

Addendum Guide for Review of CDBG-CV,
FY 2019 and 2020 CDBG funds used to prevent, prepare for, and respond to coronavirus, for
Entitlement, Non-Entitlement Grants in Hawaii, and Insular Area Programs

Addendum Guide for Review of CDBG-CV, FY 2019 and 2020 Annual CDBG funds used to Prevent, Prepare for, and Respond to Coronavirus, for Entitlement, Non-Entitlement Grants in Hawaii, and Insular Area Programs	
Name of Grantee:	
Staff Consulted:	
Name(s) of Reviewer(s):	Date:

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, Federal Register Notice, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding.**"

Instructions: This Exhibit is an Addendum to Chapter 3, *Community Development Block Grant (CDBG) Entitlement, Small Cities, Nonentitlement CDBG Grants in Hawaii, and Insular Areas Programs*, and shall be used to monitor the use of CDBG-CV funds, as well as FY 2019 and 2020 annual formula CDBG funds used to prevent, prepare for, and respond to coronavirus. Other Exhibits that may be used during monitoring are in Chapter 21, *Environmental Monitoring*; Chapter 23, *Labor Standards Administration*; Chapter 34, 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and other chapters with their accompanying Exhibits that the reviewer believes are necessary in ensuring grantee compliance.

This Exhibit addresses monitoring criteria specific to CDBG-CV funds, as well as FY 2019 and 2020 annual formula CDBG funds used to prevent, prepare for, and respond to coronavirus. Because most CDBG compliance requirements remain applicable, reviewers should primarily rely upon the Chapter 3 monitoring Exhibits and use this Exhibit only to access the unique requirements of the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. 116–136) (CARES Act) or 85 FR 51457 [FR–6218–N–01]. Reviewers are encouraged to review the CDBG-CV grant requirements and the flexibilities applied to these grant funds.

The following questions only apply to the review of CDBG-CV funds, as well as FY 2019 and 2020 CDBG annual formula funds used to prevent, prepare for, and respond to coronavirus (referred to as CDBG-CV in general within the questions). Reviewers will still use Chapter 3 Exhibits, without this Addendum, for the review of annual CDBG funds for typical activities. For such activities, many questions in Chapter 3 continue to apply, though some are modified as noted in this Addendum. The CARES Act waived certain requirements. Therefore, reviewers may skip corresponding Chapter 3 questions and answer questions with an “N/A” and note the waiver in the “Describe Basis for Conclusion” text box.

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Special Instructions for Exhibit 3-13 *Guide for Review of Economic Development Public Benefit Individual and Aggregate Standards*

- **SKIP Questions 3 and 4.** These questions about aggregate benefits will be skipped for CDBG-CV and FY 2019 and 2020 annual formula CDBG activities that prevent, prepare for, and respond to coronavirus. Aggregate public benefit standards have been waived for these activities. Reviewers may indicate “not applicable” and cite 85 FR 51457; section III.B.5.(e)(i) Elimination of Aggregate Public Benefit Test.

NOTE: For FY 2019 and 2020 annual formula CDBG funds, the aggregate test for the public benefit standard still applies. However, a grantee can exclude coronavirus-related activities that prevent, prepare for, or respond to coronavirus from the aggregate calculation.

[85 FR 51457, section III.B.5.(e)(i) Elimination of Aggregate Public Benefit Test

Special Instructions for Exhibit 3-24 *Guide for Review of Compliance with the Public Services and Planning and Administration Caps*

- **SKIP Questions 4 and 5.** CDBG-CV funds and FY 2019 and FY 2020 annual formula CDBG funds to prevent, prepare for, and respond to coronavirus have no cap on the use of funds for public services activities. Reviewers may indicate “not applicable” and cite 85 FR 51457; sections III.B.5.(f)(iii) Public Services Cap and IV.B.3.(a) Calculation of the Public Services Cap.

NOTE: Reviewers will continue using Questions 4 and 5 to evaluate FY 2019 and FY 2020 annual formula CDBG expenditures for activities that did not have coronavirus tie-back.

[85 FR 51457; sections III.B.5.(f)(iii) Public Services Cap and IV.B.3.(a) Calculation of the Public Services Cap.]

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Questions:

A. National Objectives and Eligible Activities

1.

<p>Did the grantee use CDBG–CV funds only for those activities carried out to prevent, prepare for, and respond to coronavirus, documenting each activity for this tie-back?</p> <p>[85 FR 51467, III.B.5.(f)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

2.

<p>Did the grantee limit emergency payments to six consecutive months for individuals or families impacted by coronavirus for items such as food, clothing, housing (emergency rental assistance or mortgage assistance) or utilities; and make those payments directly to the service provider on behalf of the beneficiary, following its policies and procedures on how the amount of assistance is determined and that such assistance is necessary and reasonable?</p> <p>Note: Complete Exhibit 24-3 Guide for Review of Lead-Based Paint Compliance in Properties Receiving Tenant-Based Rental Assistance (TBRA) to confirm compliance with lead-based paint inspection requirements. HUD published the following Q&A document on rental and mortgage emergency payments, payments of arrearages, and compliance with the 100-day lead-based paint inspection requirement and provides information on lead-based paint visual inspection requirements: https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-and-CDBG-CV-Subsistence-Payments-Arrearages-033021.pdf</p> <p>Note: HUD published the following Q&A document on using CDBG-CV funds for making payment to public utilities: https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-CV-Q-and-A-on-Public-Utilities.pdf</p> <p>[85 FR 51467, III.B.5.(f)(i) & 51475, IV.B.3.(b)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

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3.

<p>Did the grantee ensure that no CDBG-CV funds were used to support any Federal, state, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use?</p> <p>NOTE: For the purposes of this requirement, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or highway projects, as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfield as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Pub. L. 107-118) shall be considered a public use for purposes of eminent domain.</p> <p>[85 FR 51457, III.B.5.(c)(i)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

4.

<p>For CDBG-CV and FY 2019 and 2020 annual formula CDBG funds used to prevent, prepare for, and respond to coronavirus, did the grantee properly apply the individual public benefit standard to each economic development activity?</p> <p>NOTE: The review should ensure that the grantee is properly calculating individual public benefit, which cannot exceed:</p> <p>\$85,000 per full-time equivalent, permanent job created or retained</p> $\left[\frac{\text{CDBG Assistance \$ to Activity} *}{\text{Number of FTEs for Activity}} \right] \leq \$85,000 \text{ per FTE}$ <p>OR</p> <p>\$1,700 per LMI person to which goods or services are provided by the activity</p> $\left[\frac{\text{CDBG Assistance \$ to Activity} *}{\text{LMI Persons Served by activity}} \right] < \$1,700 \text{ per LMI Person}$ <p>* The CDBG assistance covered includes grant funds, 108 funds, recaptured funds, or program income. In the case of grant</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
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<p><i>funds, this includes any grant. In the case of program income, this includes any program income amounts received or expended in any program year.</i></p> <p>OR</p> <p>The grantee demonstrated that CDBG assistance was provided due to business disruption related to coronavirus (in which case, no monetary standard applies).</p> <p>NOTE:</p> <ul style="list-style-type: none"> • If an individual activity will both create/retain jobs AND provide goods/services to LMI persons, the activity need only meet either of the standards, but does not need to meet both. • The standards will be determined at the time funds are obligated. • Job training/Employment service-only activities that are expected to create or retain jobs are counted. <p>[85 FR 51466, III.B.5.(e)]</p>	
<p>Describe Basis for Conclusion:</p>	

B. Financial Management

5.

<p>If pre-application costs were included in a CDBG-CV application, did the grantee document compliance with the environmental review requirements at 24 CFR part 58 prior to committing CDBG-CV funds for the reimbursement of pre-application costs?</p> <p>NOTE: If the grantee cannot meet all the requirements at 24 CFR part 58 and cannot demonstrate that there was no environmental harm committed, the pre-application costs cannot be reimbursed with CDBG-CV and other HUD or federal funds.</p> <p>NOTE: Grantees shall not reimburse costs incurred before January 21, 2020 (the date the CDC confirmed the first case of coronavirus in the United States in the State of Washington), without written approval from HUD’s Office of Block Grant Assistance (OBGA).</p> <p>[85 FR 51463, III.B.5.(b)]</p>	<p style="text-align: center;"> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A </p>
<p>Describe Basis for Conclusion:</p>	

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6.

<p>Did the grantee develop and maintain adequate procedures to prevent a duplication of benefits (DOB) for each activity or program?</p> <p>NOTE: 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.</p> <p>[85 FR 51457, III.B.9]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

7.

<p>Did the grantee limit its administrative and planning expenditures to no more than 20% of its CDBG-CV grant?</p> <p>[85 FR 51471, III.B.6.(c)(i)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

8.

<p>If program income generating activities are being undertaken with CDBG-CV funds, is all program income being recorded as part of the financial transactions of the annual formula CDBG grant program?</p> <p>[85 FR 51469, III.B.6(a) & 51475, IV.B.4]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

9.

<p>Did the grantee refrain from using CDBG-CV funds for float-funded activities or guarantees?</p> <p>Note: The CDBG-CV Notice imposed the requirement that grantees shall not use CDBG-CV funds for float-funded activities or guarantees. Exhibit 3-14 does not apply to the CDBG-CV program.</p> <p>[85 FR 51469, III.B.6(a)(ii) & 51475, IV.B.4]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
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Describe Basis for Conclusion:

C. Periods of Performance

10.

<p>Has the grantee expended 80 percent of its CDBG-CV grant by the end of its third year of the period of performance?</p> <p>Note: HUD may authorize an extension of the three-year expenditure requirement if the grantee provides evidence of extenuating circumstances that would warrant the extension and that it could demonstrate it would meet all program requirements within the extended period.</p> <p>[85 FR 51472, III.B.7.(a); 51472, III.B.&(c); & 51475, IV.B.4]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
Describe Basis for Conclusion:	

11.

<p>Has the grantee expended 100 percent of its CDBG-CV grant by the end of the sixth year of the period of performance?</p> <p>Note: HUD may authorize an extension of the overall period of performance expenditure requirement if the grantee provides evidence of such extenuating circumstance that would warrant the extension and that they could demonstrate they would meet all program requirements within the extended period.</p> <p>[85 FR 51472, III.B.7(a); 51472, II.B.(c); & 51475, IV.B.4]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/A</p>
Describe Basis for Conclusion:	