



CARES Act Waivers and Alternative Requirements

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CDBG-CV Waivers and Alternative Requirements

CDBG-CV Overview and General Requirements

The following pages include a summary of CDBG-CV waivers, alternative requirements, and cross-cutting requirements, as well as guidance for the application of these requirements to different activities and program types. This guidance includes elements such as:

- A summary of waivers and alternative requirements for CDBG-CV funds that differ from the standard management and compliance for the annual CDBG program.
- Best practices, checklists, and step-by-step instructions for mobilizing programs under CDBG-CV
- Guidance on how to identify and resolve program design or procedural technical assistance or training needs to ensure program compliance and facilitate monitoring.

The content in this document does not replace the HCD's CDBG Grants Management Manual. Except as otherwise described in this document, the statutory and regulatory provisions governing the CDBG program apply to CDBG-CV and CDBG grants. It supplements and amends certain sections of the GMM to include the special provisions allowable or required through CDBG-CV. If a grantee or subrecipient has any questions about the applicability of a regulation, rule or requirement to CDBG-CV, they should reach out to their HCD Representative or Grant Administrator as applicable for clarification.

The Coronavirus Aid, Relief and Economic Security Act (CARES Act), signed into law on March 27, 2020, made available \$5 billion in supplemental Community Development Block Grant (CDBG-CV) funding to prevent, prepare for, and respond to the coronavirus. On August 20, 2020, HUD published the [Federal Register Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs](#) (the Notice), which provides guidance, rules, and waivers governing CDBG-CV funds and Fiscal Year 2019/2020 CDBG (FY2019/2020 CDBG) funds (collectively "CDBG-CV," unless separately noted in the document).

CDBG-CV National Objectives

The CARES Act did not suspend the CDBG requirement to meet a national objective, so Grantees must ensure that every activity carried out with CDBG-CV funds will do so. Just like annual CDBG, every CDBG-CV funded activity must meet one of the following three CDBG National Objectives.

- Provide benefits to Low- and Moderate-Income persons,
- Aid in the prevention or elimination of blight, or
- Provide funding for projects that have a particular urgency (an Urgent Need) because existing conditions pose a serious and immediate threat to the health or welfare of the community.



Although the CARES Act allows CDBG-CV funds to be used for activities that achieve any of the three national objectives, **HCD has elected not to fund projects utilizing the national objective of blight elimination** and to primarily pursue projects and programs that provide benefits to Low- and Moderate-Income (LMI) persons.

Urgent need may be used as a national objective under certain circumstances; if a grantee or subrecipient seeks to use urgent need as a national objective for their project or program, they should work with their HCD representative or Grant Administrator to receive prior approval and guidance to ensure their project can meet the definition and documentation for meeting an urgent need, per the CDBG-CV requirements.

Coronavirus Tie-back and Nexus

All activities funded with CDBG-CV must be designed to prevent, prepare for, or respond to the coronavirus. Grantees must document this relationship, often referred to as the coronavirus "tieback" or a "nexus" by documenting a logical relationship between the benefits of the assisted activity and the effects of the coronavirus. This tieback may relate to the current pandemic and may also relate to mitigating potential future coronavirus pandemic impacts. A grantee may also undertake activities to address the indirect effects of the virus, such as the economic and housing market disruptions caused by social distancing measures and stay-at-home orders implemented to prevent the spread of coronavirus.

Duplication of Benefits

Duplication of benefits occurs when federal financial assistance is provided to a person or entity through a program to address losses resulting from a federally declared emergency or disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs.

The CARES Act requires CDBG-CV recipients to implement procedures to prevent any duplication of benefits as required by Section 312 of the Stafford Act, as amended by Section 1210 of the Disaster Recovery Reform Act of 2018. All grantees and subrecipients must implement policies and procedures to ensure and document that project activities have not or will not receive financial assistance for the same activity costs.

HCD, grantees, and subrecipients of CDBG-CV funds are required to develop and maintain adequate procedures to prevent a duplication of benefits that address (individually or collectively) each activity or program. Per the Federal Register that provides guidance, rules, waivers, and alternative requirements for CDBG-CV ([FR-6218-N-01](#)), grantees' 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. HCD has provided a sample DOB Policy for local government use as Appendix C-1.

HCD ensures all grantees and subrecipients comply with these provisions through the following documents and procedures.

1. **Subrecipient Agreement:** HCD requires grantees and subrecipients of CDBG-CV funds to agree to repay any assistance determined to be duplicative as a condition of awarding funds.
2. **Subrogation Agreement:** HCD requires all grantees of CDBG-CV funds to require the use of a subrogation agreement for all benefiting individuals or entities (including subrecipients and direct beneficiaries) from CDBG-CV programs. This agreement requires that any individual or entity receiving CDBG-CV assistance must repay any assistance determined to be duplicative. Sample agreements have been provided for grantee and subrecipient use. Appendix C-2 is for use with individuals and Appendix C-3 is for use with business entities.
3. **Duplication of Benefits (DOB) Review:**
 - a. Project Applications: When grantees or subrecipients submit applications for single projects (e.g., public facilities, Homekey), HCD conducts a duplication of benefits review at the project level as 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. HCD completes this review utilizing a **completed** Appendix C-4 to ensure that funding awarded to grantees and subrecipients does not exceed the projected project cost (subtracting any potential duplication of benefits). HCD conducts the project DOB review at the time of application and reviews this information during project implementation and monitoring phases.
 - b. Individual Applications: When grantees or subrecipients submit applications for programs where they will perform application intake of beneficiaries and applicants (e.g., public services, economic development, subsistence payments, etc.), HCD requires all grantees and subrecipients to conduct individual, applicant level DOB review for each beneficiary of CDBG-CV funds (entity or person). HCD has provided a sample template tracking form as Appendix C-5. This process must include documentation of review of all potential DOB sources and verification of benefits where possible in each applicant file. The DOB review for these activities cannot be performed at the program level.
4. **Grantee and Subrecipient Duplication of Benefits Policies and Procedures:** HCD requires grantees and subrecipients to adopt and implement policies and procedures to conduct a DOB review, ensure that implemented programs do not create a DOB, and require the repayment of any funds found to be a DOB within their programs. A sample policy is provided here for grantee and subrecipient use. HCD will monitor grantees and subrecipients for adoption and effective use of this policy. Attachments:



Native American Tribe Subrecipients

The CARES Act gives States the ability to carry out activities directly through employees, contractors, and subrecipients in all geographic areas within its jurisdiction including entitlement jurisdictions and federally recognized Native American tribes. HUD issued this waiver to allow States to expend CDBG-CV funds in entitlement and tribal areas to expedite the use of CDBG-CV funds by supporting States in their roles as significant coordinators of statewide and regional activities to prevent, prepare for, and respond to coronavirus. This waiver is designed to reduce administrative costs and streamline delivery of assistance by maintaining a single set of grant requirements for all CDBG-CV allocations.

For any activity carried out on Tribal lands, the State must obtain the consent of the Native American Tribe with jurisdiction over the Tribal land. Furthermore, Native American Tribes that receive CDBG-CV funding from the State must comply with the Indian Civil Rights Act (Title II of the Civil Rights Act of 1968, 25 U.S.C. 1301 et seq.) This conforming requirement is necessary because the state CDBG regulations do not anticipate states distributing funds through means other than a method of distributions of units of local government.

HCD has utilized this waiver and has made awards to federally recognized Native American tribes using the Standard Agreement with Tribes as a subrecipient of CDBG-CV funds. Within this agreement, specific federal and state compliance requirements are outlined including those found in [24 CFR 570.503](#).

Any Tribal member who is also a resident of a CDBG-CV Unit of General Local Government (UGLG) Grantee, can participate in CDBG-CV programs offered by their local jurisdiction. Eligibility, program guidelines, and the policies and procedures of the local jurisdiction would apply. For example, if a Tribal Member whose primary residence is located within a local jurisdiction (not Tribal Land), participated in a housing rehab program, the rules of the local jurisdiction, including processes for complaints and appeals would be under the policies of the local jurisdiction, not the tribal council.

Alternatively, Native American Tribes that receive a CDBG-CV award from HCD, will establish their necessary program policies and procedures for the implementation of the CDBG-CV award. To implement these programs the state has an existing Grants Management Manual (GMM). Some requirements, as outlined in the GMM, may not be applicable to Federally Recognized Native American Tribes. In addition to what is outlined below, all requirements outlined in the Standard Agreement must be complied with. If a Native American Tribe is unable to comply with these requirements, please contact HCD for further guidance.

Tribal Sovereignty:

HCD acknowledges the sovereignty of federally recognized Native American Tribes and is committed to operate within a government-to-government relationship to allow Native American Tribes the maximum amount of responsibility for administering their programs with these CDBG-CV funds.



When a Native American Tribe is awarded CDBG-CV funds, HCD will award them as a Subrecipient and not as a Unit of General Local Government (UGLG) Grantee, as such, HCD retains the HUD specified Responsible Entity (RE) authority for federal compliance. As outlined in the Standard Agreement, some tasks may be completed by the Native American Tribe with oversight and technical assistance provided by HCD.

When CDBG-CV funds may be used to match a project previously reviewed and approved by HUD as an Indian Community Development Block Grant (ICDBG) program award, HCD will accept the National Objective documentation used to support the ICDBG award (such as defining an LMA service areas), to ensure consistency with HUD. Any project that uses CDBG-CV funds to match ICDBG, must also comply with the requirements of CDBG-CV funding such as a covid tie-back and review for DOB.

Technical Assistance:

To assist in the administrative responsibilities of managing the CDBG-CV award technical assistance is available through HCD. If after review of the Grants Management Manual (GMM) and the alternatives listed in this section, additional assistance is needed please contact your HCD Representative or Grant Administrator. Sections of the GMM which Native American Tribes should particularly review include: reasonable access to records by the public, documented appeals process, financial management, and recordkeeping. Native American Tribes will be responsible for ensuring policies and procedures are in place to meet these requirements.

Housing Rehabilitation: If housing rehabilitation is planned with CDBG-CV funds, Native American Tribes will need to establish clear guidance regarding the treatment of property ownership and restrictive covenants. Due to the unique factors and types of property ownership on tribal lands, clear requirements for any covenants and restrictions resulting from construction improvements with CDBG-CV funds must be outlined in program guidelines. Please contact HCD for any needed technical assistance.

Non-discrimination: In [24 CFR 1003.601](#) the Indian Community Development Block Grant (ICDBG) Program, the Secretary waives the requirement that grantees comply with [section 109 of the Title 1 of the Housing and Community Development Act of 1974](#) except with respect to the prohibition of discrimination based on age, gender, religion, or against an otherwise qualified disabled individual. If Native American Tribes would like to use this exclusion as they implement the CDBG-CV funding, please contact HCD. HCD will need to get approval from HUD before allowing it.

Calculating Annual Income of tribal members: When calculating income for eligibility purposes, distributions of net revenue made from a casino that is operated on tribal lands and owned by all members of the tribe, members must report the revenue received as taxable income and include it in the calculation of annual income. Per capita distributions of funds held in a tribal trust account by the secretary of the interior to members of a Native American Tribe are generally excluded from gross income. As the treatment of gaming proceeds varies by Native American Tribe, program guidelines must clearly outline how gaming or other tribal revenues will be treated, to ensure consistent and equitable documentation of beneficiaries.



In circumstances where HUD has issued a Native American Tribe an ICDBG award based on a project meeting a low-mod-area benefit, and the ICDBG project utilized ACS data based on American Indian Alaska Native (AIAN) data, which HUD has approved and issued a grant agreement, HCD will accept the LMA documentation for proof of meeting the national objective.

Labor Standards: HCD is ultimately responsible for labor standards compliance, but the Native American Tribe will coordinate weekly payroll collection, review, and approval and on-site interviews. HCD will provide oversight and technical assistance for compliance. In order to ensure ongoing compliance with DBRA, HCD provides training resources, technical assistance and may conduct quarterly review of DBRA documentation tied to Quarterly Activity Reports submitted by the tribe through HCD's grants network portal.

Procurement: Within the procurement regulations found in 2 CFR 200.318 – 326 there is a requirement to take affirmative action to contract with small and minority-owned firms and women business enterprises. Native American Tribes can utilize this requirement to extend notices to native American tribal entities for procurement purposes. However, [24 CFR 1003.510](#) of the Indian Community Development Block Grant (ICDBG) Program outlines that preference shall be given in the award of contracts and subcontracts to Indian organizations and Indian-owned economic enterprises as defined in section 3 of the Indian Financing Act of 1974 ([25 U.S.C. 1452](#)). If Native American Tribes would like to use this exclusion as they implement the CDBG-CV funding, please contact HCD. HCD will need to get approval from HUD before allowing it.

The awarded Native American Tribe will be responsible for ensuring all requirements outlined in their Standard Agreement, applicable sections of the GMM, and this document are communicated and complied with by any organization the Native American Tribe subcontracts with to perform the scope of work outlined in their Standard Agreement.

Environmental Review: HCD retains the Responsible Entity (RE) authority and will follow 24 CFR 58 for NEPA compliance. HCD will involve the awarded Native American Tribe as a partner in data gathering and determinations as appropriate throughout the environmental review process. HCD will consult with the Tribal authorities as part of Section 106 of the National Historic Preservation Act and will complete the HUD specified Environmental Review Record (ERR). For projects requiring publication, HCD will publish the required notices, and after the necessary public comment periods will submit a Request for Release of Funds to HUD. HUD will review all submitted materials and if appropriate issue an Authority to Use Grant Funds (AUGF). Only after HUD has issued the AUGF to the State, may the Native American Tribe commence construction activities.



Appendices

- C-1: Sample DOB Policy for Local Grantees
- C-2: Subrogation Agreement – Individual Beneficiary
- C-3: Subrogation Agreement – Business Entity
- C-4: DOB Tracking Form – Project / Program Level
- C-5: DOB Tracking Form – File / Individual Level
- C-6: CDBG-CV Economic Development Guidance
- C-7: CDBG-CV Public Facilities Guidance
- C-8: CDBG-CV Public Services Guidance



HUD Resources and Information

Grantees are responsible for ensuring that they are in compliance with all applicable rules. Additional resources related to the CDBG-CV program:

HUD Exchange State CDBG Program:

<https://www.hudexchange.info/programs/cdbq-state/>

HUD Exchange CDBG-CV:

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

HUD Exchange List of CDBG-CV Resources (including those listed below and MORE):

<https://www.hudexchange.info/programs/cdbq/disease/>

CDBG-CV Implementation Quick Guide

<https://files.hudexchange.info/resources/documents/State-CDBG-CV-Implementation-Quick-Guide.pdf>

CDBG-CV Federal Register Notice (FRN-6218-N-01) :

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

Quick Guide to CDBG Eligible Activities to Support Coronavirus

<https://files.hudexchange.info/resources/documents/Quick-Guide-CDBG-Infectious-Disease-Response.pdf>

CDBG-CV Notice FAQs:

<https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-CV-Notice-FAQs-OBGA-082720-TOC.pdf>

Summary of Primary CDBG Activity Categories to Support Coronavirus:

<https://www.hud.gov/sites/dfiles/CPD/documents/DOB-TA-CDBG-summary-table-Notes-06232020-Attachment.pdf>

CDBG-CV Duplication of Benefits Quick Guide:

<https://files.hudexchange.info/resources/documents/CDBG-CV-Duplication-of-Benefits-Quick-Guide.pdf>

Using CDBG-CV Funds for Emergency Payments to a Public Utility:

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

CDBG-CV Economic Development Quick Guide:

<https://files.hudexchange.info/resources/documents/CDBG-CV-Economic-Development-Quick-Guide.pdf>

CDBG-CV Public Facilities Quick Guide:

<https://files.hudexchange.info/resources/documents/CDBG-CV-Public-Facilities-Quick-Guide.pdf>

For more information or assistance, grantees are encouraged to contact HCD staff to request guidance, technical assistance, and training. Additional resources are also available at the [HUD Exchange](https://www.hudexchange.info/) and on the HCD website (www.hcd.ca.gov/grants-and-funding/programs-active/community-development-block-grant).



CDBG-CV Cross-Cutting Requirements

	Business assistance	Microenterprise	Housing	Mortgage Assistance	Public Services – subsistence payments	Public Services – business training services	Public Facilities
NEPA Environmental Review (24 CFR Part 58) *see GMM, Chapter 3 Environmental Review	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.	No alternative requirements for CDBG-CV – Level of Review is based on project scope of work.
Section 106 Historic Preservation *see GMM, Chapter 3 Environmental Review	No alternative requirements for CDBG-CV – Applies when scope of work includes acquisition, construction or rehabilitation.	No alternative requirements for CDBG-CV – Applies when scope of work includes acquisition, construction or rehabilitation.	No alternative requirements for CDBG-CV – Applies when scope of work includes acquisition, construction or rehabilitation.	No alternative requirements for CDBG-CV – generally doesn't apply	No alternative requirements for CDBG-CV – generally doesn't apply	No alternative requirements for CDBG-CV – generally doesn't apply	No alternative requirements for CDBG-CV – Applies when scope of work includes acquisition, construction or rehabilitation.
Lead Based Paint *see GMM, Appendix E Housing Rehabilitation	No alternative requirements for CDBG-CV – could apply if providing assistance for childcare facilities, etc.	No alternative requirements for CDBG-CV – could apply if providing assistance for childcare facilities, etc.	No alternative requirements for CDBG-CV –	No alternative requirements for CDBG-CV – generally does not apply	Applicable only if rental assistance is provided for more than 100 days (not including arrears).	No alternative requirements for CDBG-CV – generally does not apply	No alternative requirements for CDBG-CV – generally does not apply



	Business assistance	Microenterprise	Housing	Mortgage Assistance	Public Services – subsistence payments	Public Services – business training services	Public Facilities
Section 504/508	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible	No alternative requirements for CDBG-CV – grantees must ensure programs provide reasonable accommodations and program materials are accessible
Procurement (2 CFR 200.318-326) *See GMM, Chapter 5,	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.	No alternative requirements for CDBG-CV – Applies when grantees need to solicit contractors to perform tasks funded by CDBG-CV.
Section 3	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.	No alternative requirements for CDBG-CV – applies to applicable hiring and procurement processes.



	Business assistance	Microenterprise	Housing	Mortgage Assistance	Public Services – subsistence payments	Public Services – business training services	Public Facilities
Labor Standards / Davis Bacon / CA specific labor standards *See GMM, Chapter 7	No alternative requirements for CDBG-CV – Applies when construction is a funded in whole or in part with CDBG-CV.	No alternative requirements for CDBG-CV – Applies when construction is a funded in whole or in part with CDBG-CV.	No alternative requirements for CDBG-CV – Applies when construction is a funded in whole or in part with CDBG-CV on projects with 8 or more units.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – Applies when construction is a funded in whole or in part with CDBG-CV.
URA	No alternative requirements for CDBG-CV – Applies when relocation or acquisition of real property is included as part of the funded project.	No alternative requirements for CDBG-CV – Applies when relocation or acquisition of real property is included as part of the funded project.	No alternative requirements for CDBG-CV – Applies when relocation or acquisition of real property is included as part of the funded project.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – Applies when relocation or acquisition of real property is included as part of the funded project.
Flood insurance / Building standards	No alternative requirements for CDBG-CV – if funds are invested in rehabilitation or acquisition activities in properties in a Special Flood Hazard Area, they must meet all applicable flood insurance and building standard requirements.	No alternative requirements for CDBG-CV – if funds are invested in rehabilitation or acquisition activities in properties in a Special Flood Hazard Area, they must meet all applicable flood insurance and building standard requirements.	No alternative requirements for CDBG-CV – if funds are invested in rehabilitation or acquisition activities in properties in a Special Flood Hazard Area, they must meet all applicable flood insurance and building standard requirements.	No alternative requirements for CDBG-CV – if funds are invested in rehabilitation or acquisition activities in properties in a Special Flood Hazard Area, they must meet all applicable flood insurance and building standard requirements.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – generally does not apply.	No alternative requirements for CDBG-CV – if funds are invested in rehabilitation or acquisition activities in properties in a Special Flood Hazard Area, they must meet all applicable flood insurance and building standard requirements.



Economic Development: CDBG-CV Program Waivers and Alternative Requirements

HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
<i>Eligible Activity</i>	<ul style="list-style-type: none"> *Special economic development projects undertaken by/for public entities (Sec. 105(a)(14)) *Special economic development projects undertaken by for profit entities (Sec. 105(a)(17)) *Public facilities (Sec. 105(a)(2)) *Microenterprise development (Sec. 105(a)(22)) 		There is no waiver or alternative requirement for Grantees under CDBG-CV.	Reference Grants Management Manual Appendix D for detailed guidance on economic development eligible activities.
<i>National Objective</i>	<ul style="list-style-type: none"> * LMI Benefit * Elimination of Blight * Urgent Need 		<ul style="list-style-type: none"> * LMI Benefit * Elimination of Blight – HCD is not allowing the use of this national objective * Urgent Need – can only be used with pre-approval from HCD 	Grantees and subrecipients cannot use elimination of blight as a national objective. Grantees and subrecipients must receive pre-approval from HCD prior to using the urgent need national objective
<i>Public Benefit Standard</i>	<p>Activities covered by these standards must, at an individual level and in the aggregate, either:</p> <ul style="list-style-type: none"> (i) Create or retain at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used; or (ii) Provide goods or services to residents of an area, such that the number of low- and moderate-income persons residing in the areas served by the assisted businesses 	Same as CV funds when used for coronavirus-related activities	<p>For activities subject to the public benefit standards, grantees must document that:</p> <ul style="list-style-type: none"> (a) The activity will create or retain at least one full-time equivalent, permanent job per \$85,000 of CDBG funds used; (b) the activity will provide goods or services to residents of an area such that the number of LMI persons residing in the area served by the assisted businesses amounts to at least one LMI person per \$1,700 of CDBG 	HUD relaxed the public benefit standard such that grantees can meet this requirement by documenting one of the CDBG-CV public benefit standards (a-c) outlined in the column to the left. HUD waived the aggregate public benefit requirement, so grantees only have to demonstrate this on an individual basis.



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
	<p>amounts to at least one low- and moderate-income person per \$350 of CDBG funds used. (Aggregate standards apply to UGLGs)</p>		<p>funds used; or (c) the assistance was provided due to business disruption, defined by HUD as: business disruption related to coronavirus (in which case, no monetary standard applies because HUD has determined that there is sufficient public benefit derived from the provision of assistance to stabilize or sustain businesses in the grantee's jurisdiction that suffer disruption due to coronavirus, and that facilitation of business assistance for this purpose may help to avoid complete economic collapse within the grantee's jurisdiction).</p> <p>NOTE: HUD waived the standard for aggregate public benefit and applies to economic development activities. Grantees only need to document that they have met the individual public benefit standard.</p>	



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
<i>Income Verification (Job Creation/Retention)</i>	LMI Persons are defined as individuals who reside in a family whose total annual income is at or below 80% of median for County/MSA.	Same as CV funds when used for coronavirus-related activities	Grantees and employers may consider individuals that apply for or hold jobs to be members of one-person families for activities that prevent, prepare for, and respond to coronavirus presumption. The recipient may substitute records showing the type of job and the annual wages or salary of the job in lieu of maintaining records showing the person's family size and income to demonstrate that the person who filled or held/retained the job was a low- or moderate-income person referenced in 24 CFR 570.490. HUD will consider the person income-qualified if the annual wages or salary of the job is equal to or less than the Section 8 low-income limit established by HUD for a one-person family.	Instead of being limited to serving LMI persons based on that person's household income, grantees only have to document the type of job and annual waged or salary of the job to qualify the participant as LMI -- as long as the annual wages or salary of the job is equal to or less than the Section 8 low-income limit for a one-person family.
<i>LMJ Presumption Criteria</i>	A census tract (or block numbering area) qualifies for the presumption of LMJ if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria: (A) It has a poverty rate of at least 20%;(B) It does not	Same as CV funds when used for coronavirus-related activities	A census tract qualifies for the presumption of LMJ if the poverty rate is at least 20% and if it evidences pervasive poverty and general distress by meeting at least one of the following criteria: (1) All block groups in the census tract have poverty rates of at least 20 percent; (2) The specific activity being	The poverty rate threshold for LMI presumption is lowered from 30% to 20%, giving grantees additional flexibility to use the LMJ National Objective.



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
	include any portion of a central business district (CBD), unless the tract has a poverty rate of at least 30%; and(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:(1) All block groups in the census tract have poverty rates of at least 20%;(2) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20%		undertaken is located in a block group that has a poverty rate of at least 20 percent; or (3) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.	
<i>Duplication of Benefits</i>	N/A	Same as CV funds when used for coronavirus-related activities	Must have publication of benefits procedures for each activity/program. A grantee is required to develop and maintain adequate procedures to prevent a 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	Grantees must have DOB procedures for each activity or program that require CDBG-CV beneficiaries to sign subrogation agreements and include a method of assessing whether CDBG-CV funds will duplicate other financial assistance.



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
			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.	

HCD has provided more detailed guidance in Appendix C-6: CDBG-CV Economic Development Guidance and has provided a variety of Tools for use by Grantees and Subrecipients on the HCD webpage (www.hcd.ca.gov/grants-and-funding/programs-active/community-development-block-grant).



LMI Housing: Program Waivers and Alternative Requirements

HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
<i>Eligible Activity</i>	*Acquisition (Sec. 105(a)(1)) *Clearance, Construction and Reconstruction of Buildings 105(a)(4) *Homebuyer Assistance (Sec. 105 (a)(24))		There is no waiver or alternative requirement for Grantees under CDBG-CV.	Reference Grants Management Manual Appendix E for detailed guidance on eligible housing activities.
<i>Overall Benefit to LMI Persons</i>	All activities must be undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households. The housing can be either owner- or renter-occupied and can be either single-family or multi-family structures. When the housing is to be rented, it must be occupied by an LMI household at affordable rents.			Grantees can only provide housing assistance for activities that benefit LMI households
<i>National Objective</i>	* LMI Benefit			Grantees can only provide housing assistance for activities that benefit LMI households
<i>Duplication of Benefits (DOB)</i>	N/A, but still subject to cost reasonableness review	For all activities that prevent, prepare for, or respond to the coronavirus, Grantees must develop and maintain adequate procedures that address (individually or collectively) each activity or program. To be considered adequate, DOB policies and procedures must include: (1) a requirement that any person or entity receiving CDBG-CV assistance (including	"Grantees must develop and maintain adequate procedures that address (individually or collectively) each activity or program. To be considered adequate, DOB policies and procedures must include: (1) a requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) agrees to repay duplicative assistance; and (2) a method of assessing whether the use of CDBG-CV funds will duplicate	Grantees providing direct benefit activities must document that they completed a DOB calculation (using HCD's DOB templates) for all recipients.



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
		<p>subrecipients and direct beneficiaries) agrees to repay duplicative assistance; 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.</p>	<p>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."</p>	
<p><i>Water and Sewer Facilities</i></p>	<p>Generally allowable</p>		<p>No funds may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before obligating or expending any funds for any</p>	<p>Grantees proposing to utilize CDBG-CV funds for water, sewer or stormwater projects must receive HCD prior approval prior to obligating or expending any funds (including general administration).</p>



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
			<p>new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.</p>	
<p><i>Fair Housing and Equal Opportunity</i></p>	<p>Project file must include data on the race, ethnicity, and gender of persons who are applicants for, participants in, or beneficiaries of the activity.</p>			



Public Facilities: Program Waivers and Alternative Requirements

HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG CV...	What this means for CDBG CV Implementation
<i>Eligible Activity</i>	*Acquisition (Sec. 105(a)(1)) *Public Facilities and Improvements (Sec. 105 (a)(2))		There is no waiver or alternative requirement for Grantees under CDBG-CV.	Reference Chapter 2 of the CDBG Grants Management Manual for detailed guidance on eligible public facility activities.
<i>Overall Benefit to LMI Persons</i>	70% of funds must benefit LMI Persons			Activities that meet the national objective of LMI will be prioritized. No change from regular CDBG program.
<i>National Objective</i>	* LMI Benefit * Elimination of Blight – HCD is not allowing the use of this national objective * Urgent Need – can only be used with pre-approval from HCD			Grantees and subrecipients cannot use elimination of blight as a national objective. Grantees and subrecipients must receive pre-approval from HCD prior to using the urgent need national objective
<i>Urgent Need Documentation</i>	"State must document that the activity: 1) alleviates existing conditions; 2) is a serious and immediate threat to health and safety; and 3) grantee is unable to finance the activity on its own."		Grantees may use the same documentation to demonstrate the activity prevents, prepares for, or responds to the coronavirus to support the Urgent Need national objective. DOB documentation will further support this criterion.	If grantees provide sufficient documentation to demonstrate that an activity prevents, prepares for, or responds to the coronavirus, that documentation can also be used to support the Urgent Need National Objective. DOB documentation required for CDBG-CV can be used to help support the Urgent Need criteria.
<i>Duplication of Benefits (DOB)</i>	N/A, but still subject to cost reasonableness review	For all activities that prevent, prepare for, or respond to the coronavirus, Grantees must develop and maintain adequate procedures that address (individually or collectively) each activity or program. To be considered adequate, DOB policies and procedures must	"Grantees must develop and maintain adequate procedures that address (individually or collectively) each activity or program. To be considered adequate, DOB policies and procedures must include: (1) a requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) agrees to repay duplicative assistance; and	Grantees providing direct benefit activities must document that they completed a DOB calculation (using HCD's DOB templates) for all recipients.



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG CV...	What this means for CDBG CV Implementation
		<p>include: (1) a requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) agrees to repay duplicative assistance; 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.</p>	<p>(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."</p>	
<p><i>Public Improvements</i></p>			<p>No funds may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before</p>	<p>Grantees proposing to utilize CDBG-CV funds for water, sewer or stormwater projects must receive HCD prior approval prior to obligating or expending any funds (including general administration).</p>



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG CV...	What this means for CDBG CV Implementation
			obligating or expending any funds for any new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.	

HCD has provided more detailed information in Appendix C-7: Public Facilities Guidance.



Public Services: Program Waivers and Alternative Requirements

HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
	*Public Services (Sec. 105 (a)(8))		There is no waiver or alternative requirement for Grantees under CDBG-CV.	Reference Chapter 2 of the CDBG Grants Management Manual for detailed guidance on eligible public service activities.
<i>Overall Benefit to LMI Persons</i>	70% of funds must benefit LMI Persons			
<i>National Objective</i>	<p style="text-align: center;">* LMI Benefit</p> <p style="text-align: center;">*Elimination of Blight – HCD is not allowing the use of this national objective</p> <p style="text-align: center;">* Urgent Need – can only be used with pre-approval from HCD</p>			
<i>Urgent Need Documentation</i>	"State must document that the activity: 1) alleviates existing conditions; 2) is a serious and immediate threat to health and safety; and 3) grantee is unable to finance the activity on its own."		Grantees may use the same documentation to demonstrate the activity prevents, prepares for, or responds to the coronavirus to support the Urgent Need national objective. DOB documentation will further support this criterion.	Grantees and subrecipients cannot use elimination of blight as a national objective. Grantees and subrecipients must receive pre-approval from HCD prior to using the urgent need national objective.
<i>Public Services Cap</i>	States may only use 15% of their total annual allocation for public services activities.	The 15% Public Service cap is waived for public services activities that prevent, prepare for, or respond to the coronavirus. The cap shall still be calculated and will apply to public service activities that do not prevent, prepare for, or respond to coronavirus. For purposes of calculating the cap, program income received from CDBG-CV shall be considered	The 15% Public Service cap is waived for public services activities that prevent, prepare for, or respond to the coronavirus.	Grantees may use as much of their CDBG-CV allocation as they need to meet public services unmet needs that prevent, prepare for, or respond to the coronavirus.



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
		along with all other program income.		
<i>Emergency Assistance Payments</i>	Emergency assistance payments (rent, mortgage, utilities, etc.) in excess of 3 consecutive months are prohibited with CDBG funds.	FRN-6218-N-01 allows for the extension of emergency payments for FY2019 and FY2020 funds, only when the activity is documented to prevent, prepare for, or respond to coronavirus	Emergency assistance payments are allowed up to 6 consecutive months	Grantees may use CDBG-CV funds to provide emergency assistance payments for up to 6 consecutive months.
<i>Duplication of Benefits (DOB)</i>	N/A, but still subject to cost reasonableness review	For all activities that prevent, prepare for, or respond to the coronavirus, Grantees must develop and maintain adequate procedures that address (individually or collectively) each activity or program. To be considered adequate, DOB policies and procedures must include: (1) a requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) agrees to repay duplicative assistance; 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	"Grantees must develop and maintain adequate procedures that address (individually or collectively) each activity or program. To be considered adequate, DOB policies and procedures must include: (1) a requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) agrees to repay duplicative assistance; 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."	



HUD Requirement	Under CDBG...	Under FY2019 and FY2020 CDBG...	Under CDBG-CV...	What this means for CDBG-CV Implementation
		received by acting reasonably to evaluate need and the resources available to meet that need.		
<i>Personal Property and Equipment</i>	The purchase of personal property and equipment is generally ineligible. However, the entitlement CDBG regulation at 24 CFR 570.207(b)(1) (which may be used as guidance by state grantees), allows grantees to purchase personal property and equipment when such items constitute all or part of a public service.		Examples of equipment that constitute all or part of a public service under CDBG-CV include equipment and supplies owned by the grantee or subrecipient that provides the public service (e.g., ventilators or other medical equipment and supplies that will be used in providing health care at a field clinic, a vehicle outfitted with medical equipment to provide mobile health care).	

HCD has provided more detailed information in Appendix C-8: Public Services Guidance.