



## Using CDBG as a Response to COVID-19 Frequently Asked Questions

DHCD COVID-19 Resources: <https://www.dhcd.virginia.gov/covid-19>

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<https://www.dhcd.virginia.gov/sites/default/files/Docx/cdbg/cdbg-covid-19-response.pdf>

Questions from *April 23 Webinar*  
Webinar available at: <https://youtu.be/CjUUBTjXlec>

**Q: Is the \$11 M CARES funding in addition to the \$6.5 M existing CDBG allocation?**

A: Yes. The \$6.5 M is from the FY2020-21 program year allocation and is meant to be utilized in addition to the CARES Act funding as well as helping keep local activities moving in the interim period until the CARES Act funding is available.

SLIDES 2 & 15

**Q: Will COVID projects over-ride regular projects, like housing rehab? Or are they separate funding streams?**

A: This is just a portion of the state's CDBG funding. We are still continuing with the review process for other projects in this year's cycle.

SLIDE 2

**Q: Is this just for non-entitlement communities.**

A: Only non-entitlement communities are eligible. See Page 62 of the [2020 Program Design](#).

SLIDE 5

**Q: What's your definition of small business?**

A: Two types: Economic Development- 5 or more employees, Micro-enterprise – 5 or less. CDBG applies to both. DHCD is currently working through program details to support small businesses in response to impacts from COVID-19. Updates to funding opportunities in this area will be posted to the DHCD website.

**Q: Is a match required or preferred?**

A: Match is not required, but showing leverage from the grant is always preferred.

4/24/2020

SLIDE 5 (Following Open Submission Program Design)

<https://www.dhcd.virginia.gov/sites/default/files/Docx/cdbg/cdbg-program-design.pdf>

Q: Other states are utilizing these additional CDBG funds to directly **support rent loss** for low income, affordable housing properties. Is Virginia making any considerations in this direction?

A: Yes, we are considering intermediary avenues to be able to do this so that the rent or utility payments are paid on behalf of the beneficiary and not too the beneficiary. However, CDBG funds cannot be used for publically-owned project-based affordable housing.

SLIDE 7

Q: Will you **support mortgage payments or just rent**?

A: That aspect of the program is still under design, but as indicated in the response above, it is the intention to address both with CDBG funds.

Q: Can a **pass-through** go to a business to expand capacity to produce PPE?

A: Yes. Most likely would need to be related to job retention or job creation.

SLIDES 5 & 10

Q: If funds have been expended on eligible activities, could they be **reimbursed**? For instance: What if a business has already retooled and produced masks to meet need. Can you request funds to reimburse costs already incurred?

A: Yes, though we'll have to look at specific cases, circumstances, and timing of the purchases to verify. As noted above, this activity will need to be based on job retention and/or job creation.

SLIDE 14

<https://www.dhcd.virginia.gov/sites/default/files/Docx/cdbg/cdbg-response-covid19-reimbursement.pdf>

*Additional Questions*

Q: Some of these eligible activities/costs seem to also be covered under the Coronavirus Relief Fund that Treasury just released guidance on. **Will the state provide guidance on which funds to seek reimbursement from (i.e. CDBG or Relief Fund)?** For instance EDA grant funds through CARES Act includes manufacture of PPE as eligible activity - will there be coordination of applying for this activity in concert with CDBG eligible PPE activity?

A: Because each COVID-related activity has so many nuances, we will work with the locality to better understand the scope of the project, community benefit, and long-term goal(s). DHCD may provide additional funding sources or partners to coordinate services as necessary to limit duplication of efforts (especially related to homeless services and small business support).

4/24/2020

Q: Our organization has two federal contracts to support **Homeless Veterans**. Would some of the DHCD funding be available for us to serve this population with other ancillary services?

A: Yes, while we don't want to duplicate efforts across different agencies, there are likely activities CDBG can fund, but we will need to speak with individual localities to work out the details. CDBG staff have been engaging our Housing staff for many of these calls to best coordinate local, regional, and state efforts for homeless service resources.

Q: What is the **timing for funds** to be allocated to localities for CDBG COVID-related projects?

A: DHCD is streamlining the application process. With a complete letter of interest, necessary documentation, and the public hearings scheduled, we will likely be able to get the locality fast tracked for a contract. Ideally, 30-45 days from application to contract execution with the understanding that many costs incurred in response to COVID-19 may be reimbursed.

Q: Is **teleworking equipment** for a locality an eligible activity?

A: Teleworking equipment primarily for local government workers is an eligible activity for CDBG funds, HOWEVER, the current priority for funding is for those projects that produce a tangible public benefit such as virtual healthcare visits or virtual public engagement. DHCD is cataloging requests from localities for equipment and as the response to COVID-19 evolves may make such costs a higher priority for CDBG funding.

Q: Can a locality use funds **to support local businesses**?

A: Most likely, yes. Given all of the federal and state resources for local business support, DHCD is working through how CDBG funding should assist businesses. Business assistance is an eligible use of CDBG funds (specifically payroll, rent, utilities, job training) and it will be a prioritized area of funding, but more information will be forthcoming soon to outline CDBG's response in this area. We encourage localities to contact DHCD with specific project ideas.

Q: Is there an **incentive for localities to work regionally or coordinate services** within a larger region?

A: Absolutely. DHCD encourages regional collaboration both for the pandemic and for long-term partnerships/programs. One example is expanding a regional food bank – some localities have already identified food insecurity as a major community need. By expanding an existing food bank, services can fulfill an immediate need as well as a long-term need.

Q: Can a locality apply for **planning grants for COVID projects**?

A: Yes they can, but in light of recent activities, the primary goal for current CDBG funds is to meet an urgent or immediate need. Therefore, the justification for planning funding in response to COVID-19 would need to be provided.

Q: Our locality is already providing **emergency rent and temporary shelter for homeless**. Are we eligible for additional funding through CDBG or any other source with DHCD?

A: Homeless services is an eligible CDBG activity and CDBG funding could augment local funds. We encourage localities to coordinate with their local/regional CoC to determine what

services are already receiving funding and if additional resources are already available locally. The Homeless Reduction Grant is available for rapid re-housing and permanent supportive housing services and CDBG staff are making every effort to coordinate resources for homeless supportive services (CDBG staff can make an introduction to Affordable and Special Needs Housing staff if necessary).

Q: Is construction of a **new facility** (for an isolation or testing site) an eligible activity?

A: Yes, but the locality should consider the fact that a full Environmental Review may prolong the contract process (generally 90 days to complete the ERR contracting process). Further, construction cannot begin until the contract is in place. Therefore, the urgency of the request for rehab/construction projects as well as the long-term use of the facility is taken into consideration. Due to the timing of this, the project may fit better into existing CDBG funding activities rather than COVID-related funding. Please reach out to DHCD staff if considering a construction or rehabilitation project.

Q: What types of **documentation** will need to be submitted?

A: Application materials: Budget/verified costs, timeline of project implementation, roles of grant manager/management team, public hearing advertisements, public comments, resolution from the locality, along with any other supporting documents identifying additional community needs which the project will fulfill.

Contract Documents: Environmental review documents, Section 3 Business & Employee Plan, Section 504 ADA access, Minority & Woman Owned Business documentation, Non-Discrimination Package, and Fair Housing Documentation, (full package and templates will be made available to applicants after the public hearings have been scheduled).

Q: Can CDBG be used for **economic development**?

A: Yes, we support business development, job training, and other programs that will help keep businesses open during and after the pandemic. Job creation and retention are the primary means to which we can help meet this goal. Please contact DHCD with your proposals.