

USING CDBG-CV TO SUPPORT BROADBAND ACCESS

This quick guide will summarize some of the ways CDBG-CV grantees can help narrow the digital divide through the provision of broadband infrastructure and services to communities in need due to coronavirus. Broadband access refers to an always-on, high-speed Internet connection. Broadband connectivity provides access to a wide variety of resources, services, and products and closes the gap in education, services and employment opportunities that exists in many low-and-moderate income communities.

BACKGROUND

Significant gaps in Internet connectivity and speed continue to exist for elderly households and persons with income and education disparities. The increase in work at home options due to the coronavirus requires enhanced broadband infrastructure, equipment, and access. Many low-and-moderate-income households lack the resources needed to access the equipment and broadband services needed for remote work. Similarly, lower-income children may not have access to a computer or a home Internet connection to attend virtual classes during the pandemic. This lack of connectivity prevents students from conducting research, completing classwork, or communicating with teachers, other students, and friends. Gaps in both equipment and broadband access also limit students access to technology-enhanced education and widens the gap in achievement. Seniors and other medically vulnerable populations who lack adequate equipment or broadband access are isolated from family, friends, and social activities during shelter in place orders and other recommendations for social distancing issued by local public health departments. Finally, many rural areas also lack broadband access due to a lack of infrastructure, consumer choices or financial subsidies to expand the number of Internet Service Providers (ISPs) in low-and-moderate communities and neighborhoods.

APPLICABILITY

Broadband related activities can be part of a grantee's overall strategy to prevent, prepare for or respond to the coronavirus using CDBG-CV resources from the CARES Act. This guide will provide an overview of the potential uses of CDBG-CV for broadband access under the criteria for eligible activities and national objectives in the [CDBG regulations](#) at 24 CFR 570, as well as Federal Register Notice [FR 6218-N-01](#), which describes the program rules, statutory and regulatory waivers, and alternative requirements applicable to CDBG-CV funds and to annual formula CDBG grants awarded in fiscal years 2019 and 2020.

The CARES Act requires grantees to ensure that there are adequate procedures in place to prevent any Duplication of Benefits. The [Duplication of Benefits](#) requirement applies to all CDBG-CV funds and 2019 and 2020 State CDBG funds used to prevent, prepare for, and respond to coronavirus. Grantees should gather information about all other resources, including other CARES Act assistance, to help determine potential risks of duplication and to target CDBG-CV resources where there are existing gaps or areas of unmet need.

States and localities should also consider the Consolidated Plan criteria outlined in Federal Register Notice [FR 5891-F-02](#): "Modernizing HUD's Consolidated Planning Process To Narrow the Digital Divide and Increase Resilience to Natural Hazards." This rule requires States and local governments to consult with public and private organizations, including broadband internet service providers, and organizations engaged in narrowing the digital divide (e.g., schools,

digital literacy organizations), and to encourage the participation of these entities in implementing relevant components of the plan. The rule also requires each jurisdiction to describe the broadband needs in housing occupied by low- and moderate-income households including broadband wiring, service, and competition by broadband ISPs.

ELIGIBILITY OF CDBG-CV ACTIVITIES TO SUPPORT BROADBAND ACCESS

CDBG-CV funds can be used to enhance broadband access in many ways, including but not limited to, infrastructure development, installation of wired and wireless connections, hardware and software purchases, construction of computer rooms for after-school programs that also incorporate appropriate health and safety precautions, training and digital literacy classes, and economic development assistance to businesses.

CDBG-CV grantees should fully examine the scope of their activities to ensure that they are both an eligible activity and are able to demonstrate compliance with the appropriate national objective. Grantees should maintain adequate documentation of their determination for each assisted activity. In some cases, grantees may also want to consider the costs and benefits of providing CDBG-CV funds for broadband assistance. The costs of installing broadband infrastructure will vary within different geographic areas. Jurisdictions with a strong broadband infrastructure may reduce the cost of a CDBG-CV supported activity. Wireless broadband assistance involves equipment that could vary greatly by the design and size of the project, and the cost per unit.

Broadband Infrastructure

CDBG funds may be used to install wiring, fiber optic cables, and permanently affixed equipment such as receivers for areas to receive broadband access. The acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, including infrastructure improvements, are eligible under 24 CFR 570.201(c) and 42 USC 5305(a)(2). The acquisition, construction, reconstruction, rehabilitation, or installation of distribution lines and facilities of privately-owned utilities, which includes the placing underground of new or existing distribution facilities and lines, are eligible under 24 CFR 570.201(l) and 42 USC 5305(a)(4).

When using CDBG-CV funds for broadband infrastructure, grantees should consider operating and maintenance costs in addition to the costs of installation when deciding which form of broadband infrastructure to install.

Emergency Payments

CDBG funds may be used to make “emergency payments” for items such as rent and utilities - including Internet service - for up to three consecutive months (24 CFR 570.207(b)(4)). By waiver, HUD has extended the emergency payments to a six-month period (six consecutive months beginning at the time assistance is first provided) when using CDBG-CV funds and grant year 2019 and 2020 formula CDBG funds to prevent, prepare for, or respond to coronavirus.

As detailed in the March 30, 2021 CDBG-CV [Q&A](#) on “Arrearages Subsistence-Type Payments,” the emergency payments period begins when the payment is made, not when the individual’s or family’s arrearage began. If an individual or family is one or more months in arrears, a grantee may cover some or all the amount in 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. Payments may be made to a utility owned by the grantee, with some limitations. Grantees can also view the following Q and A for more information:

<https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-CV-Q-and-A-on-Public-Utilities.pdf>.

Housing Activities

HUD defines broadband infrastructure for housing as, “cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure—including wireless infrastructure—as long as the installation results in broadband infrastructure in each dwelling unit meeting the Federal Communications Commission's (FCC's) definition in effect at the time the pre-construction estimates are generated.”

Housing activities that improve broadband infrastructure provides access to high-speed Internet to lower income tenants, whether they choose to or can afford to use the service or not. Enhancing broadband access also allows non-profit and other public social agencies that provide free or reduced-cost Internet service to assist eligible tenants more easily. 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), provided the grantee is able to document how such rehabilitation prevents, prepares for, or responds to coronavirus. The regulation at 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. This includes the labor, materials, and other costs of installation that allows tenants to receive broadband access.

New housing construction that is carried out by a qualified Community Based Development Organization under 24 CFR 570.204(a) and 42 USC 5305(a)(15) may also include the installation of wiring, fiber optic cables, and equipment that allows tenants to receive access to broadband.

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). Grantees should note that underwriting standards must be applied to all special economic development activities. CDBG-CV assisted economic development projects must also comply with the public benefit standards outlined in FR 6218-N-01. Additional waivers and flexibilities granted in F.R. Notice 6218-N-01 for CDBG-CV assisted economic development activities include the elimination of the Aggregate Public Benefit test, and the use of for-profit and non-profit entities that pass funds through a financing mechanism (e.g. Opportunity Funds or New Markets Tax Credits). CDBG-CV funds can also support payments on Section 108 notes for activities that prevent, prepare for, and respond to coronavirus.

Public Services

Federal Register Notice FR 6218-N-01 waived the 15% cap for CDBG-CV, and for 2019 and 2020 CDBG Public Service activities that prevent, prepare for, or respond to coronavirus.

Grantees may use CDBG-CV funds for public service activities under 24 CFR 570.201(e) and 42 USC 5305(a)(2), such as digital literacy classes, technical training, after-school programs, telehealth services and other digital programs and services that expand the knowledge and use

of Internet products, services, and resources by low-and-moderate income households. The purchase of equipment or other personal property that is not an integral structural fixture is also eligible when such items are necessary to carry out a public service. Grantees should follow the equipment management and disposition requirements at 2 CFR 200.310, 200.313 and 200.316. 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.

An example of a CDBG-CV supported public service is the purchase of laptops and hotspots to be provided for use by children from low-and-moderate income families so that these children may access virtual classes provided by schools. At the end of the school year, the grantee can determine the appropriate disposition of equipment under \$5000 in value. For example, a grantee could collect the laptops and hotspots and provide them again for use by children if social distancing requirements remain in place or recur, and schools are providing virtual instruction.

[Digital Training and Education Support](#)

Digital training and education that is provided as a CDBG-CV assisted public service to prevent, prepare or respond to coronavirus can help increase digital fluency, proficiency, and confidence. Digital training can improve the technical skills needed to access information and services on the Internet and allow low-and moderate-income households to make the most of their digital equipment and devices. As described in the ConnectHOME [playbook](#), examples of digital literacy skills training include:

BASIC	INTERMEDIATE	ADVANCED
Using devices	Internet safety	File management
Internet connections	Online services	Office applications
Instant messaging	Social networking	Email communication

Educational support can assist low-and-moderate income students impacted by school closures due to coronavirus. Providing access to online instructional materials and classes allows students to attend virtual classes and bridge the “homework gap” that occurs when broadband access is not available. Educational resources can also help students to prepare for college and apply for financial aid.

[Planning/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). To use CDBG-CV funds for this activity, the grantee must be able to document how these activities address coronavirus.

DETERMINING A NATIONAL OBJECTIVE FOR CDBG-CV ACTIVITIES IN SUPPORT OF BROADBAND ACCESS

CDBG-CV funds can only be spent on eligible activities that meet a national objective. As previously described, there are several potentially eligible broadband activities that can be assisted, though most activities will fall under public improvements, housing, or public services.

The installation of broadband infrastructure may meet the national objective of benefit to low- and moderate-income persons on an area basis under 24 CFR 570.208(a)(1). To qualify, the activity's service area must be a primarily residential area where not less than 51 percent of the persons residing in the area are low and moderate income. The service area is defined as the geographic area where the houses to be served by the broadband are located. Infrastructure-related improvements to private property that increase broadband access (e.g. equipment, connections, cabling) may meet the "housing activities" national objective under 24 CFR 570.208(3).

The mapping tool component of the "Low-Moderate Income Summary Data for CDBG, NSP, and CDBG-DR Area-Benefit Activities" website allows grantees to draw service area boundaries on a digital map. The tool then shows the user the LMA percentage of the service area, based on Census geography and data. The tool can be found at [Low- and Moderate-Income Summary Data, based on 2011-2015 ACS \(arcgis.com\)](https://arcgis.com).

Providing broadband service directly to households, such as in the Tucson program described below, may meet the low- and moderate-income limited clientele national objective under 24 CFR 570.208(a)(2). In this case, at least 51 percent of the households benefitting from a service must be low-moderate income. In the Tucson example, income information was required for every assisted household. As noted above, increasing connectivity on private property may also meet the low-and-moderate income housing national objective at 24 CFR 570.208(3).

Some programs may be structured in a way where the service benefits persons who are presumed to be principally low-and-moderate income persons. As described under 24 CFR 570.208(a)(2)(A), activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low- and moderate-income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

To support the three components of the urgent need national objective criteria at 24 CFR 570.208(c), grantees may use the same documentation that demonstrates the activity prevents, prepares for, or responds to coronavirus to demonstrate that CDBG-CV broadband activities alleviate existing conditions, are unable to be financed their own (DOB documentation also supports this criteria), and causes a serious and immediate threat to health and safety. The criteria can be documented via federal, state or local emergency declarations.

Broadband Models

The [Emergency Broadband Benefit Program](#) is a new, Federal Communications Commission (FCC) program that provides a temporary discount on monthly broadband bills for qualifying low-income households. Eligible households can receive:

- 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)

In 2015, HUD launched its Digital Opportunity Demonstration, known as “[ConnectHome](#),” which provided a platform for collaboration among local governments, public housing agencies, Internet service providers, philanthropic foundations, nonprofit organizations and other relevant stakeholders to work together to produce local solutions for narrowing the digital divide in communities across the nation served by HUD. ConnectHOME uses a “three-legged stool” approach that combines connectivity strategies to increase Internet service with access to Internet-ready computers and tablets and digital literacy training that allows low-and moderate-income households to successfully use information and communication technologies.

HUD is also collaborating with [EveryoneOn](#) and [US Ignite](#) to build local partnerships and gather commitments that will increase access to the Internet for low-income Americans. These partnerships will bring broadband, technical assistance, and digital literacy training to students living in public and assisted housing across America.

INFRASTRUCTURE

The state of West Virginia is using its state CDBG funds to expand broadband to underserved areas like [McDowell County](#), where over a third of the residents live in poverty and only 66% of the residents have broadband access according to the U.S. Census. CDBG program funds are being used to install 20 miles of aerial fiber lines that will improve internet service to over 300 homes and businesses in the county. Since there are no medical facilities in the service area, the project will also significantly improve access to telehealth services. McDowell County has more than 51% low-and-moderate income persons, so the activity meets the Low Mod Area benefit national objective.

PUBLIC SERVICES

In Tucson, AZ an estimated 150,000 residents do not subscribe to broadband. To provide these households with access to remote learning and telehealth, the city partnered with a private sector technology company to erect towers on fiber-connected municipal buildings and city-owned property at strategic locations across the city and install converter devices inside eligible low-and-moderate income households. The work began in January 2021 and by mid-February 2021, 80 percent of the network was complete with 300 households connected. By mid-March 2021 that number is expected to reach 1000. Households must apply and be income eligible. The service is scheduled to be offered through the end of December 2021.

Useful Resources

[Federal Register Notice FR 5890-F-02](#) – “Narrowing the Digital Divide Through Installation of Broadband Infrastructure in HUD-Funded New Construction and Substantial Rehabilitation of Multifamily Rental Housing.”

Broadband Map:
<https://broadbandmap.fcc.gov/#/>

ConnectHOME Playbook
<https://connecthome.hud.gov/playbook>

FCC Initiative - Bridging the Digital Divide for All Americans
<https://www.fcc.gov/about-fcc/fcc-initiatives/bridging-digital-divide-all-americans>

Council of Economic Advisers Report “Mapping the Digital Divide”

https://obamawhitehouse.archives.gov/sites/default/files/wh_digital_divide_issue_brief.pdf

CDBG-CV 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>

CDBG-CV Resources

https://www.hud.gov/program_offices/comm_planning/cdbg_programs_covid-19

<https://www.hudexchange.info/programs/cdbg-cv/>

UPCOMING WEBINARS, TOOLS AND GUIDES

Webinars

CDBG-CV Virtual Launch Conference

Economic Development Models

Housing Models

National Objectives

Quick Guides

CDBG-CV Launch Toolkit

Financial Management

Public Facility Improvements with CV

Rental Assistance

CDBG-CV ASK-A-QUESTION

<https://www.hudexchange.info/program-support/my-question/>

CDBG-CV ON-CALL TA

<https://www.hudexchange.info/hudexchange-portal/ta-Request/?taportalaction=tarequest%3Amain.requestta>