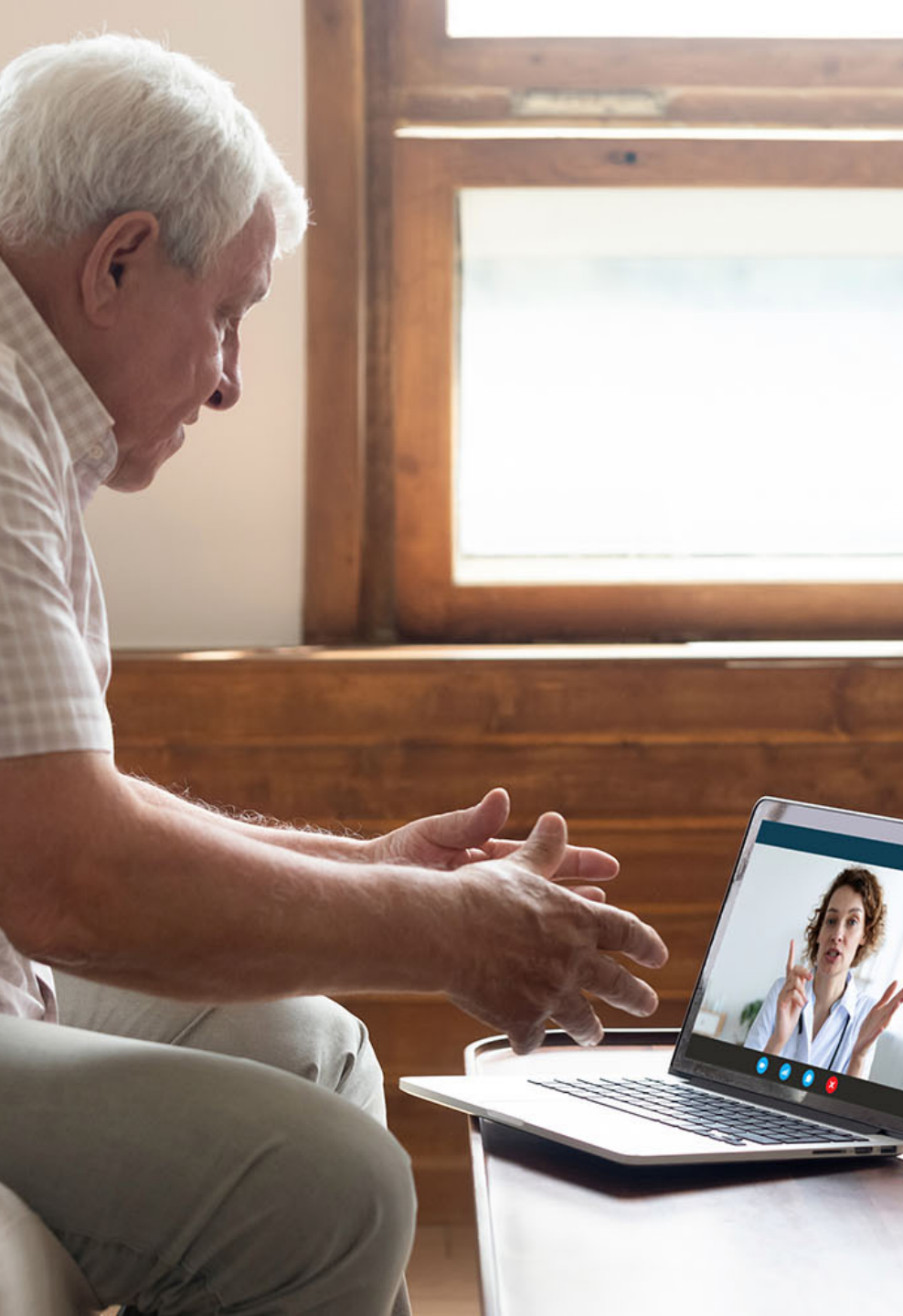
**CDBG**  
**CARES Act**



# Welcome and Presenters







# TDA Consulting/HUD State and Small Cities Division

## TDA Consulting

- Doug Carlson, Senior Consultant

## SFF Consulting

- Stan Fitterman, President

## HUD Office of Block Grant Assistance

- Diane Schmutzler, Senior CPD Specialist

# Session Topics

- Background and Applicability
- CDBG-CV for Broadband [Quick Guide](#)
- Eligibility of CDBG Activities to Support Broadband
  - Infrastructure
  - Emergency Payments
  - Housing
  - Economic Development
  - Public Services
  - Digital Training and Learning
  - Planning and Administration

# Session Topics

- Meeting a National Objective for Broadband Activities
  - Area Benefit
  - Limited Clientele
  - Presumed Benefit
  - Urgent Need
- Broadband Models
- Questions and Answers – end of session

# Background

- Gaps in Internet connectivity and speed for LMI households and elderly persons
  - Income and education gaps
  - Increase in remote work, education and telehealth
  - Broadband equipment and access
  - [Rural areas](#) lack connectivity
- Broadband as part of overall strategy for CDBG-CV funding
  - [CPD Notice 20-04](#) – Consideration of Broadband needs for LMI households
  - CDBG Regulations and [F.R. Notice 6218-N-01](#) for CDBG-CV apply
  - Duplication of Benefits

# Eligibility Considerations

- CDBG-CV funds can be used to enhance broadband access in multiple ways
- Grantees should maintain adequate documentation of their determination for each assisted activity
- Cost considerations – equipment, infrastructure, wireless connectivity, operating costs
- CDBG-CV PPR Tieback, See [PPR Tieback Quick Guide](#) dated 4/30/21

# CDBG-CV Eligible Activities

- Infrastructure
  - Wiring, fiber optic cables, and permanently affixed equipment to receive broadband access
  - Eligible under 24 CFR 570.201(c) and 42 USC 5305(a)(2) (states)
  - Acquisition, construction, rehabilitation or installation of distribution lines and facilities of privately-owned utilities are eligible under 24 CFR 570.201(l) and 42 USC 5305(a)(4)



# CDBG-CV Eligible Activities

- Emergency Payments
  - CDBG funds may be used to make “emergency payments” for items such as rent and utilities - including Internet service
  - HUD has extended the emergency payments period to six consecutive months for CDBG-CV funds and 2019 and 2020 formula CDBG funds to PPR to coronavirus
- March 30, 2021 [CDBG-CV FAQ](#) on “Arrearages Subsistence-Type Payments”
  - Emergency payments period begins when the payment is made, not when arrearage began
  - Grantees may cover some or all arrears within the first month of assistance and continue through the applicable consecutive period of assistance
  - Emergency payments for Internet service must be made directly to the ISP on behalf of the low-and-moderate income household

# CDBG-CV Eligible Activities

- Housing Activities
  - Broadband for housing includes, “cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure—including wireless infrastructure.”
  - CDBG-CV funds may be used for the rehabilitation of single and multi-unit housing privately owned buildings for residential purposes and non-profit owned, non-residential buildings and improvements not eligible under 24 CFR 570.202(a) and 42 USC 5305(a)(2).
  - 24 CFR 570.202(g) *requires* installation of broadband infrastructure in a building with more than four rental units if it is substantially rehabilitated as defined by 24 CFR 5.100.
  - New housing construction carried out by a qualified CBDO under 24 CFR 570.204(a) and 42 USC 5305(a)(15) may also include broadband installation.

# CDBG-CV Eligible Activities

- Economic Development
  - CDBG-CV funds may be used to provide grants or loans to for-profit businesses, including businesses that focus on broadband/Internet access and technology under 24 CFR 570.203(b) and 42 USC 5305(a)(2)
  - Underwriting standards must be applied to all special economic development activities
    - See CDBG-CV Economic Development [Quick Guide](#)
  - Waiver and flexibilities in F.R. Notice 6218-N-01 for assisted economic development activities

# CDBG-CV Eligible Activities

- Public Services
  - Grantees may use CDBG-CV funds for public service activities under 24 CFR 570.201(e) and 42 USC 5305(a)(2)
    - Examples include digital literacy classes, technical training, after-school programs, telehealth services and other digital programs and services for low-and-moderate income households
  - Equipment purchases that is not an integral structural fixture is eligible when such items are necessary to carry out a public service
  - Grantees should follow the equipment management and disposition requirements at 24 CFR 200
  - Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to HUD

# CDBG-CV Eligible Activities

- Digital training and education
  - May be provided as a CDBG-CV assisted public service
  - Can help increase digital fluency, technical skills proficiency, and confidence
  - Training can range from basic to more advanced skills
  - Providing access to online instructional materials and classes to bridge the technology gap for LMI students
- Planning and Administration
  - Broadband planning, resource mapping, financing strategies, utility plans and other related planning activities may be supported with CDBG-CV funds under 24 CFR 570.205 and 42 USC 5305(a)(2)
  - PPR tieback also needed for planning activities



# National Objectives

- Low-Moderate Area
  - For infrastructure activities in which fiber optic cable is being installed
  - Must identify service area for the activity
- Determine the service area by mapping the area that will have access to the newly installed cable
  - Use the [mapping tool](#) of the “Low-Moderate Income Summary Data for CDBG, NSP, and CDBG-DR Area-Benefit Activities” to draw the service area boundaries
  - This tool shows the percent Low-Mod for the service area
- Remember: The service area must be primarily residential and at least 51% low-mod

# National Objectives Continued

- Low-Mod Housing
  - Installing cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure—including wireless infrastructure into a home occupied by a low-moderate income household
  - Can be done as part of an overall rehab project
  - Broadband infrastructure must be installed when:
    - Performing substantial rehab (as defined at 24 CFR Part 5.100) **AND**
    - The building being rehabbed has 4 or more units (24 CFR Part 570.202 (g))

# Even More National Objectives

- Low-Mod Clientele
  - Providing converter devices to homes that will enable them to access free Wi-Fi
  - Making emergency payments for items such as rent and utilities - including Internet service
- Low-Mod Jobs
  - Providing provide grants or loans to for-profit businesses, including businesses that focus on broadband/Internet access and technology
  - Must add or retain jobs held or available to member of low-mod households
  - With CDBG-CV waiver, HUD will consider the person income-qualified if 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

# FCC Emergency Broadband Benefit Program

- Provides a temporary discount on monthly broadband bills for Eligible Households which are those earning 135% of poverty or
- Qualify for Lifeline benefits through participation in SNAP, Medicaid, Supplemental Security Income, Federal Public Housing Assistance, or Veterans and Survivors Pension Benefit;
- Participates in one of several **Tribal specific programs**:
- Experienced a substantial loss of income since February 29, 2020 due to job loss or furlough
- Received a Pell Grant or participates in free or reduced lunch program

# Emergency Broadband Benefit Program

- Benefits:
  - Up to a \$50/month discount on broadband service and associated equipment rentals
  - Up to a \$75/month discount if your household is on qualifying Tribal lands
  - A one-time discount of up to \$100 for a laptop, tablet, or desktop computer (with a co-payment of more than \$10 but less than \$50)
- One monthly service discount and one device discount is allowed per household



# ConnectHOMEUSA

- Effort to bring Broadband to HUD assisted Housing
- Launched in 2015 in 27 cities
- 37% of HUD-assisted households with children in these communities have gained internet access through ConnectHome efforts.
- More Info: <https://connecthomeusa.org/>

# Program Designs

- Infrastructure
  - **West Virginia** is using CDBG to expand broadband to underserved rural areas
  - Example: **McDowell County** -1/3 of residents have **NO** broadband access
  - Project: Installation of 20 miles of aerial fiber lines that will serve over 300 homes and businesses
  - National Objective: Low-Mod Area



# Program Designs Continued

- Low-Mod Clientele
  - **Tucson, AZ** – 150,000 households do not subscribe to Broadband
  - City erected towers on fiber-connected municipal buildings and city-owned property at strategic locations
  - City installing converter devices inside eligible low-and-moderate income households (application and verification of income required)
  - 1,000 devices scheduled to be provided by the end of March 2021 –300 installed by mid February 2021
  - Free service is scheduled to be offered through December 2021





# Q and A

