

# CDBG Office Hours

Team HCD CDBG

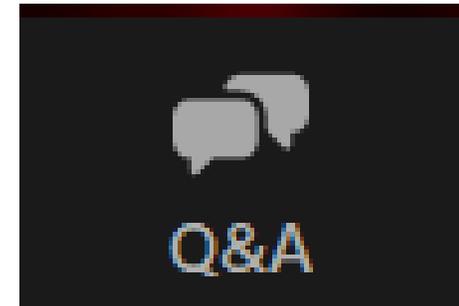
Wednesday, October 20, 2021





# How to ask a question

- Webinar questions:
  - Click “Q & A” chat bubble to submit a question to the team
  - You may ask questions anonymously, but if you want your name, organization, or region associated with your question, you will need to type it in the “Your Name” box
  - The team will read questions out loud throughout the presentation and will provide answers if possible
  - All questions will be saved and recorded as part of the public record





# Upcoming HUD Training

HUD is offering CDBG-CV best practices training

## HUD Exchange: CDBG-CV Best Practices Webinar Series

<b>Webinar</b>	<b>Date and Time</b>	<b>Registration</b>
<a href="#"><u>Public Facilities and Building Improvements Registration</u></a>	October 26, 2021 2:00 - 3:30 PM EDT	<a href="#"><u>Register Now</u></a>
<a href="#"><u>Interim and Affordable Housing Registration</u></a>	October 27, 2021 2:00 - 3:30 PM EDT	<a href="#"><u>Register Now</u></a>



# Upcoming Management Memos

## **HCD preparing management memos on the following:**

1. How to prepare an Activity Report
2. How to prepare a Financial Report (this will reflect any current guidance that was contained in, and then supersede, the 2019 Management Memo)
3. How to request a Standard Agreement Revision or Amendment
4. How to complete Close-out procedures
5. Program Income, how to:
  1. Include PI in applications and grant amendment requests
  2. Prepare application budget to correctly label and insert anticipated PI and PI cash on hand
  3. Receipt and report PI
  4. Report PI expenditures
  5. Remit PI to the state

These memos will help ensure clear expectations for each of these procedures and in the coming months will be incorporated into the Grants Management Manual.



# CDBG Program Updates

- **2020 CDBG NOFA**

- ❖ 109 Approved
- ❖ 106 Standard Agreements finalized
- ❖ 2 Pending Acceptance or returned for changes
- ❖ 1 Internal Routing

## **2021 CDBG NOFA**

- 65- applications submitted and currently under review
  - ❖ **15 – Non-Housing**
  - ❖ **21 - Housing**
  - ❖ **20 - Planning**
  - ❖ **9- ED application**



# 2021 Application Review Feedback

- After reviewing the 2021 application we notice that majority of the applicants missed at least 1 or more of the threshold items per the 2021 NOFA. For example ( Budget, Resolution the template was not used, Debarment, State Objectives, Single audits, etc.)
- Since we had many issues with the Threshold items, we would like to get your feedback on what part of the application was challenging and/or confusing that we can improve for the next NOFA
- Please send your feedback to the [CDBG@hcd.ca.gov](mailto:CDBG@hcd.ca.gov)
- Reminder:
  - **MANDATORY USE OF HCD RESOLUTION TEMPLATE.**  
**The Word Version is available .**



# CDBG CV1

- CDBG-CV1
  - ❖ 82 Approved and Executed



# CDBG CV2 – CV3

- CDBG-CV2 and 3
  - 164 Submitted Applications:
    - 18 Rescinded
    - 27 Awaiting Corrections
    - 12 Routing
    - 43 Pending Signatures
    - 66 Approved

# Recap of Prior Questions and Answers





# Duplication of Benefits (DOB)

## Question:

- Does DOB apply to individuals? How can this be reviewed for subsistence payments?

## Answer:

- Yes, a DOB review must be done on each applicant, for projects carried out by businesses, jurisdictions and for individuals. There is a form available to conduct a DOB review for an individual. Grantees need to have an internal process to ensure individuals aren't receiving a DOB or getting paid twice for the same thing for the same period of time.
- Reach out to your Grant Administrator or CDBG Rep to get individualized assistance on setting up this process within your program.



## Section 3 Thresholds

### Question:

- Does single family housing rehab trigger Section 3? By contract amount or by individual project?

### Answer:

- Yes – The revised regulation established an applicability threshold of \$200,000 for housing rehabilitation, housing construction, and other public construction (e.g., public facilities and improvements) projects assisted with housing and community development financial assistance. Housing and community development financial assistance includes, but is not limited to, CDBG, CDBG-CV, CDBG-DR, CDBG-MIT, NSP, HOME, HTF, ESG, HOPWA, Section 811, \*Lead Hazard Control and Healthy Homes Grants.



## Section 3 Thresholds - Continued

- Per 24 CFR 75.3, Section 3 is triggered when the amount of housing and community development funding provided by one or a combination of two or more different applicable HUD programs exceeding the \$200,000 threshold;
- The Section 3 requirements also apply when a project receives less than \$200,000 in HUD housing and community development financial assistance but receives public housing financial assistance, as defined in 24 CFR 75.3(a)(1), or
- \*More than \$100,000 of Lead Hazard Control and Healthy Homes program funding, as defined in 24 CFR 75.3(a)(2)(i).



# GMM Updates

## Question:

- When can we expect a timeline on the GMM being published?

## Answer:

- This work is still underway.



# Loan Committee Meetings

## Question:

- Are CDBG loan advisory committees subject to the Brown Act even though they will be discussing individual application issues?

## Answer:

- Depends on the makeup of your loan advisory committee and whether that classifies them as subject to the Brown Act. This would depend on their bylaws, how they are structured, and how they are formed.



# OTC List

## **Question:**

- When do you anticipate disencumbering other program to fund down the OTC list? What was the last project funded from the OTC waitlist?
- Is the 2021 OTC NOFA discontinued to fund remaining OTC applications?

## **Answer:**

- All currently available funds for OTC are exhausted, this is in the process of being updated on the website.
- The list of waitlisted projects will be on the HCD website shortly.
- HCD disencumbers other program funds on an ongoing basis, but each one may be a small amount, so this takes time to award another project on the wait list.
- The 2021 NOFA is closed, it only included competitive funding and there are no new OTC waitlisted projects generated since the 2020 list.



# Economic Development (ED) OTC

## Question:

- Is there a timeline for HCD to establish new guidelines for application and approval of new ED OTCs?
- What is the approval timeline once an application is submitted?

## Answer:

- TBD – HCD still working on this process.



## CV 2/3 Contract Timelines

### Question:

- Where can we find the effective date of the agreement for the 2-year timeline for the CV2/3 projects?

### Answer:

- The effective date is the date the agreement was signed by HCD upon return from the local government – so it is in the “award files” in eCivis.
- The 2-year timeline is 2-years from that execution date.



# Unfiled Taxes

## Question:

- Are grantees constrained in any way from assisting individuals who have not filed taxes?

## Answer:

- Although the program allows grantees to adopt the IRS AGI definition of income, this does not mean that the CDBG-CV program is required to ensure that all applicants file taxes. The AGI methodology can be followed using other documentation (e.g., benefits statements, pay stubs, documentation for deductions, etc.)
- Filing taxes is not a requirement of this program.



# Use of economic development loan certification form

## Question:

- Will the loan certification form be for all loans or just for those within ED programs?

## Answer:

- The loan certification form for economic development programs will not transfer directly to other programs.
- The form includes ED national objectives and the underwriting criteria specific for ED programs.
- Housing and other lending programs have specific and distinct underwriting, feasibility, and national objective requirements. If grantees need templates or guidance on lending programs for non-ED eligible activities, they should reach out to their GAs for additional support or templates.



# DOB processes

## Question:

- If our organization finds that a beneficiary was not truthful in a DOB review, do we need to recoup the duplicative funds provided?

## Answer:

- Yes, the applicants agree to repay any duplicative funds when they sign the subrogation agreement, and the grantee is required to have processes in place to recapture any duplicative funding. In such instances, the recapture would be a return of grant to the program.



# Unemployment Benefits and AGI - Question

## Question:

- Are there any forms in the works for individuals that use FPUC (Federal Pandemic Unemployment Compensation) that pushes them over the income limit?
- How can we document that an individual received FPUC but that it was temporary and is no longer applicable to their AGI.
- (Answer on next slide)



# Unemployment Benefits and AGI - Answer

## **Answer:**

- When using the AGI method, grantees must include follow the IRS process for accounting for FPUC. Per the IRS instructions for 2020:
  - Up to \$10,200 of unemployment compensation paid in 2020 is excluded from income if your modified adjusted gross income is less than \$150,000.
  - The \$150,000 threshold applies to all filing statuses even if your filing status is married filing jointly.
  - If you are filing a joint return, up to \$10,200 of unemployment compensation paid to each spouse is excluded.
- HUD has issued guidance that if using the Part 5 methodology to calculate a household income, FPUC is not considered income.
- Grantees must select an income verification methodology and apply it consistently within their programs. You cannot pick and choose which methodology you use, based on applicant circumstances.
- If an applicant's most recent tax return reflected higher unemployment benefits, but that situation has changed and they have stopped receiving those benefits, then the applicants should be providing current documentation that demonstrates their current household/family income.
- Microenterprises: If the owner doesn't qualify as LMI, you can look at the national objective for low-moderate-income job retention or job creation.



# Additional questions unanswered in call

## Question:

- It appears federal pandemic unemployment is counted as income. Do the stimulus payments count as well?

## Answer:

- The IRS did not include the stimulus payments as income payments. They were economic impact payments, not income payments.

# Questions and Answers

