

Using CDBG-CV Funds for Rural Economic Development

INTRODUCTION

Rural communities across the country have felt the impact of the COVID 19 pandemic in unique ways. The CDBG-CV program can support the more robust local economic development infrastructure needed for their recovery. As is the case under the traditional CDBG program, CDBG-CV grantees can support economic development for COVID-19 recovery through special economic development and microenterprise assistance activities. With the supplemental allocation of CDBG-CV funds, grantees can grow their support of efforts that drive recovery and growth in communities that have felt the brunt of pandemic's economic fallout.

State administrators of the CDBG-CV program should design programs that support stronger and more resilient small business ecosystems in rural communities. To better target efforts, administrators should consider providing support for assessments and mapping and assisting in development of data collection platforms and analysis protocols to truly understand and prioritize the urgent needs. For more on eligible activities and details of the CDBG-CV notice, see the [Economic Development Quick Guide](#).

Main streets, commercial corridors and downtowns in rural areas are suffering, and a coordinated effort to bring them back is crucial. Once a neighborhood or community falls into decay and disinvestment, it is much more costly and difficult to bring it back. Using the full array of tools in the CDBG and CDBG-CV toolkits for economic development will help businesses weather the COVID-19 storm. Investing in flexible capital to support operations and assisting with place-based approaches like streetscape improvements, incubators and co-working spaces, and marketing campaigns will help drive foot traffic back to awaiting businesses. For more information on using CDBG for economic development, see HUD's [CDBG Economic Development Toolkit](#).

RURAL CONTEXT

COVID-19 has created hardships for small business around the country. While urban and rural communities face many of the same challenges, rural communities have fewer resources and less capacity to assist small businesses. Furthermore, rural small businesses were still recovering from the Great Recession when the COVID-19 crisis began. The pandemic largely exacerbated inadequate access to capital, the lack of broadband connectivity, and the lack of support for vulnerable industries (leisure and hospitality) often concentrated within the rural small business ecosystem.

State administrators should consider boosting assistance to smaller communities by both supporting small businesses directly and investing in the non-profits and community coalitions that assist them. Critically, states should help small subrecipients effectively manage and become stronger partners in the delivery of the state's CDBG funding. They should focus funding on the organizations that support rural small businesses. For example, CDFIs provide flexible capital to keep businesses afloat, rural innovation hubs provide the technical assistance access points for rural small businesses to innovate and grow, chambers of commerce provide policy advocacy and ecosystem alignment, and council of governments (COGs) play various roles in ensuring access to capital, capacity building, and access to public funds.

Additionally, investing in flex code workforce development and upskilling at rural anchors like community colleges, planning and development districts, and work-serving organizations would help rural communities increase economic resiliency. States can leverage their CDBG dollars in rural communities by deploying them in partnership with federal economic development commissions like Appalachia Regional Commission, Delta Regional Authority, the Denali Commission, and the Northern Border Regional Commission.

ECONOMIC DEVELOPMENT NEEDS OF RURAL COMMUNITIES

Based on the experience of economic development practitioners working in rural communities across the country, we have divided economic activities into two main categories:

1. Investments for Small Businesses and Microenterprises
 - Increase Access to Flexible Capital
 - Strengthen Business Supports
 - Create New Business Opportunities
2. Investments in Place Based Approaches
 - District-Wide Revitalization Strategies and Marketing
 - Local Events
 - Investing in Infrastructure, Streetscape, and Community Facilities

INVESTMENTS FOR SMALL BUSINESSES AND MICROENTERPRISES

The pandemic has presented the country with a cascade of unprecedented challenges: illnesses and hospitalizations, social distancing and struggling businesses and business closures, job losses and loss of income, and housing instability and homelessness. As the COVID-19 cases have receded from their peak, many of the challenges remain, but we now have a clearer picture of how to address them using funding sources like CDBG-CV.

INCREASE ACCESS TO FLEXIBLE CAPITAL

Interventions tailored to meet the needs of individual communities will have the greatest impact and providing flexibility in program design will allow for the kind of customization needed for subrecipients to address their particular unmet needs. Each rural unit of general local government (UGLG) should build on its strengths and focus on the areas where locational advantages, existing partnerships, and growing industries and occupations intersect. Grantees can combine many of the interventions below into a single program, i.e. a grant or loan program that incorporates technical assistance.

Loan & Grant Programs

States can develop partnerships with banks, philanthropy, and CDFIs to develop loan funds to aid in small business recovery. By leveraging the expertise, resources and networks of partners, the public sector can maximize its impact. Grant programs are another source of capital for small business relief and recovery. In some cases, states can design grant programs to support a sector heavily impacted by COVID-19 or for designated uses like building an outdoor dining structure or making other adjustments to comply with regulatory changes.

Financial Coaching/Loan Packaging

A financial coach works with a small business owner to help them navigate their personal and business finances, create financial goals, and develop a financial plan to meet those goals. The purpose of investing in financial coaching programs is to help businesses better understand their financial needs and be better positioned to secure the capital needed to keep their business and personal lives financially healthy. By adding financial coaching to other business support services, states and their subrecipients can improve outcomes. Coaches can integrate financial education into existing small business programming offered by technical assistance providers (e.g. business planning, accessing capital, marketing, etc.).

Micro Lending

Online microlenders provide products particularly helpful for small businesses. In addition, crowdfunding platforms like KIVA, help small businesses who may not be loan-ready but still need access to resources. KIVA provides loans ranging from \$1,000 to \$15,000 to help individuals looking to start or expand a business. Businesses can also use microloans to retool or pivot their operation and/or access new revenue streams in response to COVID-19.

STRENGTHEN BUSINESS SUPPORTS

Capital is not the only assistance that small businesses and microenterprises need to recover from the impacts of the COVID-19 pandemic. They also need assistance navigating the strategies, application processes, and long-term planning needed to make it through to the new normal. Providing technical assistance to businesses through non-profit networks and other community organizations is necessary for businesses to make sense of the different financial products and services available. It also helps businesses strengthen their financial position and access new revenue streams. Providing the assistance to access resources is just as necessary as the dollar infusions.

Invest in Business Development Organizations

Some of the organizations best suited to provide this help are business development organizations (BDOs). BDOs often have significant experience and are the trusted entities that businesses turn to in a time of crisis. BDOs understand local contexts and are committed to working with local partners to help small businesses navigate coronavirus-related economic relief resources and support long-term recovery strategies. They provide technical assistance tailored to the size, industry, and needs of each individual business. They incorporate local conditions and geographic resources and opportunities into their support and have relationships with other technical assistance providers, including Small Business Development Centers (SBDCs).

In addition to supporting BDOs directly, building and coordinating players across the small business ecosystem through investments in data management platforms, referral networks and convening organizations add value to the work of individual BDOs and maximize their collective impact.

Access to Industry Professionals and Mentorship Opportunities

Businesses are facing many challenges and some will require specialized support to survive. Access to special services can support a business in lease negotiations, business retooling, and e-commerce. Additionally, access to mentorship opportunities provides a platform for business owners to address more the challenges related to running a business with those who have overcome similar issues themselves. These resources are particularly useful when coupled with grants and loans.

CREATE NEW BUSINESS OPPORTUNITIES

The pandemic will have a long-term impact on how we shop and the goods that we purchase. Businesses will need to adjust to this new reality if they want to sustain and grow. Providing new sources of revenue and access to new customers is one way that we can help businesses adjust. This can be accomplished by supporting local branding or “Made in” campaigns, providing access to public sector procurement opportunities, and/or investing in programs that help businesses access private opportunities. Many communities have also created additional avenues for businesses to operate or adjusted local regulations and zoning to allow for outdoor dining or the sale of alcohol off premise.

Digital Inclusion for Rural Communities

Broadband can have a significantly positive economic impact on rural communities. The pandemic has revealed that businesses that could pivot to a virtual marketplace shielded themselves from some of the worst fallout of this crisis. Increasing broadband access to rural places by investing in broadband networks along with digital literacy and access points for entrepreneurs further ensures ability to compete in a digital marketplace and be more resilient to shelter in place orders brought on by pandemics and natural disasters. Ultimately, broadband investment also allows for greater ability for rural small businesses to grow, manage, and market their enterprise at large.

Diversification of Workforce Systems

Rural markets tend to have only one or two industrial pillars that support their labor market area. This lack of diversity causes mass unemployment when these industries feel the impacts of any economic squeeze. In addition, rural markets tend to rely on industry sectors particularly vulnerable to the pandemic – recreation, tourism, post-secondary education, and agriculture production and processing –

all which faced major blows during the pandemic. Investing CDBG in digital upskilling – which is the growing and polishing of technology skillsets resulting in a more tech-savvy workforce – opens rural communities up to flexible work employment that has the ability to rapidly diversify sectors once thought out of reach for rural jobseekers.

INVESTMENTS IN PLACE BASED APPROACHES

A healthy business district is a crucial part of every local economy. It provides jobs and entrepreneurial opportunities for local residents and tax revenues for local and state governments. It is the place that residents and visitors alike go to purchase goods and services, engage in civic activities, and celebrate and preserve a community's history and culture. When designing place-based initiatives, states should work at the intersection of locational advantages, existing partnerships, and growing industries and occupations.

The initiatives chosen will depend on the type of district in the community – for example, a manufacturing district will require a different intervention than one that relies on tourism. In all cases, impact will be greatest when multiple solutions are pursued together, informed by one another, and connected to and influenced by regional strategies that lead to district level implementation. States should advance efforts that invest in building and maintaining authentic partnerships at all levels and sizes, identify shared goals, and leverage other resources for maximum impact.

DISTRICT ASSESSMENT & PLANNING

District-level relief and recovery efforts will be most successful if informed by market conditions and grounded in local reality. A commercial district diagnostic or strategic planning process will ensure that those charged with the revitalization of the business district are targeting the initiatives and programs that will have the greatest impact. This work may include conducting interviews with stakeholders, data analysis, business and resident outreach and engagement, etc. The output of the planning process is a targeted roadmap for recovery specific to local conditions that can be used to access and deploy additional resources.

Capacity Building

Business districts often have a group charged with its revitalization and development. Examples include main street organizations, district management groups, business improvement district, chambers of commerce, and merchant associations. These are the trusted entities on the ground coordinating with local government agencies (police, sanitation, transportation) and overseeing planning, marketing/events, beautification efforts and capital projects in a district. Investing in these groups, many of whom suffered the financial impact of COVID-19 themselves, builds the infrastructure on the ground to support long-term relief and recovery.

Marketing/Events

District marketing and “Open for Business” campaigns and events that celebrate local history and culture are two ways to drive foot traffic to small businesses in the business districts in your State. Small businesses will benefit from the increased revenue while local residents have opportunities for civic engagement. Events often support local artists, food vendors, and musicians in addition to small businesses.

INFRASTRUCTURE AND CAPITAL PROJECTS

Investments in infrastructure and streetscape improvements can be an effective way to enhance the experience that residents and visitors have with a business district encouraging them to visit more often and extend the length of their visit. Grants for downtown anchors, civic and cultural institutions, community facilities and facade and building improvements can serve as catalysts to district revitalization while supporting existing institutions.

Development of Co-Worker Spaces in Rural CBDs

Investing CDBG in dedicated maker, thinker, and co-working spaces that help concentrate efforts, ideas, and enterprise in rural markets would help rural communities build the networks and ecosystems that support small businesses and sole proprietors. Easier access points through these “hubs” will help align more public-private partnerships such as planning and development districts, small business development and technical centers (SBDTCs), and private enterprise to provide services, investment, and collective capacity. These spaces could also prove valuable to urban dwellers seeking less densely populated markets that offer lower overhead and cheaper production costs while also allowing for rural communities to net new populations and businesses.

BEST PRACTICES

When considering how to assist rural communities with their economic development programs, states should ensure that they design a program that will facilitate rapid deployment of funds, and ultimately, assistance to the small businesses and microenterprises that are the cornerstone to a community’s economic recovery. As outlined above and in other economic development guidance, financial assistance to businesses is a critically urgent need in rural places. Well thought out program design, its complexity, and whether it accounts for short- and longer-term needs, is central to effective assistance.

Right agency/organization to carry out the work: It is critical to determine whether your agency is the best fit and has the capacity to administer your program design. In many cases, another entity may be better suited to oversee the work due to their experience carrying out similar work and/or access to local knowledge, expertise, and additional resources. An example of this is when considering carrying out a small business loan program. If this is the best type of program to meet rural communities’ needs, then it is important to consider whether your agency and/or another partner will have the capacity and expertise to handle applications, underwriting, deployment of the funds, and the monitoring and reporting requirements. Especially with so many COVID-19 assistance programs up and running, getting ready to, or in program design, being mindful of internal staff capacity and strategic about subrecipient partners is critical to complying with federal program rules.

Right-size program complexity and make sure delivery costs are accounted for: Match program complexity to program cost and size; minimize complexity (e.g. number of products, number of funding sources/types) to minimize administrative cost and increase deployment speed of the assistance.

Relief vs. recovery: Be clear about whether the program is intended as relief or recovery; different goals will imply different program design.

Relief <i>Immediate funds to keep businesses in operation</i>	Recovery <i>Support businesses in longer term recovery</i>
<ul style="list-style-type: none"> • Grants or small dollar loans to businesses in good standing • Sourced from 100% grants • Rapid injections of cash • Smaller product size and smaller total program • Limited or non-existent expectancy of repayment; minimal underwriting • Focus on businesses that cannot support additional debt or are seeking a small amount of funds 	<ul style="list-style-type: none"> • Loans to financially viable businesses • Underwriting should establish financial viability of business and evaluate ability to repay; underwriting should also build in mitigants to avoid overleveraging borrower • Focus on businesses that can support debt and are likely to repay (e.g. contracts in hand; looking for bridge financing)

Example: Implementing a State CDBG-CV Program

The State of North Carolina wanted to ensure its program met the needs of the smaller communities it was funding. The State has regional representatives on staff that have close ties to the communities in their region. Using this network, the State was able organize 100 virtual town halls with residents from these communities to hear their needs. This process also gave the communities the opportunity to

design their own programs in alignment with government priorities. From this, the State learned that the top needs were broadband access to help with virtual learning and emergency assistance to help with rent, mortgage payments, and food. The State also learned that the highest economic development need was retrofitting businesses for production of personal protective equipment, including installation of Plexiglas barriers, adequate distancing, and other social distancing measures. The State was quickly able to fund 34 projects with the first tranche of CDBG-CV funds. The connection with communities also enabled the State to quickly realize that once the CDBG-CV2 and CDBG-CV3 funds were available, the needs had shifted to emergency assistance, so the funds for these two tranches went to that purpose.

Program Design Recommendations to Facilitate Rapid Fund Deployment for Small Business Grants/Loans:

- Set up a standard intake template across the board for all subrecipients: The template should request an explanation of what type of assistance is needed to prevent, prepare for or respond to the COVID-19 pandemic, make clear what the expectations of the use of dollars are, and create a common list of application requirements.
- Ensure all applications are vetted locally for quickest response time: Local partners often know or have quickest access to information on local businesses. If the program will be managed at the state level, having connections to local partners to do pre-screen applications will expedite the process.
- Manage applicant volume: If the state anticipates the program to be significantly oversubscribed, consider limiting up-front eligibility criteria to minimize application volume (e.g., focus on specific areas, business sectors).
- Minimize information collection burdens: Documentation is required for proving eligibility, but be thoughtful about the data collection burden. What types of documentation are easy to obtain while demonstrating need and eligibility? Consult with local small business partners to determine best approach. Focus efforts on confirming that a business is in good standing.
- Streamline background checks: This part of the process can be the most time consuming, so the state should seek to understand the requirements during program design conversations. When possible, keep the process as practical as possible to expedite fund deployment.
- Personalize outreach to build trust: Asking finalists for personal information beyond W-9 and ACH (e.g. EIN/SSN) can slow the process down, as they may need additional reassurances around sharing personal protected information. If the state asks for this information, personal outreach to finalists can facilitate quicker collection of this information. Consider making initial calls to finalists so they feel comfortable with the team running the small business support program.
- Local distribution of funds: If possible, see if funds can be advanced locally so the community can quickly process grants and loans. If not, establish a process to quickly send approved applications to them for payment and timely reimbursement.

Tips for Supporting Place Based Approaches

Every commercial district in every town has a unique set of characteristics, challenges, and opportunities. The state must understand them in order to best advocate for the resources and improvements that will grow the local economy in an equitable manner, overcome the legacy of what is often decades of disinvestment, benefit residents, and address the challenges presented by the pandemic. The DNA of a commercial district includes its physical attributes, its community and market assets, its resources, and its capacity to support implementation of revitalization strategies.

Deciding how to best support a place-based effort requires understanding the place's adaptive capacity, physical environment, business environment, and market demand. Supporting subrecipients and community partners in their efforts to collect and analyze data that sheds light on these four key areas in turn informs what the highest and best uses for CDBG-CV dollars should be.

USING CDBG-CV

Acknowledging that states administer CDBG and CDBG-CV assistance for rural communities, states should center any program design on what the most urgent needs are for those non-entitlement communities. In order for activities to be eligible for CDBG-CV funding, they must clearly prevent, prepare for, or respond to the COVID pandemic.

The general areas of economic development support using CDBG-CV are for microenterprise assistance and economic development assistance to businesses. The aim is to help businesses retain jobs and/or make physical improvements to help them stay in business while implementing new COVID-19 requirements or support them in addressing the challenges resulting from the pandemic. The CDBG-CV Notice lifts the CDBG cost per job cap to \$85,000, but assistance must be due to business disruption due to the coronavirus. CDBG-CV funds are meant to be distributed as quickly as possible to help meet the many needs brought on by COVID. All economic development activities under CDBG per section 105 of the Housing and Community Development Act (states) and 24 CFR 570.201, 203 and 204 (entitlements) remain eligible under CDBG-CV. The CDBG-CV Notice takes measures to allow grantees to expedite the delivery of these funds by increasing the vehicles for distribution of CDBG-CV funds. For example, the Notice clarifies that any financing mechanism under 24 CFR 570.203(b) is allowed, such as New Markets Tax Credits and Opportunity Funds. While this applies to entitlements, states may consider 24 CFR 570.203(b) as interpretive guidance. In addition, the Notice allows any nonprofits, not just CBDOs, to pass funds through a financing mechanism for activities eligible per Section 105(a)(15) of the HCD Act.

States can use CDBG-CV funds to provide grants to businesses to respond directly to the pandemic, including manufacturing of medical supplies to respond to infectious disease as well as providing short-term working capital assistance to small businesses for job creation and retention for low- and moderate-income individuals. States can also use funds to help retrofit businesses and workspaces to promote social distancing. Another common use of CDBG-CV is to support microenterprises, with a focus on those that provide medical supplies, food delivery, cleaning, and other services to support home health and quarantine.

In addition, CDBG special economic development activities include grants, loans, loan guarantees, and other assistance to businesses to carry out economic development projects. They also include the purchase and rehabilitation of commercial and industrial buildings and structures as well as services such as outreach, screening, and reviewing of applications. Grantees may provide CDBG funds as grants or loans to any section 105(a)(15) entity (states) or Community Based Development Organization (entitlements) qualified under 24 CFR 570.204 to carry out a neighborhood revitalization, community economic development, or energy conservation project. Community economic development projects can include those that stimulate or retain jobs for low and moderate-income individuals. Many of the activities listed under the normal CDBG program should be eligible under CDBG-CV as long as they meet national objectives and pass the duplication of benefits test. When in doubt, reach out to your CPD representative to discuss.

Here are some examples of CDBG-CV programs developed by states in compliance with CDBG requirements to respond to economic development needs posed by the pandemic:

- California's Economic Development Enterprise Fund** to help businesses. California set up the Enterprise Fund and used community-based organizations to assist rural small businesses in accessing funding and technical assistance to ensure strength of their businesses. Grants are available of up to \$500,000 to provide loans to businesses and grants for publicly owned infrastructure and microenterprise assistance. This builds economic development through assistance to local businesses and low-income microenterprise owners to create or preserve jobs for low-income workers in rural communities.

- **Alabama** uses CDBG funds for an **Economic Development Fund** that requires activities to create or retain 15 or more jobs, as well as a \$10 million **Float Loan Fund** and funds to assist economic incubators and one for small cities. The competitive funds are great for UGLGs to prioritize their CV-related needs, including helping local businesses that have suffered during the pandemic and assisting the creation of new businesses to increase local economic activity, which are priorities of Alabama’s CDBG-CV program. Alabama has distributed its CDBG-CV1 funds to communities in amounts based on population ranges ensuring that even the smallest communities get funding. Those communities with larger populations and more needs get larger amounts.
- The **New York Forward Loan Fund** is a \$100 million loan program to help small businesses, nonprofits, and small property owners in the state re-open following COVID-19 closures. LISC administers the fund and makes loans from five CDFIs: Acción East, Community Preservation Corporation, National Development Council, Pursuit, and TruFund Financial Services. The CDFI partners also offer technical assistance for loan recipients. Since the state designed the fund to help small businesses with the costs of reopening, the fund prioritized deploying capital to industries and regions based on their designated reopening dates. The loans focus primarily on small Minority/Women-owned Business Enterprises and can cover reopening costs (e.g. cleaning supplies, inventory, refitting for social distancing protocol). Eligible small businesses must have annual gross revenues of less than \$3 million, fewer than 20 employees, and have not received other Small Business Administration COVID-19 relief (Paycheck Protection Program, Economic Injury Disaster Loan) and must be repaid over a five-year term with interest.
- In addition to providing CDBG-CV funding targeting microenterprise assistance and job training, the **State of Washington** also provided \$1.8 million in regular CDBG funds for special Economic Opportunity grants to help businesses with job creation, energy-related and disaster recovery activities helping LMI communities. The State programs provide flexibility to respond to local unmet needs while explicitly emphasizing the importance of providing businesses with funding assistance. The State made all CDBG-CV1 awards to non-entitlement communities with money going through a nonprofit subrecipient. The State website is a good example of the types of technical resources that should be made available to subrecipients as they explore applying for funds and developing their own local programs.

For a detailed discussion of eligible uses under CDBG-CV and all of the compliance and documentation requirements, please refer to the CDBG-CV Economic Development Quick Guide found by clicking on this [link](#).

	ECONOMIC IMPACT / CHALLENGE (UNMET NEED)	DEVELOPMENT TREATMENT / SOLUTION (ELIGIBLE ACTIVITIES)	ELIGIBLE RECIPIENTS	TYPES OF ASSISTANCE
<p>DIRECT ASSISTANCE TO FOR-PROFIT BUSINESSES</p> <p>USC 5305(A)(17)</p> <p>CDBG MATRIX CODE 18A</p>	<ul style="list-style-type: none"> LIQUIDITY TO COVER WORKING CAPITAL EXPENSES CAPITAL TO ADAPT TO NEW MARKET CONDITIONS AND TO MITIGATE RISK IN TERMS OF BUSINESS FACILITIES, EQUIPMENT, SYSTEMS, AND STAFFING 	<ul style="list-style-type: none"> WORKING CAPITAL ACQUIRE PROPERTY CLEAR STRUCTURES BUILD, EXPAND OR REHABILITATE A COMMERCIAL BUILDING PURCHASE EQUIPMENT OR PROVIDE OPERATING CAPITAL 	<ul style="list-style-type: none"> PRIVATE FOR-PROFIT BUSINESSES CLASSIFIED AS DIRECT BENEFICIARIES 	<ul style="list-style-type: none"> GRANTS AMORTIZING LOANS FORGIVABLE LOANS
<p>ECONOMIC DEVELOPMENT TECHNICAL ASSISTANCE SERVICES TO FOR-PROFIT BUSINESSES</p> <p>24 CFR 570.203(c) OR 42 USC 5305(A)(17)</p> <p>CDBG MATRIX CODE 18B</p>	<ul style="list-style-type: none"> TECHNICAL ASSISTANCE AND/OR CASE MANAGEMENT SERVICES TO BUILD CAPACITY TO PREVENT, PREPARE FOR, AND RESPOND TO CORONAVIRUS 	<ul style="list-style-type: none"> WORKSHOPS ASSISTANCE IN DEVELOPING BUSINESS PLANS MARKETING REFERRALS TO LENDERS OR TECHNICAL RESOURCES ALSO USE 18B FOR ACTIVITY DELIVERY COSTS ELIGIBLE UNDER 24 CFR 570.203(c) 	<ul style="list-style-type: none"> PRIVATE FOR-PROFIT BUSINESSES AS DIRECT BENEFICIARIES 	<ul style="list-style-type: none"> DIRECT ASSISTANCE VIA GRANTEE OR SUBRECIPIENT
<p>ECONOMIC DEVELOPMENT: MICROENTERPRISE ASSISTANCE 24 CFR 570.201(o) OR 42 USC 5305(A)(22) & 24 CFR 570.482(c)</p> <p>CDBG MATRIX CODE 18C</p>	<ul style="list-style-type: none"> EXPANDED FINANCIAL ASSISTANCE AND SERVICES TO HELP MICROENTERPRISES TO PREVENT, PREPARE FOR, AND RESPOND TO CORONAVIRUS 	<ul style="list-style-type: none"> FINANCIAL ASSISTANCE TECHNICAL ASSISTANCE GENERAL SERVICES TO OWNERS AND DEVELOPERS OF MICROENTERPRISES SUCH AS TRAINING OR DAYCARE COSTS THE ACTIVITY MUST BE DESIGNED TO EXCLUSIVELY SERVE MICROENTERPRISES 	<ul style="list-style-type: none"> MICROENTERPRISES 	<ul style="list-style-type: none"> GRANTS AMORTIZING LOANS FORGIVABLE LOANS

This chart is also found in the Economic Development Quick Guide.

DUPLICATION OF BENEFITS

A grantee is required to develop and maintain adequate procedures to prevent a duplication of benefits (DOB) that address (individually or collectively) each activity or program. A grantee's policies and procedures are not adequate unless they include, at a minimum:

1. A requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must agree to repay assistance that is determined to be duplicative; and
2. A method of assessing whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate need and the resources available to meet that need.

For CDBG-CV economic development assistance activities serving small businesses and microenterprises, it is important that they incorporate into their program design, application intake, verification and underwriting reviews related to DOB the following:

- a). Due diligence must be conducted by the grantee and/or a trained subrecipient and/or contractor;
- b). the grantee and its subrecipients, contractors, and/or partners need to be familiar with other sources of assistance and the timing of those federal, state, and/or local government sources that may be available to pay for coronavirus-related needs;
- c). working capital assistance needs to consider grant or loan performance period in relationship to the amount of assistance being provided and in relationship to whether or not a business has access to SBA or other funding during the same term; and
- d). DOB analysis should be conducted as part of unmet need analysis that contributes to the calculation of the CDBG-CV assistance and then should be re-calculated as part of a monitoring process after the grant or loan performance period.

Please see Duplication of Benefits guidance, [CDBG-CV Duplication of Benefits Resources](#).

Useful Resources

HUD CDBG COVID-19 Resources:

- [CDBG COVID-19 Grantee Guidance](#)
- [Ask-A-Question Desk](#)
- [CDBG-CV Webinar Series](#)
- [CDBG-CV Economic Development Quick Guide](#)
- 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), [CDBG-CV 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](#)

HUD CDBG Economic Development Toolkit:

- [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](#)

HUD Distressed Cities Technical Assistance Program Resources:

- [Distressed Cities Technical Assistance Program Resource Page: Resources, webinars, reports, and other information to support DCTA recipients and smaller distressed communities. Each section features COVID-19 related information.](#)
<https://www.hudexchange.info/programs/dcta/resources/#resources-and-guidance>
- [DCTA Webinar Series for Local Governments Serving Small Communities Responding to COVID-19](#) <https://www.hudexchange.info/news/responding-to-covid-19-a-webinar-series-for-local-governments-serving-small-communities/>

Other:

- [Preparing a Commercial District Diagnostic: Understanding the “DNA” of Neighborhood Commercial Districts – A framework](#)
- [LISC Commercial District Recovery Guide – A recovery guide](#)
- [Tactical Guide: Inclusive Small Business Support – A tactical guide](#)