Rural Coronavirus Response with CDBG-CV

INTRODUCTION

This quick Guide provides resources to help states and rural grantees identify eligible activities and programs to prevent, prepare for and respond to the disruption and impacts of the coronavirus pandemic using CDBG-CV and 2019 and 2020 entitlement funds. The effects of the COVID-19 pandemic on rural populations have been severe. A recently published study has shown the COVID-19 pandemic significantly impacted rural well-being on health-related and economic dimensions, and that these impacts are shared across sex, age, ethnicity, and education.[1]

Rural regions tend to have higher levels of poverty, fewer job opportunities, and heightened vulnerability to labor market shocks relative to urban areas. Rural areas broadly lack access to healthcare, are seeing an increased reliance on telehealth without an increase in broadband access, tend to have older and health-compromised populations, face serious barriers to enrollment in clinical trials and have far more limited access to COVID-19 testing[2].

Grantee and subrecipient capacity in rural areas is often limited. By its very nature, population in rural areas are dispersed, making it difficult to offer services or accept applications at a central location. Lack of broadband and internet access can also make online applications difficult. This guide addresses CDBG-CV activities designed to serve rural populations.

HOUSING

EMERGENCY PAYMENTS

CDBG funds can be used to provide emergency payments for past due, current, or future housing costs on behalf of an individual or family for up to three consecutive months (**24 CFR 570.207(b)(4)**). By waiver, HUD has extended the emergency payments **to six *consecutive* months** when using CDBG-CV funds and grant year 2019 and 2020 formula CDBG funds to prevent, prepare for, or respond to coronavirus.

1. WHAT CAN EMERGENCY PAYMENTS COVER?

Grantees can provide rental assistance, mortgage assistance and utility assistance.

Payments must be made directly to the provider (landlord, mortgage servicer, utility company).

Housing assistance can be provided for households that have a contract for deed[3]. HUD recommends, but does not require, that the contract for deed be properly recorded, serviced by a third-party servicer, and

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[1] Mueller, et al "Impacts of the COVID-19 pandemic on rural America" 01/05/2021, Impacts of the COVID-19 pandemic on rural America | PNAS

[2]ibid

[3] The contract for deed instrument is a private real estate contract between a buyer and seller. Unlike other real property sales, the mortgage payments are paid by the buyer to the property owner/seller. The buyer

otherwise provide appropriate protections for the buyer. Grantees should consider these assurances and also balance those with the need to assist people in need who might also be the victims of unscrupulous developers that have proliferated in certain less-regulated rural areas. Because assistance payments are made to the provider, grantees must be able to confirm that the payments were properly applied and the intended benefit was received, especially when less conventional real estate agreements are involved.

As noted above, utility payments on behalf of an individual or family are an eligible CDBG/CDBG-CV public services activity. Special rules, however, apply when the utility provider is a publicly owned entity. HUD has published a Q and A on this topic, which is available here.

2. HOW TO APPLY?

CDBG-CV housing assistance programs for rural areas are administered by state grantees. Some states allocate the money to cities and counties for implementation to be done at the local level. Others implement it at the state level.

A household would submit an application to program created by the state or local government administrator, not to HUD. Applications are usually submitted electronically via some type of existing platform or one created specifically for this program.

Given limits on internet access for many low-income rural households, several states have enlisted the help of local community action agencies or other nonprofits that accept and submit the application for the internet challenged applicant. This is an eligible CDBG-CV Activity Delivery cost.

Like all CDBG-CV activities, duplication of benefits must be considered. For housing assistance, a duplication occurs when two sources pay for the same need – such as two different agencies making the rent payment for the same month. If two sources provide rental assistance for different months, a duplication has not occurred.

HOUSING REHABILITATION

In an effort to respond to living conditions (such as mold, lead-based paint, and poor ventilation) associated with more severe coronavirus disease or poorer post-COVID health outcomes, grantees may use CDBG and CDBG-CV funds to assist property owners with necessary housing rehabilitation and reconstruction. This can include providing forgivable loans for rehabilitating homeowner housing as well as renter occupied housing to comport with standard building codes and public health advice.

For further information see link below for CDBG-CV PPR Tieback Flexibilities Quick Guide.

MOTEL ACQUISITION FOR LONG-TERM HOMELESS NON-CONGREGATE SHELTER

To limit congregate homeless shelters, some grantees have pursued acquisition and rehabilitation of abandoned or under-used motels. This activity is eligible as either a public facility or housing activity depending on how the tenancy is structured. Several communities in California and Texas have acquired

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lives on the property with all other rights of an owner, but the deed to the property does not transfer to the buyer until the final payment has been made. HUD is not encouraging the use of contract for deed, as these agreements have historically not provided adequate protections to low-income buyers, especially along the U.S. Mexico border. However, HUD will consider this type of housing cost payment to be eligible.

existing motels or entered into long term leases with existing owners for the properties to use as non-congregate shelter.

Results from a University of Washington study of a King County initiative that moved people out of homeless shelters and into hotel rooms indicated that the program helped slow the transmission of coronavirus. The results also showed that individuals who moved to area hotels reported improved physical and mental health, and the ability to focus on long-term goals such as obtaining housing, employment and education, rather than simply focusing on day-to-day survival.[4]

Davis-Bacon requirements must be considered when rehab is needed. As a reminder, support services are an important component of this type of activity.

FOOD

Many grantees have provided CDBG-CV assistance to food banks in response to the increased demand for assistance.

Food banks that serve a primarily residential low/mod area, may meet the low-and-moderate area benefit (LMA) national objective.

For food banks that do not have a low-mod service area, grantees may use the low-mod clientele national objective. Grantees should use their best judgment in funding agencies providing these services and should at least ensure that they have a written policy on self-certifications.

CDBG-CV funds have been used by grantees to increase the number of meals that can be delivered by Meals on Wheels programs. While programs have typically focused on funding the cost for additional meals, some grantees have used funds to expand the kitchens utilized by Meals on Wheels programs.

Meals on Wheels programs are designed to serve elderly residents who live homebound and without regular access to food. The pandemic has resulted in a surge of seniors who may have otherwise been living independent lives but became isolated and homebound due to quarantine or social distancing due to medical vulnerabilities.

Generally, based on the program design, Meals on Wheels programs meet the Low-Mod Clientele (LMC) Presumed Benefit national objective because they serve the elderly.

Several school districts in rural Kentucky created grab-and-go sites for families to pick up meals, and some districts designated vehicles to drive to different communities and neighborhoods to drop off food.

- The programs are designed for families that qualify for free or reduced-price lunches.
- This activity could meet the Low-Mod Area (LMA) national objective if the population of the service area is 51% or more low-mod.
- The LMC national objective can also be used. Grantees could use self-certification to reduce the administrative burden of collecting income verification from every assisted household. More info on self-certification is available at CDBG Self-Certification of Annual Income Form - HUD Exchange

Vermont Everyone Eats! is a program that pays restaurants in rural Vermont to provide free meals to people in need. The program is administered by a Community Action Agency. The program requires an application

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[4] Colburn, et al. "Impact of Hotels as Non-Congregate Emergency Shelters" November 2020, Impact of Hotels as Non-Congregate Emergency Shelters (regionalhomelesssystem.org)

process for eligible applicants. More information can be found at Vermont Everyone Eats! (vteveryoneeats.org).

Under its existing "Lakewood Engage" program, Lakewood Health Systems, located in rural Minnesota, provides fresh-frozen microwave meals to older adult patients recovering from surgery. This program has been expanded to include patients who have tested positive for the COVID-19 virus.

- Each meal was designed by a licensed dietician and prepared at a local facility that also prepares food for the Meals on Wheels program.
- All meals are made with fresh ingredients and frozen right after their preparation, which gives them higher nutritional value and requires less food processing than typical frozen dinners.
- The program allows patients access to nutritious food that takes very little preparation as they recover from the effects of the virus, while   reducing the need for patients to leave home while infected.
- While possible challenging to start from scratch, CDBG-CV funds could be used to expand an existing program, especially in conjunction with a federally qualified health center.
- The most likely national objective would be LMC but could also meet a LMA national objective, if geography or logistics dictates that the meals are only delivered to a specific service area.

BROADBAND

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.

CDBG-CV 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 also eligible.

USING BUSES TO BRING WI-FI TO STUDENTS

Thirty-five percent of the students in the rural areas of Jackson County, MI do not have access to internet. To help address this during the days of virtual learning, the school district deployed a fleet of 13 school buses equipped with WIFI to certain parts of the district. Each bus has explanations of how to connect to its WIFI and provide WIFI at a range of 150 to 300 feet from the buses. Depending on where the buses are parked, this would likely meet a LMA national objective. The activity could meet a LMC national objective if the grantee documented that the nature and location of the activity were such that at least 51% of the users would reasonably be expected to be income qualified, or if the grantee only provided passwords to households that provided an income self-certification.

INSTALLING WI-FI AT PUBLIC FACILITIES

Escambia County Florida is installing WIFI at all county parks and community centers. Initially, the county planned on just installing the service at community centers, primarily to provide virtual learners with access to WIFI. The decision was made to expand the program parks to provide access for people in rural areas of the county, who don't have nearby community centers.

While the county is using CARES Act funds, this CDBG-CV eligible activity would meet a LMA national objective provided the population of public facility's service area is at least 51% low-mod. Since it is the expansion of a public service, it would be a CDBG-CV eligible expense.

For additional information please see the CDGG-CV for Broadband Quick Guide linked below.

https://www.hudexchange.info/resource/6329/cdbg-cv-broadband-quick-guide/

ECONOMIC DEVELOPMENT AND RECOVERY

CDBG-CV funds can be used for special economic development activities, including direct assistance to businesses and microenterprises, to help local businesses respond to the impacts of the coronavirus pandemic as well as to prevent the further spread of COVID-19. The assistance can be for working capital and facility safety improvements, as well as operating costs such as payroll, rent and utilities.

For additional information on Economic Development and Recovery programs please see the CDBG-CV Program Economic Development Quick Guide and the Microenterprise Assistance Tool Kit linked below.

ASSISTING FOR-PROFIT BUSINESS RECOVERING FROM THE IMPACTS OF COVID-19

The State of Nebraska Department of Economic Development is currently offering loans and grants to businesses under two eligible activity types: 1) funding assistance for new businesses or business expansion to create Low/Mod Jobs (LMJ) and manufacture medical supplies necessary to respond to infectious disease, and 2) funding assistance to avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses, to enable retention of jobs held by low and moderate income persons (LMJ).

The State of Vermont's Sole Proprietor Stabilization Program provides CDBG-CV funds to sole proprietorships that have been impacted by the COVID-19 pandemic. Grants range from as little as $1,500 to $10,000 which may be used for eligible business expenses including rent, utilities, supplies and inventory.

ASSISTING RETAIL ORIENTED BUSINESSES AND RESTAURANTS

CDBG-CV funds may be provided to assist for-profit retail and restaurant businesses providing economic opportunities for the residents (LMJ) or serving the area (LMA). The City of St. Cloud, FL is providing funding to retail and restaurant-oriented businesses, located in the city's Downtown Entertainment District, for the acquisition and installation of outdoor dining furniture. Outdoor dining facilities will allow restaurants and businesses to re-open at greater capacity while still maintaining social distancing protocols.

USEFUL RESOURCES

CDBG-CV Federal Register Notice

https://www.hudexchange.info/resource/6113/fr-6218-n-01-notice-of-program-rules-waivers-alt-requirements-under-cares-act-cdbg/

CDBG-CV Resources

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

CDBG CARES Act Webinar Series

https://www.hudexchange.info/news/cdbg-cares-act-webinar-series/

CDBG-CV FAQs

https://www.hudexchange.info/resource/6090/cdbgcv-covid19-faqs/

Quick Guides

CDBG-CV PPR Flexibilités Quick Guide

https://www.hudexchange.info/resource/6309/cdbg-cv-ppr-tieback-flexibilities-quick-guide/

CDBG-CV Financial Management quick Guide

https://www.hudexchange.info/resource/6308/cdbg-cv-financial-management-quick-guide/

CDBG-CV Economic Development Tool-Kit

https://files.hudexchange.info/resources/documents/Economic-Development-Toolkit-Manual.pdf

CDBG-CV Economic Development Quick Guide

https://www.hudexchange.info/resource/6303/cdbg-cv-economic-development-quick-guide/

Microenterprise Assistance Tool Kit

https://files.hudexchange.info/resources/documents/CDBG-Microenterprise-Assistance-Toolkit.pdf

CDGG-CV for Broadband Quick Guide

https://www.hudexchange.info/resource/6329/cdbg-cv-broadband-quick-guide/

CDBG-CV Ask-A-Question

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

CDBG-CV On-Call TA

https://www.hudexchange.info/program-support/technical-assistance/