

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FEDERAL FINANCIAL ASSISTANCE**

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March 10, 2021

**MEMORANDUM FOR:** All Potential Applicants

**FROM:** Geoffrey Ross, Deputy Director  
Division of Federal Financial Assistance

A handwritten signature in black ink, appearing to be "G. Ross", written over the printed name of Geoffrey Ross.

**SUBJECT:** Community Development Block Grant Program –  
Coronavirus 2020  
Notice of Funding Availability – Amendment #1

The California Department of Housing and Community Development (Department) is pleased to announce the availability of approximately \$5.9 million of unclaimed funds from tranche one, and \$54.4 million of new funds from tranche two and \$16.8 million from tranche three of new federal funds for the Community Development Block Grant Coronavirus Relief (CDBG-CV) available for local assistance. Funding for this Notice of Funding Availability (NOFA) is made available pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law March 27, 2020.

In response to stakeholder feedback, and due to the imminent launch of the Statewide Emergency Rental Assistance Program and the resulting need to ensure that expenditure of CDBG-CV dollars do not result in duplication of benefits, the Department is amending the previously issued December 2020 NOFA as follows:

1. For the tribal set-asides, the maximum per Tribe award amount is increased from \$500,000 to \$700,000
2. For the Colonias set-aside, Colonias applications that demonstrate coordination with the homeless Continuum of Care to meet the needs of people experiencing homelessness within Colonias will receive priority consideration.
3. The submittal deadline for the CDBG-CV2/3 Program NOFA applications and required attachments has been extended for all application types to **Friday, May 7, 2021, 5:00 p.m. Pacific Daylight Time.**

4. To ensure there is not duplication of benefits with the Statewide Emergency Rental Assistance Program, payment of rental arrears or payment of current rents is disallowed under subsistence payment programs.
5. The number of total activities for which an applicant can be awarded funds, including activities funded under CDBG-CV1 and CDBG-CV2/3, is increased from a limit of no more than three (3) total CDBG-CV activities to a limit of no more than four (4) total activities.

To the extent possible, the Department encourages Applicants planning activities for this round of CDBG-CV funding to coordinate and collaborate with their local Continuums of Care to prioritize the needs of Californians experiencing homelessness or at imminent risk of homelessness who need access to housing and, if needed, emergency shelter in order to mitigate the impacts of COVID-19. CDBG-CV funds can be used to support emergency housing payments for people experiencing homelessness or at risk of homelessness, and acquisition of housing or shelter for people experiencing homelessness.

Another critical priority for this funding is to ensure all eligible persons receive equitable access to services, and are served with dignity, respect, and compassion regardless of circumstance, ability, or identity. This includes marginalized populations, including but not limited to, Black, Native and Indigenous, Latinx, Asian, Pacific Islanders and other People of Color, immigrants, people with criminal records, people with disabilities, people with mental health and substance use vulnerabilities, people with limited English proficiency, people who identify as transgender, people who identify as LGBTQ+, and other individuals that may not traditionally access mainstream support. The Department expects eligible applicants to plan for how this funding will reduce disparities and increase racial equity in their communities.

The Department is committed to supporting Tribes in addressing housing and community development needs related to COVID-19 through set-asides for both federally recognized and non-federally recognized Native American Tribes and dedicated outreach and technical assistance. California has the largest Native American population in the nation. Poverty and inadequate housing conditions disproportionately affect tribal populations. The rate of tribal poverty is more than twice that of the rest of the California's, and Tribes have been disproportionately impacted by COVID-19, both by infection rates and hospitalizations. The Department recognizes that while Tribes may face many of the same barriers as other under-resourced applicants, the unique status of Tribes requires additional, specific considerations in the design and implementation of programs and technical assistance. The Department also recognizes the legacy of violence, exploitation, dispossession, and attempted destruction of Tribes and related communities and that this has important ramifications for present-day relationships. The Department is committed to learning about, considering, and honoring this history when

building relationships with Tribes over time through respectful and accountable interactions.

The Department will be accepting applications through the Grants Network portal beginning December 11, 2020. Applications are due no later than **Friday, May 7, 2021, 5:00 p.m. Pacific Daylight Time**. Applicants are encouraged to submit applications early, as applications will be reviewed and awarded as received.

**Any application received after the due date will not be accepted.**

Applicants must submit their approved governing body resolution (and supporting organizational documents) prior to Department's execution of a Standard Agreement. The Department will not execute Standard Agreements without the approved governing body resolution that is acceptable to the Department. In the event that the CDBG-CV funds are not fully awarded by the application closing date, the Department will either allocate additional funding to active contracts that have met performance and timeliness milestones, and/or will roll unawarded funds into over-subscribed set-asides as appropriate and available.

Applicants are encouraged to set-up their profiles in the Grants Network portal located at <https://portal.ecivis.com/#/login> as early as possible. Profile set-up instructions can be found in the Grants Network portal, external user manual on the CDBG webpage at [https://www.hcd.ca.gov/grants-funding/active-funding/cdbg/docs/HCD\\_External\\_User\\_Manual\\_12182019.pdf](https://www.hcd.ca.gov/grants-funding/active-funding/cdbg/docs/HCD_External_User_Manual_12182019.pdf). Complete and accurate profiles assist in expediting awards and are strongly recommended. Applications must be started and submitted under the applying jurisdictions profile. With the exception of the tribal set-aside, applications started and/or submitted under a consultant or non-profit service provider's profile will not be accepted. HCD will not be responsible for applications submitted under an ineligible profile.

Applicants are encouraged to begin the application process early to ensure successful submission before the application deadline. If you have any trouble logging into the portal or have questions on how to complete the online application, please contact the CDBG staff at [cdbg@hcd.ca.gov](mailto:cdbg@hcd.ca.gov) and make sure to include CDBG-CV in the subject line of your message.

To receive CDBG-CV NOFA FAQs, notice of NOFA webinars, Office Hours notifications, and other program information and updates, please subscribe to the CDBG listserv at [https://www.hcd.ca.gov/HCD\\_SSI/subscribe-form.html](https://www.hcd.ca.gov/HCD_SSI/subscribe-form.html). For questions or assistance, please email [cdbg@hcd.ca.gov](mailto:cdbg@hcd.ca.gov).

Attachment

**Community Development Block Grant Program -  
Coronavirus 19 Tranche 2 and 3 (CDBG-CV2 and 3)  
Notice of Funding Availability  
Amendment #1**



**Gavin Newsom, Governor  
State of California**

**Lourdes M. Castro Ramírez, Secretary  
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director  
California Department of Housing and Community Development**

Division of Federal Financial Assistance, Federal Programs Branch  
Community Development Block Grant Program  
2020 W. El Camino Avenue, Suite 200, Sacramento, CA 95833  
CDBG Program Email: [cdbg@hcd.ca.gov](mailto:cdbg@hcd.ca.gov)

December 18, 2020  
Amended March 10, 2021

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## I. Notice of Funding Availability

The California Department of Housing and Community Development (Department) receives funding from the United States Department of Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG) Program and allocates funds to CDBG eligible entities. [Under the Coronavirus Aid, Relief, and Economic Security \(CARES\) Act, allocations of tranche 2 CDBG-CV funds made to states included additional flexibility](#) in working with governments and non-profits as eligible entities to apply for funds. This NOFA includes funding for the non-entitlement jurisdictions in California, allocated by formula, as well as set-asides for federally recognized Tribes, non-federally recognized Tribes, and Colonias. The funds in this NOFA represent approximately 48 percent of CDBG-CV2 funds made available to the state, and all of the CDBG-CV3 funds. The remaining CDBG-CV2 funds are being directed to activities identified in the [Second Amendment to the 2019 Annual Action Plan that are available for both entitlement and non-entitlement jurisdictions](#). Approximately \$5.9 million of unclaimed funds from tranche 1, and \$54.4 million of new funds from tranche 2 and \$16.8 million from tranche 3 of new federal funds authorized by the CARES Act, will be allocated to eligible jurisdictions to perform activities related to COVID-19 as itemized in Appendix A. The CARES Act provides extra CDBG funds specifically targeted to prevent, prepare for, and respond to coronavirus.

The CDBG-CV2 and 3 Notice of Funding Availability (NOFA) provides funding ONLY for the following activities, which are narrowly tailored as described in Section II.A and Section II.B of this NOFA:

- Assistance to businesses and microenterprises impacted by COVID-19 stay-at-home orders and shut-down
- Public services related to COVID-19 support
- Facility and infrastructure improvements related to COVID-19 impacts
- Acquisition and rehabilitation of real property, including housing, to be used in response to COVID-19 impacts

CDBG-CV2 and 3 funds included in this NOFA will be distributed through a simplified application via the Grants Network portal online grant management system and will be available to all CDBG-eligible non-entitlement jurisdictions, Colonias, and Tribes, both federally recognized and non-federally recognized Tribes as outlined in the Department's second and third 2019 Annual Action Plan Amendments located at <https://www.hcd.ca.gov/policy-research/plans-reports/index.shtml>.

This NOFA outlines application requirements, timelines for eligible jurisdictions, and provides documentation requirements.

A. Tentative program timeline

<b>Event:</b>	<b>Date:</b>
<b>CDBG-CV2 and 3 NOFA and application released</b>	<b>December 18, 2020</b>
<b>NOFA Workshop (for all applicants)</b>	<b>January 7, 2021, 3 p.m. – 5 p.m. Pacific Standard Time (PST)</b>
<b>Tribal Workshop (for Tribes and their partners)</b>	<b>January 5, 2021, 10:30 a.m. – 12:30 p.m. PST</b>
<b>Application Deadline</b>	<b>May 7, 2021, 5 p.m. Pacific Daylight Time (PDT)</b>
<b>Department announces awards</b>	<b>As applications are approved</b>

*\* Award timeline is dependent on receipt of HUD’s executed grant agreement for CDBG-CV 2 and 3 funds, and therefore, the above dates are approximate and subject to change.*

B. Authorizing Legislation

Funding under this NOFA is made available pursuant to the CARES Act (Public Law No: 116-136) and the Housing and Community Development Act of 1974 (HCDA) as amended and codified at Title 42 United States Code (U.S.C.) § 5301, et. seq., and Subpart 1 of the federal CDBG Regulations, found at Title 24 Code of Federal Regulations (CFR) § 570.480 et seq. The requirements of the state CDBG program are in California Health and Safety Code (HSC) §§ 50825-50834. This NOFA should be read in conjunction with the following regulations that establish state and federal CDBG requirements. Relevant legal authority includes, but is not limited to, the following:

- Housing and Community Development Act of 1974 (HCDA) as amended codified at Title [42 United States Code 5301 et seq.](#), and Subpart 1 of the Federal CDBG Regulations
- [HSC §§ 50825-50834](#)
- [CFR, Title 24, Part 570, Subpart I](#)
- [24 CFR Part 58](#)
- [2 CFR Part 200](#)
- [CDBG Guidelines \(Guidelines\)](#)
- [The State of California 2015-2020 Consolidated Plan as amended](#)
- [The State of California 2019-2020 Annual Action Plan as amended](#)
- [California Governor’s Executive Order N-66-20](#)
- [Federal Register Notice 85 FR 51457](#)

If state or federal statutes or regulations, or other laws, relating to CDBG-CV funds are modified by the United States Congress, HUD, the Department, California State Legislature, or the Governor of California, the changes may become effective immediately and may be applicable to this NOFA and existing Standard Agreements.



If there is a conflict between the state and federal regulations, the federal regulations shall prevail. In addition, the Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, the Department will notify interested parties. Awards made under this NOFA are also contingent upon the Department executing a Grant Agreement with HUD for the CARES Act funds.

### C. Conditions

Applicants and Awardees acknowledge that the funding opportunities referenced in this NOFA, and all obligations of the Department herein, are expressly subject to the following conditions:

1. The ongoing availability of funds
2. The continued authority of the Department to administer the CDBG-CV funds
3. The execution of the CARES Act funding grant agreement with HUD

In the event that funds are not available to fund any, or all, activities offered herein, or if the Department's authority to administer the CDBG-CV funds or act under this NOFA is eliminated, or in any way restricted, the Department shall have the option, at its sole discretion, to amend, rescind, suspend, or terminate this NOFA and any associated funding pursuant to the provision set forth immediately above. **This NOFA is not a commitment of funds to any activity or applicant.**

### D. Applicant responsibility

It is the Applicant's responsibility to ensure that the application submitted is clear, complete, and accurate. It is the Applicant's responsibility to ensure that the application is submitted under the correct jurisdiction profile, and, with the exception of the Tribal set-aside, is not submitted under a consultant, non-profit, or personal profile in Grants Network. **It is also the Applicant's responsibility to ensure that the governing body resolution submitted is clear, complete, and accurate, and follows the provided template with no substantive changes.** The Department will not execute agreements without a Department approved resolution and supporting organizational documents. Resolutions may only be approved by Department legal staff. Resolutions that deviate from the provided template, or that are drafted without the template will be subject to additional review and may be rejected as insufficient at the discretion of Department legal staff. **Program staff acceptance of a resolution does not guarantee that resolution will meet the Department's legal standards. Use the provided resolution template as found in the program solicitation files. DO NOT USE A RESOLUTION TEMPLATE FROM ANOTHER SOLICITATION OR PROGRAM APPLICATION.** After the application submittal deadline, Department staff may request clarifying information to make sure the application is complete and accurate and meets federal eligibility requirements. Applications requiring changes will be returned to draft status for

correction. No Applicant may appeal the Department's evaluation of another Applicant's application.

## II. Eligible activities (24 CFR §§ 570.201-203)

Applicants can apply for a total of four (4) activities, including activities submitted under a previous CV1 application, with the total request not exceeding the allocation amount in Appendix A. If an applicant applied for three (3) total activities under the previous CV1 NOFA, the Applicant may add one (1) additional activity under the CV2 and 3 application. Applicants may request to add CV2 and 3 funding to approved CV1 activities through a CV1 Standard Agreement amendment. **Activities funded under this NOFA will have a 24-month expenditure period.** CV1 activities amended to include CV2 and 3 funding will have the CV2 and 3 performance and expenditure deadlines. See Appendix E for a list of eligible HUD Matrix Codes. Applicants must show a relationship between the need for services and COVID-19 impacts.

For the CDBG-CV NOFA, the following activities are permitted:

### A. Community Development

1. Public Services to respond to COVID-19 impacts, including short-term subsistence payments for households at risk of eviction and/or homelessness and housing costs for those exiting homelessness, homeless shelter operations, and health and education support services. NOTE: As amended, this NOFA disallows payment of rental arrears or current rents under any subsistence payment program to ensure no duplication of benefits with the Statewide Emergency Rental Assistance Program. Payments of utilities and mortgages remain eligible.
2. Public Facility and Infrastructure improvements with a documented COVID-19 nexus.
3. Public facility acquisition, including healthcare facilities, emergency shelters, and housing for persons experiencing homelessness in response to COVID-19 impacts.
4. Housing Assistance
  - a. Acquisition and/or rehabilitation of Low- and Moderate-Income Housing in response to COVID-19 impacts on vulnerable populations or individuals including households experiencing homelessness.

### B. Economic Development

1. Business assistance to help businesses retain employees, or in the case of businesses re-starting after mandated COVID-19 related shutdowns, adding employees
2. Microenterprise assistance (including Micro-financial assistance and Technical Assistance) for businesses impacted by COVID-19 with five or fewer employees, including the business owner

### III. Duplication of benefits

A duplication of benefit (DoB) occurs when a program beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total amount needed for assistance. The amount of the duplication is the amount of assistance provided in excess of the need. It is the Department's responsibility to ensure that each CDBG-CV activity provides assistance only to the extent that the project's funding needs have not been met by another source. See Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (42 U.S.C. § 5155; HUD Memorandum dated April 9, 2020, subject: 'CARES Act Flexibilities for CDBG funds used to support coronavirus response and plan amendment waiver').

Section 312 of the Stafford Act prohibits federal agencies from providing assistance to any "person, business concern, or other entity" for any loss to which the entity has already received financial assistance from another source (42 USC § 5155(a)). The Federal Register Notice, published November 16, 2011 (Docket No. FR-5582-N), requires adequate policies and procedures in place to prevent a duplication of benefit and the recapture of funds, if necessary.

**Applicants will be required to submit duplication of benefits policies and procedures at application and Awardees will be required to continue to report on duplication of benefits throughout the expenditure period for the CDBG-CV funds.** Duplication of benefit must be tracked at both the programmatic level and at the client service level. Awardees will be expected to re-capture funds from households that have received a duplication of benefit. The Department will be required to recapture funds from Awardees with duplicated benefit(s). **Recapture requirements and process must be included in written duplication of benefit policies and procedures.**

### IV. National Objectives ([24 CFR §§ 570.483-484](#))

#### A. Low- to Moderate-Income National Objective

At least 70 percent of the total funds awarded must benefit low- to moderate-income (LMI) individuals or households. No Activity or portion of a program assisted by these funds may exclude from its benefits the lowest income-eligible group.

Persons, households, and/or neighborhoods benefiting from LMI activities must meet [HUD's LMI requirements](#). Income limits are regularly updated. Applicants will be notified via a news blast email and information will be posted on the Department's website if the HUD Adjusted Median Family Income (HAMFI) limits or LMI areas (LMA) are updated during the application period.

The LMI National Objective consists of the following categories:

1. LMI Limited Clientele (LMC), as defined by income limits or presumed benefit.

LMC refers to persons who earn 80 percent or less of HAMFI for the county of residence, as updated annually by HUD. Note that all subsistence payment activities are LMC activities and must select LMC as the appropriate National Objective.

Presumed benefit LMC refers to persons who, as a category, are typically low income. This includes:

- Seniors
- Persons with a disability (must meet the [Bureau of the Census' Current Population Report's definition of "severely disabled"](#))
- Homeless persons
- Abused children and battered spouses
- Illiterate adults
- Persons living with acquired immunodeficiency syndrome (AIDS)
- Migrant farmworkers

2. LMI Area (LMA), as defined by census tracts and block groups.

- LMA eligibility is based on American Community Survey using Census Geographies.
- At least 51 percent of households in the area must be earning at 80 percent or below HAMFI to meet LMA.
- Must be contiguous – the area must be a solid area, without certain streets or buildings being excluded, and the area should be mapped to show eligibility. If a service area is not contiguous it will be determined to be a separate activity and will need a separate application.
- Activity must be a public benefit for the area, for example the construction of a facility to be used for testing, diagnosis, or treatment of infectious disease. LMA Eligibility should be determined from the Map Application at HUD's Low- and Moderate-Income Summary Data Application page. Instructions for HUD's mapping application can be found at this link: <https://hud.maps.arcgis.com/apps/webappviewer/index.html?id=ffd0597e8af24f88b501b7e7f326bedd>

3. LMI Housing (LMH), as defined by household income limits

- Households earning 80 percent or less of HAMFI.]

4. LMI Job Creation or Retention (LMJ) activities

- LMJ is based on the number of full-time equivalent jobs created or retained.
- Must create or retain jobs, and 51 percent of those jobs must be for LMI persons
- To meet the public benefit requirements for LMJ activities, for every \$85,000 spent (including activity delivery), one full-time equivalent job must be created or

retained.

## B. Urgent Need National Objective

Urgent Need is a national objective that is available for instances where there are conditions in a community that must meet all of the following criteria:

- Pose a serious and immediate threat to the health or welfare of the community
- Are of recent origin or recently became urgent
- The applicant is unable to finance the activity
- Other resources of funding are not available to carry out the activity

The availability of Urgent Need as a national objective depends on the overall LMI performance of the state. The state may only offer Urgent Need in the margin above the statutory 70 percent LMI requirement. As a result, Urgent Need will not be a default National Objective and may only be designated on a case-by-case basis.

**Applicants that have no option but to use Urgent Need must contact the Department to discuss how to prepare and submit their application.**

## V. Program set-asides

### A. The CDBG-CV2 funding will have the following set-asides:

- Colonias – 5 percent of 48 percent of total CDBG-CV2 funding
- Non-federally recognized Tribes – 1.25 percent of 48 percent of total CDBG-CV2 funding
- Federally recognized Tribes – 5 percent of 48 percent of total CDBG-CV2 funding

### B. The CDBG-CV3 funding will have the following set-asides:

- Colonias – 5 percent of total CDBG-CV3 funding
- Non-federally recognized Tribes – 1.25 percent of total CDBG-CV3 funding

HCD will set up a unique application form in the electronic Grants Management System for each set-aside type, and applications for set-aside funds may not be submitted under the general CDBG-CV2 and 3 electronic application form. HCD will hold a dedicated Tribal Workshop on Tuesday December 15, 2020. Registration is open to all eligible CDBG-CV applicants, and both non-federally recognized Tribes and federally recognized Tribes are encouraged to attend.

### C. Colonias

Applications for the Colonias set-aside that demonstrate coordination with the homeless Continuum of Care to meet the needs of people experiencing homelessness within Colonias will be prioritized for funding.

#### D. Native American Tribes (federally and non-federally recognized Tribes)

Applicants for the Tribal set aside include federally recognized and non-federally recognized Tribes, tribally designated housing entities, and subrecipients (e.g. tribal affiliated groups or non-profits, tribal consortiums) who apply on behalf of a Tribe. All eligible applicants for the Tribal set-aside will be invited to participate in a Technical Assistance consultation with HCD staff and HUD Technical Assistance Providers prior to the Application due date. See Appendix M for additional information and resources.

Tribal applications will adhere to the following schedule based on application type:

Public services applications for the federally and non-federally recognized Tribal Nations set asides will be due no later than May 7, 2021 at 5:00 p.m. PDT. Applications will be reviewed on a rolling basis. Public service applications will be prioritized for funding. Applicants are encouraged to prioritize public services, including food stabilization, housing assistance, healthcare services, and education support in response to the impacts of COVID-19 on Tribal communities. Public service applications will be reviewed first and will be awarded funding based on time of receipt of a satisfactory complete, eligible, and accurate application. Eligible, complete, and accurate unfunded public service applications will be held for potential unclaimed funds, as described in Section VII. Funding Limits below.

Housing, facilities, and infrastructure applications for the federally and non-federally recognized Tribal Nations set asides will be due no later than May 7, 2021 at 5 p.m. PDT. Applications will be reviewed on a rolling basis after all public services applications have been reviewed and either approved or denied funding. Housing, facilities, and infrastructure applications will be reviewed after the public services, pending ongoing availability of funds, and will be awarded funding based on time of receipt of a satisfactory complete, eligible, and accurate application. Eligible, complete, and accurate unfunded public service applications will be held for potential unclaimed funds, as described in Section VII. Funding Limits below, provided that unclaimed funds have first been made available to the public service applications above.

#### **VI. Eligible applications**

Applicants must meet the following requirements when the application is submitted to be eligible to apply for funding under this NOFA:

##### A. Eligible jurisdictions

Any California city or county except a city or county that participates in the HUD-administered CDBG Entitlement program either as a direct entitlement, or as part of an urban county consortium is eligible to apply for CDBG-CV2 and 3 funding.

Additionally, any federally recognized Tribe, tribally designated housing entity, or non-federally recognized Tribe with contracting status is eligible to apply for CDBG-CV2 set-asides funding for Tribes in this NOFA. Incorporated cities located in an urban county as defined by 42 U.S.C. 5302(a)(6) must formally elect to be excluded from participation in the urban county entitlement status. HUD must be notified that the city has elected to be excluded from the urban county participation as per 24 CFR 570.307(g) for it to be eligible for the state CDBG program, including CDBG-CV2 and 3 funding in this NOFA. Eligible Applicants may use the following approaches. Only eligible activities from eligible Applicants will be reviewed.

1. An eligible Applicant may apply on its own behalf.
2. An eligible Applicant may apply on behalf of one or more other eligible Applicants. An application on behalf of one or more other eligible applications will need to include a Memorandum of Understanding, or similar formal agreement, fully executed by all parties of the application, that clearly identifies the lead Applicant and that details the roles, responsibilities, and requirements for each party. The agreement must be enforceable and submitted documentation must include resolutions from each participating jurisdiction approving the agreement.
3. Two or more eligible Applicants, which share a program, may submit a joint application. A joint application must include a Memorandum of Understanding, or similar formal agreement, fully executed by all parties of the application, that clearly identifies the lead Applicant and that details the roles, responsibilities, and requirements for each party. The agreement must be enforceable. Only one Applicant in a joint application may be designated as the lead agency and will have the lead responsibility for administering the Standard Agreement, financial management, and activity reporting.
4. An eligible Applicant may apply on behalf of an applicant that has been determined to be ineligible due to programmatic findings, outstanding litigation, or statutory non-compliance, provided the findings, litigation, and/or noncompliance has been resolved, or is actively in progress of resolution and will be resolved during the expenditure period of the CDBG-CV2 and 3 funding. Applicants that have been debarred are not eligible for funding, and no other applicant may apply on their behalf.
5. An eligible Applicant may partner with a non-federally recognized Tribe, with tribal consent, to apply and administer funds on its behalf.

Applicants that have not applied to the CDBG program in the last 5 years, or who are first time applicants to the state administered CDBG program are strongly encouraged to schedule pre-application technical assistance meetings with HCD staff. These meetings are intended to help Applicants submit eligible applications that align with Applicant

capacity and that are targeted to community needs and priorities. Ongoing technical assistance will be available to any entity that requests support in administering funds throughout the duration of the CDBG-CV funding.

B. Financial Management Compliance (2 CFR Part 200)

The Applicant must demonstrate to the satisfaction of the Department that it is in compliance with the financial management requirements at 2 CFR § 200, et seq., including the single audit requirements of 2 CFR § 200.501.

C. Good standing

The Applicant, and any co-Applicant, together with the respective affiliates, must be in good standing with the Department (*i.e.*, are current on all loan and/or grant obligations, have a satisfactory past performance history in all of their prior dealings with the Department, and are in full compliance with all Department contracts and reporting requirements.) Applicants not meeting the foregoing requirements shall include with their application evidence that they are actively working with the Department to resolve any issue.

D. Federal debarment

Pursuant to [24 CFR Part 5](#), all CDBG-CV Applicants are required to verify they and their contractors, consultants, businesses, sub-recipients, etc., that will be conducting business with the Applicant as part of the activity, are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. All Applicants, contractors, consultants, businesses, sub-recipients, or any other organization proposing to operate with support from CDBG-CV funds must be registered with the federal System for Award Management ([SAM](#)). **Entities that do not show results for a SAM search must register with SAM to be eligible for CDBG-CV funding.** Applicants and Applicant partners are responsible for managing SAM registration and ensuring registrations are current and active. Individuals under the employment of the Applicant or Applicant partners do not need to be individually evaluated for debarment unless that individual is operating as an independent contractor instead of an employee.

The Department will not award any CDBG-CV program funds to Applicants that are debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from participation from federally assisted programs, or that are proposing to partner, contract, or otherwise fund activities through an organization that is debarred, suspended, proposed for debarment, or otherwise ineligible from participation in federally assisted programs. Applicants are responsible for providing proof that all program partners, subrecipients, contractors, and any other program participants,



current or future, are not debarred. Applicants must provide proof from the federal SAM that the Applicant, all application partners, and any subrecipients, developers, consultants, and contractors participating in the application, the potential administration of the award, or the potential implementation of the Activity are not debarred.

**Applicants are not required to run debarment checks against individual employees.** If Applicant has not yet procured the contractor or identified a subrecipient for a specific activity, the Applicant will be required to check for debarment prior to executing a contract or agreement for that activity and include proof of debarment evaluation in the activity file.

If an Applicant is proposing an Economic Development activity that will provide funds, either through a loan or a grant, to for-profit businesses, those businesses must also be registered in SAM, and the Applicant must run a debarment check on each business. Businesses that are debarred will not be eligible for program funds. **Businesses that do not show results are not registered and must be registered to be eligible for funding.**

E. Restrictions on multiple activities in the same political districts

Applications for eligible activities outside the Applicant's jurisdiction must include a legally binding agreement, acceptable to the Department, with the city or county in which the eligible Activity is located. Applicants may not apply to both the state CDBG program (including CDBG-CV) and to a CDBG program administered by an Urban County or other entitlement entity during the same program year.

F. Racial Equity

Applicants should prioritize the advancement of racial equity in all CDBG-CV programs and across systems and units of government in their jurisdiction. The Department asks Applicants to be leaders in their communities facilitating partnerships among service organizations, housing providers, units of government, businesses, the homelessness response system and other partners to promote racial equity practices. All Applicants must identify how they are working to ensure racial equity in access to programs, projects, and activities funded with CDBG-CV resources. Applicants must commit to analyzing disproportionality in access to housing, access to services, quality of service provision and desired outcomes in programs and projects and affirmatively further equitable access, quality of service provision and outcomes for protected classes, including but not limited to Black, Native and Indigenous, Latino/Latina/Latinx, Asian, Pacific Islanders and other people of color who have been historically marginalized and are disproportionately impacted by housing segregation, poverty, homelessness, and COVID-19.

Applicants cannot simply rely on delivering a standardization of services to address equity. Applicants must commit to reviewing their current policies and procedures and

examining available data to ensure all eligible persons receive equitable services, support, and are served with dignity, respect, and compassion regardless of circumstances, ability, or identity. See Appendix N for Racial Equity Resources and Tools.

When applying for CDBG-CV (Rounds 2 & 3) funds, Applicants should consider:

- What are your community's racial demographics and the demographics of those experiencing homelessness, housing, and economic insecurity?
- What are the outcomes of your CDBG programs based on race? What are your requirements for all sub-grantees to look at data to determine racial disparities and then put a plan in place to address them?
- How do underserved and marginalized communities learn about and enter CDBG-CV programming? What marketing and communication strategies are used to increase equitable access to CDBG-CV programming?
- How does your grant-making process include prioritization for programs that are addressing the disproportionate impacts that housing insecurity, homelessness, economic insecurity, lack of access to equitable health care, and COVID-19 has on communities of color, particularly Black, Latinx, Asian, Pacific Islander, and Native and Indigenous communities?
- How are the voices of Black, Latinx, Asian, Pacific Islander, Native and Indigenous communities and those with life experience of housing insecurity, homelessness, and economic insecurity being centered in a meaningful, sustained way in creating effective approaches to addressing these challenges? How are they involved in the funding decision-making process?
- How are these funds accessible to smaller and non-traditional organizations that have historically been serving communities of color but may not have previously participated formally in government grant programs, and how would these funds address the organization capacity of organizations that are led by Black, Latinx, Asian, Pacific Islander, and Native and Indigenous people?
- List your partner organizations that are addressing racial equity in the housing and homeless response system, the economic development sector, and the health care sector and how do you partner with them.
- The Department will require Applicants to submit related racial and ethnic data metrics of their CDBG-CV programming on a quarterly reporting basis.

## VII. Funding limits

### A. Applications and Milestones

All applications must be submitted through the Department's online Grants Network portal via <https://portal.ecivis.com/#/login>; no hard copies will be accepted. Jurisdictions will submit **one application per** Activity. Each Activity must have a unique application with a complete budget, National Objective, scope of work, and milestone timeline. There will be no "combo" activities for applications accepted in this NOFA cycle. Each Activity, both projects and programs, is stand-alone with a separate budget and scope of work. General Administration should be budgeted for each Activity up to 13 percent of the total activity budget. HUD allows a total of 20 percent of funding to be used for planning and administration. The Federal Register Notice for CDBG-CV administration limits the state to 7 percent which allows up to 13 percent for local jurisdictions. The Department is not proposing to allocate any funding for planning, only activities, which will allow local jurisdictions to access the full administration balance. Each Activity will have a stand-alone Standard Agreement for that Activity. Applicants are encouraged to review the attached draft Standard Agreement as a sample of the applicable terms and conditions. Applicants may elect to take less than the 13 percent allowed for administration and use administration funds to increase funding for Activities.

- Funds from this NOFA cycle will be available to eligible Applicants via allocation through a simplified application (See Appendix A for final jurisdiction allocations).
- Activities submitted under the tribal set-asides will be limited according to the following schedule:
  - Public service activities will be limited to \$200,000 per activity application (activity type). Applicants are encouraged to evaluate need and capacity and ask for sufficient funding to successfully complete the activity. Applications asking for less than \$50,000 will be subject to additional review for feasibility and may require additional feasibility documentation. Feasibility review is an opportunity for the Department to discuss the activity with the Applicant and ensure the level of funding is right sized to activity scope to promote successful completion of the activity.
  - Housing and infrastructure activities (with the exception of housing and infrastructure assistance provided as part of a public service as identified above) will be limited to \$700,000 per activity application (activity type).
  - Tribes are limited to \$700,000 maximum award per Tribe.
  - Applications submitted in partnership with three or more partners may apply for up to \$1.5 million.

- Applicants are strongly encouraged to align funding asks with organizational capacity to deliver services and complete federal reporting requirements.
- Applications will be reviewed on a rolling basis, as funding is available until either all applications submitted during the applicable application period have been funded, or all funds have been committed, whichever happens first, as per the funding re-allocation process below. See the Tribal Set-Asides Section for the application schedule.
- Applicants who did not apply for their CDBG-CV1 allocation will receive a reduced CV1 allocation in addition to their CV2 and 3 allocations as detailed below in Section B.
- Maximum total grant amount limits are the allocation for your jurisdiction.
  - Program income is not included in the allocation amounts. Total activity budgets may exceed the award limits if program income is included in the activity application.
  - Program income included in a CDBG-CV application will be required to meet the same performance terms, duplication of benefits, and expenditure period for the CDBG-CV funds.
  - **DO NOT SUBMIT PROGRAM INCOME ONLY APPLICATIONS IN THE CDBG-CV APPLICATION. PROGRAM INCOME ONLY APPLICATIONS SUBMITTED WITH THE CDBG-CV APPLICATION DURING THE CDBG-CV2 AND 3 NOFA CYCLE WILL BE DENIED WITHOUT OPTION FOR REVISION OR REINSTATEMENT.** Please see the annual CDBG application process for program income only application instructions.
  - Applications asking for less than \$50,000 will be subject to additional review for feasibility and may require additional feasibility documentation. Feasibility review is an opportunity for the Department to discuss the activity with the Applicant and ensure the level of funding is right-sized to activity scope to promote successful completion of the activity.
- Milestones: All CDBG-CV funded activities must be implemented according to the milestones defined in the Standard Agreement. Applicants must include, at the minimum, the following milestones for each Activity application:
  - Milestone 1 – Activity startup
  - Milestone 2 – Projected 20 percent expenditure
  - Milestone 3 – Projected 50 percent expenditure
  - Milestone 4 – Projected 80 percent expenditure

- Milestone 5 – Activity completion and 100 percent expenditure

Additional milestones are optional, though encouraged for best practice Activity implementation. If milestones are not included in the application, the Department will set default milestones for the Applicant, and the Applicant's funding will be subject to recapture for any missed milestones. Default milestones are as follows:

- Milestone 1 – Standard Agreement Execution
- Milestone 2 – June 1, 2021
- Milestone 3 – December 1, 2021
- Milestone 4 – May 1, 2022
- Milestone 5 – August 1, 2022

Applicants that fail to meet two or more consecutive milestones may be subject to funding re-capture, at the Department's discretion. Recaptured funds will be treated as unclaimed funds, as discussed below.

## B. CDBG-CV Unclaimed Funds

The CDBG-CV1 NOFA included allocations to all non-entitlement jurisdictions in the State of California. Allocations were made prior to the release of the [Federal Register Notice 85 FR 51457](#) and did not include updated allowances for state administration. The CDBG-CV1 NOFA identified multiple options for re-allocating funds that were not requested in the initial CDBG-CV1 NOFA process. These options included re-allocating funds as part of a future CV NOFA. The Department has determined that based on the timeline for committing CDBG-CV1 funding, along with a prolonged wild-fire season, and overall reduced capacity at both the Department and among Applicants in the ability to apply for and commit funds, that the Department would make the necessary adjustments to the unclaimed CDBG-CV1 allocations to calculate and set-aside the Department's allowed administration costs and include the remaining allocations with the CDBG-CV2 and 3 allocations to be available to the communities originally identified in the CDBG-CV1 NOFA. Please see Appendix A for revised awards in unclaimed CDBG-CV1 funds. Applicants that elect to access their unclaimed CDBG-CV1 funds along with their CV2 and 3 allocations will use the same CDBG-CV2 application templates for all activities and will be limited to no more than 3 (three) total activities. In the event that CDBG-CV allocations (including CDBG-CV1, 2, and 3) are left unclaimed at the end of the CDBG-CV2 and 3 NOFA period, funds will be re-allocated in the following priority:

- a. In the event that CDBG-CV1 and 3 funds are left unclaimed at the close of the NOFA period, funds will be offered to jurisdictions that are meeting all of their performance goals on schedule and that have clearly indicated in their quarterly reporting that they have the need and capacity to utilize additional funding in a timely manner.
- b. In the event that CDBG-CV2 funds are left unclaimed, funds will be redirected to

applications submitted through the Tribal Set-aside. If applications for the Tribal Set-aside exceeds funding, unclaimed CDBG-CV2 allocations will first be awarded to any unfunded Tribal Set-Aside projects to the extent that either all projects are funded or all funds are committed, whichever happens first.

- c. In the event that there are insufficient unfunded Tribal Set-aside projects to commit all unclaimed CDBG-CV2 allocations, unclaimed funds will be offered to jurisdictions that are meeting all of their performance goals on schedule and that have clearly indicated in their quarterly reporting that they have the need and capacity to utilize additional funding in a timely manner.

## **VIII. Program administrative costs**

Awardees will be allowed to use a total of up to 13 percent of their allocation for program administration costs. Costs incurred in COVID-19 response prior to the allocation may be eligible for reimbursement as per the CARES Act. Applicants will be asked to identify pre-agreement costs as part of the application budget.

## **IX. Pre-agreement costs**

Costs incurred in COVID-19 response prior to allocation may be eligible for reimbursement as per the CARES Act so long as the Applicant has not already been reimbursed for such costs in connection with a prior CV1 award. Applicants will be required to identify pre-agreement costs. Pre-agreement costs not identified as part of the application budget will not be eligible for reimbursement. See the attached sample Standard Agreement for pre-agreement cost reimbursement terms.

## **X. Threshold Submittals and Program Requirements**

- A city or county must be a non-entitlement jurisdiction and must not currently be party to an Urban County Agreement or participate in, or be eligible to participate in, the HUD-administered CDBG Entitlement program.
- The Activity applied for must be an eligible Activity as defined by [24 CFR §§ 570.201-203](#) and the CARES Act.
- The Activity must meet a CDBG national objective as defined by 24 CFR § 570.483.
- The Applicant must provide the Department with its most recent single audit, if applicable. If the Applicant has open single audit findings (any findings, not just HCD or federal program findings) and does not have a plan or agreement to remediate those findings, the Applicant will be deemed ineligible for funding through the state CDBG program until the findings are resolved or a remediation plan or agreement is

established. Applicants exempt from single audit requirements must be on the official State Controller's Office Single Audit Status List in Appendix O.

- Pursuant to 24 CFR § 570.486, applications must follow CDBG Public Participation regulations as identified in the state's updated Citizen Participation Requirements for Federal Programs, Plans, and Reports. Applicants will be expected to provide opportunities for virtual meetings that include opportunities for the public to pose questions about the program and receive answers. Applicants will also be expected to meet noticing and public information requirements for the program as per federal regulations and the Citizen Participation Requirements.
- As per HSC § 50829, the Applicant must submit a draft adopted Housing Element to the Department in accordance with the requirements listed in Government Code (GC) § 65580 et seq., most specifically GC § 65585. Failure to comply with the procedural requirements (i.e., GC § 65585) Housing Element law will invalidate the application for this NOFA and the Applicant will be deemed ineligible for funding through the state CDBG program, including CDBG-CV funding, until the Applicant has met procedural requirements. Applicants triggering the provision of HSC § 50830 must meet and document all pertinent requirements. See Appendix B for information on Housing Element status.
- The Applicant must certify that they have not enacted any growth controls that would render them ineligible for CDBG funding, as per certification in Appendix J Application Certifications.
- The Applicant must be in good standing with the Department as defined in Section VI of this NOFA.
- The Applicant must demonstrate compliance with Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 relocation requirements, as applicable.
- The Applicant must demonstrate compliance with Article XXXIV, as applicable.
- To reduce delays in the application review, award, and contracting processes, **Applicants are required to use the Department's Sample Resolution of the Governing Body.** For reference, please see Appendix D.

## XI. Applications

### A. Application Workshops

The Department will hold a general NOFA Workshop via webinar on January 7, 2021 and a Tribal Workshop for both non-federally and federally recognized Tribes and their partners, via webinar on January 5, 2021. Please visit the Department's website at <https://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml> to register.

Applicants are also **strongly encouraged** to review available webinars and training materials on the CDBG program in general, the CDBG Redesign, using the Grants Network portal, and preparing a CDBG program application in the Grants Network portal.

#### B. Application submission

**Applicants must follow instructions in both this NOFA and the online application, including naming convention requirements.** Failure to follow instructions will result in disqualification. If an instruction is unclear or if an Applicant has viewed available training and is still unsure how to proceed, please attend an HCD CDBG/ESG Office Hour to ask your question, or email the question to Department staff at [CDBG@hcd.ca.gov](mailto:CDBG@hcd.ca.gov). Applications disqualified due to failure to follow instructions will **not** be available for correction, and funding allocations will be re-allocated as per this NOFA.

The CDBG-CV application and all required attachments must be submitted to the Department through the Grants Network Portal located at <https://portal.ecivis.com/#/login>. Applications must include all required information to be submitted. Applicants must certify that all information is true and complete to the best of their knowledge, under penalty of perjury.

Applicants that do not have an account with Grants Network portal should log into the <https://portal.ecivis.com/#/login>. Use the “Create an account” option to initiate a profile.

Applications must meet all threshold and eligibility requirements upon submission. It is the Applicant’s responsibility to ensure that the submitted application is clear, complete, and accurate. Department staff may request clarifying information and may request that applications be revised and resubmitted to help address eligibility and threshold issues prior to approving applications and issuing awards.

#### C. Disclosure of application

Information provided in the application will become public record available for review by the public pursuant to the California Public Records Act (“PRA”) (GC § 6250 et seq.). As such, the Department may disclose any materials provided by the Applicant to any person making a request under the PRA. The Department cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers, home addresses, or other personally identify information. By providing this information to the Department, the Applicant is waiving any claims of confidentiality, and consents to the Department’s disclosure of the Applicant’s material upon receipt of a PRA request.



## **XII. Application review, approval, and commitment process**

### **A. Application review**

All applications are required to pass threshold requirements. Applications that do not meet threshold will not be further reviewed and will be returned to a draft status for Applicant revisions. All applications will be reviewed for Activity eligibility. Activities that do not meet program eligibility will be returned to a draft status for Applicant revisions. Applicants will be given a timeframe to revise and re-submit the application. Timeframes will be based on the extent of necessary changes. Applicants that do not make requested changes in the given timeframe will have their allocation identified as unclaimed, and funding will be re-allocated as per Section VII. Funding Limits.

### **B. Recommendations**

The Department will review applications and make award recommendations according to the above threshold criteria and the completeness of the application, including a clear COVID-19 nexus. Applicants that are recommended for awards will be contacted and provided with an opportunity to update project schedules or other date-dependent data that may have aged during the application review period. Applicants will officially be notified of awards through the Grants Network portal. Applicants should ensure that the appropriate contact information is included in Applicant profiles to facilitate notifications of awards and requests for changes. The award notification will include instructions for accepting or declining the award, as well as an executable Standard Agreement. Applicants that are not recommended for awards will be notified through the Grants Network portal that their application has been returned to draft status for Applicant revision, as applicable.

### **C. Standard Agreements**

Successful Applicants (Awardees) will enter into a Standard Agreement with the Department, a draft sample is included as Appendix K of this NOFA. The Standard Agreement contains all the relevant state and federal requirements, activity performance and management requirements, and disbursement requirements. A condition of award will be that a Standard Agreement must be executed by the Awardee within 30 days (contracting period) of the Awardee's receipt of the Standard Agreement(s). Failure to execute and return the Standard Agreement(s) to the Department within the contracting period will result in award cancellation. Award cancellations are final.

## **XIII. Awards announcement and grant implementation**

The Department anticipates awards will be announced as applications are approved for funding.

## **XIV. Federal program requirements**

### **A. Cross-cutting requirements**

The CDBG-CV funding is administered under the general rules and regulations promulgated primarily in [24 CFR § 570.600](#), et seq. These primary regulations are known as the federal cross-cutting requirements and form the basis of the programmatic requirements. The Department incorporates all federal cross-cutting requirements into the state administered CDBG program, and the regulations in Part 570 are translated into required actions on the part of all Awardees of the state administered CDBG program, including CDBG-CV funds.

This following is a summary of the federal cross-cutting requirements:

1. Environmental Standards (based on National Environmental Policy Act of 1969 [NEPA])
2. Labor Standards (Davis-Bacon and related laws)
3. Achieving a HUD National Objective
4. Public participation requirements
5. Fair Housing and Affirmatively Furthering Fair Housing
6. Equal Opportunity and Non-Discrimination in federal Grant Programs
7. Federal Procurement Guidelines
8. National Flood Insurance Program compliance
9. Relocation and displacement requirements
10. Employment and Contracting Opportunities Section 3 compliance
11. Lead-based paint requirements
12. No use of debarred, ineligible, or suspended contractors or sub-recipients
13. Uniform Administrative Requirements and Cost Principles
14. Conflict of interest prohibitions
15. Compliance with the Architectural Barriers Act and the Americans with Disabilities Act
16. Compliance with Eligibility Restrictions for certain resident aliens
17. Federal reporting requirements
18. Grant and subrecipient monitoring requirements

### **B. Relocation Plan requirement**

Awardees engaging in project-specific activities that may or will cause the temporary or permanent relocation and displacement of persons, property, or businesses must provide a project-specific relocation plan as part of the application. The plan must meet the standards established in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Awardees must successfully demonstrate that they have met URA requirements prior to the start of the project or displacement Activity. Applicants should include relocation costs in project budgets.

Awardees must provide General Information Notices to persons who may be displaced if the Activity in the grant application is funded. This plan must outline how the Awardee will enforce and manage the project's temporary relocation and displacement activities and estimate what relocation benefits will be required so those costs can be included in the project's development budget.

C. Article XXXIV compliance

Awardees engaging in low-income housing project activities that are subject to Article XXXIV of the California Constitution must show that the project approval process complies with Article XXXIV requirements as defined in the California Constitution, California state statutes, and applicable case law. The state statutes implementing Article XXXIV can be found at [HSC § 37000, et seq.](#)

D. Procurement

Pursuant to 24 CFR § 570.489(g), all Awardees must comply with federal procurement requirements. The Department will review the Awardee's procurement documents for services (i.e., administrative sub-contractor, Davis-Bacon Act consultant, etc.) at time of monitoring.

Requirements for federal procurement can be found at 2 CFR §§ 200.317-326.

Awardees are responsible for meeting all federal procurement standards for goods and services funded through federal programs. Failure to meet procurement requirements may result in disqualification, recapture of federal funds, and debarment.

E. Application Certifications and Statement of Assurances

Applicants must sign and submit the Certifications and Statement of Assurances (Appendix J) with their application to meet threshold. Please review the Statement and confirm compliance with each requirement. Failure to comply with the certifications and assurances may result in disqualification, recapture of federal funds, and debarment.