

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM-COVID FUNDING
METHOD OF DISTRIBUTION-ROUND #1

Under the CARES Act, Congress provided \$5 billion to fund the Community Development Block Grant Program (CDBG-CV) for activities to prevent, prepare for and respond to the coronavirus crisis. The first \$2 billion was distributed using the same formula the U.S. Department of Housing and Urban Development (HUD) used to award funds to entitlements and states for federal fiscal year 2020. The State of Maryland, through the Department of Housing and Community Development (DHCD) was awarded \$4,691,887 for non-entitlement communities. The remaining \$3 billion will be provided at a later date using formulas to be developed by HUD.

This document serves as an amendment to the State’s federal 2019 Action Plan. It includes a description of how the State will distribute CDBG-CV funds, identifies eligible projects and activities, identifies eligible applicants, and discusses primary regulations, policies and procedures.

DHCD prepared this plan using all available information provided by HUD at the time. If future guidance from HUD requires substantial changes to this plan, those changes will be identified in future amendments.

HUD provides the State with “maximum feasible deference” to create additional policies, be more restrictive than HUD in policies and interpretation of regulations, and to determine how funds will be distributed. Additionally, the State may choose not to fund certain types of projects though they are eligible. Of the total received, 70% of the funds must be spent on activities that benefit low and moderate income persons. For this grant, HUD has removed the 15% limit on funding of public services.

The CDBG-CV funds will be distributed as follows:

STATE OF MARYLAND CDBG-CV ALLOCATION – ROUND 1	
State Administration (2% + \$100,000)	\$193,837.74
Technical Assistance (1%)	\$46,918.87
Projects and Activities	\$4,451,130.39
TOTAL	\$4,691,887

The State will match the 2% administrative allowance with State general funds. The 1% Technical Assistance funds will be used to pay for program administrative costs related to providing technical assistance to grantees.

All funds must be expended by September 30, 2022.

ELIGIBILITY

For this grant, the State chooses to only accept applications from non-entitlement county governments through a competitive process. This limitation is an effort to address needs impacting the entire county.

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended, and identified on the list of eligible activities in this plan;
- The proposed project(s) meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient(s) is eligible;

A county government can submit one application for multiple projects.

A county government may submit an application which includes projects to be carried out by subrecipients *if they choose to do so*. As this crisis impacts the county as a whole, counties must be inclusive and consider needs of municipalities, and health and human service providers.

Eligible subrecipients include:

- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under the IRS Section 501(c)(3); and
- community based development organizations (CBDOs) that have been certified by the CDBG Program.

The county government is expected to conduct a risk analysis to review and evaluate the financial and administrative capacity of subrecipients to manage and complete projects. This risk analysis should include an assessment of past performance with CDBG funds, experience of staff, and determination that the proposed number of staff to carry out the project(s) is sufficient.

If funded, the grantee will be required to execute a Subrecipient Agreement with the specific entity(s). These agreements bind subrecipients to the requirements and policies of the CDBG program and the grantee.

NATIONAL OBJECTIVE

CDBG funded projects must meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended:

- to benefit low and moderate income persons;
- to prevent or eliminate conditions of slum and blight; or
- to meet an urgent need.

To ensure that the grant activities are used to prevent, prepare for and respond to the coronavirus crisis, the State has chosen to limit the uses of these funds to meet only two of the national objectives. The activities to be funded under this grant must meet one of the following national objectives:

Benefit to Low and Moderate Income Persons Thru Limited Clientele Activities – For projects that benefit persons that are “presumed” to be of low and moderate income or are qualified based on data about family size and income. If not a presumed clientele, 51% of the total number of beneficiaries must be of low and moderate income.

The following clientele are presumed by HUD to be of low and moderate income:

- Abused Children
- Homeless Persons
- Battered Spouses
- Elderly Persons
- Persons Living with Aids
- Migrant Farm Workers
- Adults meeting the census definition of severely disabled

Benefit to LMI Households Thru Housing Activities – For projects that benefit a low and moderate income household that is qualified based on data about household size and income.

Meeting an Urgent Need – For projects that respond to or address a serious and immediate threat to the health and welfare of a community, are of recent origin, and other funding sources are not available. Note that only 30% of the available funding can be used to funds activities under this national objective.

ELIGIBLE USES AND ACTIVITIES

Activities assisted under the State CDBG program must be eligible per Section 105(a) of Title I of the Housing and Community Development Act of 1974 (“HCD Act of 1974”), 42 U.S.C. § 5305(a), as amended.

The State chooses to limit the uses of funds to certain activities. The eligible activities can be implemented immediately and are not subject to lengthy environmental review processes or permitting. All funds are considered to be public services by HUD. Under the State CDBG Program, for public services, applicants must be able to demonstrate that they are implementing a new service or that they are addressing a quantifiable increase in the demand/need for existing services. Applicants must be able to demonstrate that they are addressing needs resulting from the coronavirus crisis.

Under the State CDBG Program, for public service activities, applicants must be able to demonstrate that there has been a quantifiable increase in the demand/need for services due to the coronavirus crisis. All applicants must be able to demonstrate that they are addressing needs resulting from the coronavirus crisis. Eligible uses and examples of projects/activities are:

- Senior Services
 - Hiring of new staff for case management for isolated/quarantined seniors
 - Hiring new staff and/or purchasing food for delivery programs
 - Medical services
- Food Programs
 - Hiring of new staff
 - Purchasing of food and food distribution
 - Leasing of rental spaces
- Homeless Assistance

- Hiring of new staff
- Acquisition/rental of medical equipment/beds/tables/chairs
- Acquisition of supplies and materials
- Rental of buildings/spaces necessary for isolation/quarantine
- Emergency sheltering (hotel/motel)
- Procured medical and health services
- Rental Assistance for Low and Moderate Income Households
 - Provision of three months of emergency rental assistance to keep tenants in housing
- Rural Health Center/Clinics
 - Hiring of new staff
 - Operating costs (limited)
- Services for Disabled Adults
 - Hiring of new staff
 - Creative solutions to provide services
- Other Essential Services
 - Will be considered on a case by case basis to determine eligibility

As there is significant funding available at both federal and state levels, the CDBG Program is to ensure that there is no duplication of benefits. Applicants must identify all sources of funds, including local and private, that have been applied for and/or received for requested projects and activities. Food purchases are only allowed during emergency period.

County applicants can request reasonable amounts of funds for project administration for themselves and their subrecipients. No funds will be awarded for general administration or indirect costs.

APPLICATION SUBMISSION PROCESS

The following regulations, requirements and policies apply to submission of a CDBG application regardless of funding category. A Policies and Procedures Manual and an Application specific to this funding will be provided to non-entitlement counties. As time is of the essence, the Program will conduct pre-application calls with counties rather than conduct an application workshop.

One original and two copies are due by June 12, 2020 by 5 p.m. Those received after the designated date and time will be rejected. Applications are to be mailed to: DHCD, 7800 Harkins Road, Lanham, MD 20706. Attention: CDBG Program.

1. Citizen Participation Requirements – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions. Applicants/grantees are provided minimum language to be included.

A jurisdiction's *Citizen Participation Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

2. Public Hearing - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project. Failure to conduct the hearing as required will result in the rejection of the application as it will not be in compliance with Citizens Participation requirements.

Hearings may take place in conjunction with a regularly scheduled meeting of the elected public officials of the county that is submitting the application or as a special public hearing. At the hearing, the jurisdiction should discuss the impact of coronavirus crisis on the county, and how these funds can be utilized to meet local needs, needs of municipalities, and needs of health and human service providers. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered. A copy of the meeting minutes and the hearing notice must be submitted with the application.

The public hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. Applicants are provided with the *minimum* language required for the notice. Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, newsletters, government website, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the disabled.

Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

3. Public Review of Application – The public should have the opportunity to review and comment on a draft of the application before it is submitted to the State. In the public hearing notice, the applicant must provide the anticipated date the draft application(s) will be available for review as well as the location where it can be found.

4. Local Resolution - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application(s). The resolution must also acknowledge that the signers understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

A copy of the resolution must accompany the application or the application will not be reviewed.

5. Residential Anti-Displacement and Relocation Assistance Plan – The State requires jurisdictions to adopt and maintain a written *Residential Anti-Displacement and Relocation Assistance Plan*. While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur. Applicants/grantees are provided minimum language to be included.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one-for-one replacement of all low and moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's *Residential Anti-Displacement and Relocation Assistance Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application. Please note that a specific plan will be required for approved grants with projects which will actually result in displacement.

6. Debarment - The applicant is required to complete Debarment Checks on subrecipients prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem.

7. Limited English Proficiency – Applicants are to demonstrate that they complied with their Limited English Proficiency Plan if they are an existing grantee or, if new applicant, they researched the available data to determine if any of their outreach efforts required information to be translated into other languages or if other outreach efforts were required. A specific form is to be submitted which will be found in the Policies and Procedures Manual.

8. Clearinghouse Submission - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the subrecipient. Comments from this review will be forwarded to the CDBG program. Information must be submitted to mdp.clearinghouse@maryland.gov

Applications Due June 12, 2020 by 5:00 PM

RATING AND RANKING

The State will award CDBG-CV funds through a competitive process. Applications are evaluated using a three-step process: threshold review, project evaluation, and funding recommendations. Applications will not pass threshold and be rejected if: 1) the application is not complete; 2) the public hearing process was not done correctly; 3) the draft of the application was not available for public review before submission; 4) the application is not received by the established due date; or 5) the proposed project and/or activities do not meet the eligibility requirements.

Due to the immediate crisis, the CDBG Program will not consider performance issues related to previous CDBG grants when reviewing the applications for CDBG-CV funds. However, if funded, additional requirements may be identified if a grantee has existing performance issues.

Staff will review the Needs Assessment(s) in each application to determine if it is complete, comprehensive and sufficient. Applicants will be contacted if additional information is required. Applications will be rated and ranked competitively by a review committee composed of Maryland CDBG

program staff with participation from other state and/or federal government agencies when appropriate. Applicants will be given an opportunity to answer the committee's questions via phone or e-mail.

Rating is based on a 100 point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned.

RANKING FACTOR	MAXIMUM POINTS
BENEFIT	60 Points
READINESS TO PROCEED	40 Points

1. BENEFIT (60 maximum points)

Applications and projects will be evaluated based on their impact and ability to prevent, prepare for and respond to the coronavirus. Applicants must clearly describe needs, solutions, and proposed benefits and accomplishments.

2. READINESS TO PROCEED (40 maximum points)

As Congress and HUD have mandated that funds must be spent in a timely manner, the applications and projects will be evaluated based on capacity and readiness to proceed.

- Applicants must describe how they will implement each project.
- Applicants must provide an overall grant management plan including how they will manage subrecipient(s).
- Applicants must provide detailed schedules for each project.
- Applicants must provide detailed explanations as to how costs were derived.

FUNDING RECOMMENDATIONS

The highest rated applications are recommended for funding until the available funding for the round is exhausted. DHCD reserves the right to reduce requested amounts or to not fund specific projects identified in an application.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval. Awards are expected to be announced within approximately 14 days of the application submission deadline.

PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES

Grants must be implemented in compliance with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies and procedures. While most are not applicable until a project is funded and underway, some have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc. The ones listed below are specific to the eligible activities that can be funded under this grant:

1. Audits – If a grantee spends more than \$750,000 of federal funds from any source during their fiscal year, they are required to have a Single Audit prepared in conformance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).
2. Conflict of Interest - Grantees must comply with federal Code of Conduct or Conflict of Interest Standards found in 2 CFR Part 200 and 24 CFR Part 570.489 which includes having a written policy. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law. *Note that those exempt from this requirement under the State of Maryland law must still comply with federal requirements.*
3. Duplication of Benefits – Grantees are to ensure that there is no duplication of benefits related to funding of projects. Additional guidance will be provided to approved grantees.
4. Emergency Rental Assistance – Specific policies and requirements will be provided upon award to ensure that funds are awarded in compliance with all applicable regulations and policies.
5. Environmental Review – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. A project is defined as the sum of all elements or activities, not just those funded with CDBG. No activities are to begin until a Release of Funds has been issued by the CDBG Environmental Officer.
6. Fair Housing and Equal Opportunity – Grantees must demonstrate their compliance with numerous federal laws, regulations, and Executive Orders as a recipient of a CDBG award and in their general conduct of operating a government. The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that apply and the specific requirements. Note that these requirements also apply to subrecipients.
7. Fair Housing and Equal Opportunity – Disadvantaged Businesses – For any services that must be procured, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).
8. Fair Housing and Equal Opportunity - Section 3 – When procuring services for contracts which are anticipated to exceed \$100,000, grantees must comply with Section 3 of the HCD Act of 1968 which

requires that employment and other economic opportunities be made available to low and very low income persons.

9. Financial Management - Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as “reasonable and necessary.” *The CDBG Program Financial and Procurement Manual* will provide additional information.

10. Food – The purchase of food is allowable during the emergency/crisis period. Food cannot be purchased after the emergency/crisis period has passed. The definition of “emergency period” needs further clarification from HUD. More detailed information will be provided to grantees.

11. Homeless Assistance – Applicants must coordinate requests for any funds for assistance for homeless persons with their local Continuum of Care. The lead agency for the continuum can serve as the subrecipient and carry out activities or manage activities of organizations under the continuum or they can provide support letters for homeless projects with other subrecipients. Homeless prevention activities are not eligible under “homeless assistance.”

12. Lead-Based Paint – Grantees are to comply with federal lead paint requirements for specific types of activities that are funded under this grant.

13. Operating Costs – Costs must be in support of the new or expanded services. Leasing and utility costs are eligible only to the extent that they support the new or expanded services.

14. Procurement - Grantees are to comply with requirements and processes as identified in the *CDBG Program Financial and Procurement Manual* for all procurement activities. The use of the same policy by all grantees ensures compliance with appropriate sections of 2 CFR Part 200 and 24 CFR 570.489 when purchasing materials, products or services with federal funds.

15. Project Administration Costs – All costs supporting project administration or project delivery costs must be documented. Timesheets must be maintained for all persons paid with CDBG funds. The timesheets must reflect actual hours worked on the project. Grantees will be required to document their paid and in-kind costs committed as leverage.

ADDITIONAL PROGRAM INFORMATION

1. Grant Period – The end date for all grants will be July 31, 2022. No time extensions will be provided. The grant period is related to the expenditure of the grant funds only.

2. Grant Amendments - Grants may be amended only for changes in scope and budget activities. Requests for amendment must be submitted in writing for the following:

- the proposed addition of a new, or deletion of an existing activity or project;
- the scope of a project will change;
- a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award; or
- other instances where DHCD determines an amendment to be appropriate.

Grant amendment requests shall provide sufficient information to explain and justify the proposed changes. The CDBG Program may determine that an amendment to a grant agreement requires additional actions. The grantee will be notified in writing if they must complete any of the following requirements:

- additional citizen participation efforts;
- additional review by the State Clearinghouse; or
- additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

3. Reporting – Grantees will be required to submit quarterly reports. The report forms will be specific to projects and activities for each grant.

4. Monitoring and Close Out of Grants - Grants will be monitored on an on-going basis by CDBG Program staff for compliance with federal and state regulations and requirements and to ensure that the national objective has been met. All applications are considered “open” until they have been fully monitored and all issues are resolved. The State will issue a Close Out letter to the grantee when it has been formally closed. Grant files and records must be retained by the grantee for a five (5) year period after close out of the State’s grant by HUD.

5. Recapture and Repayment of Funds – The CDBG Program will recapture funds from awarded grants if the grantee is not expending funds and implementing projects in a timely manner. In the event that additional funds are made available under this round due to recapture, funds will be offered to other CDBG-CV grantees for an existing project provided they can demonstrate immediate need for additional funding.

Any funds recaptured through grant termination, repayment due to monitoring findings, or completion of an activity at a cost savings will be subject to HUD regulations and requirements.

ANTICIPATED ACTIVITIES AND AMOUNTS

The following chart provides estimates as to beneficiaries and funding to meet specific goals that are in Action Plan. They are estimates based on the types of projects and activities that could be funded using the CDBG-CV funding. Actual information will be provided once funds are awarded and grantees are reporting.

Goal	Category	Indicator	Units of Measurement	Estimated Beneficiaries / Benefit	Estimated Amount to be Awarded
Community Revitalization	Affordable Housing Homeless-Non-Homeless- Special Needs Non-Housing	Services for Special Needs Populations	Persons	10,000	\$1,725,565.39

	Community Development				
Community Revitalization	Affordable Housing-Homeless Non-Homeless-Special Needs Non-Housing Community Development	Services for Low and Moderate Income Persons	Persons	8,000	\$1,725,565
Community Revitalization	Affordable Housing-Homeless Non-Homeless-Special Needs Non-Housing Community Development	Emergency Rental Assistance	Households	500	\$1,000,000

PERFORMANCE MEASURES

The CDBG-CV funded projects will meet the following HUD performance measures:

CDBG-CV Funding Estimated Project Results		
Objectives	Outcomes	Activity Description
Suitable Living Environment	Sustainability for the purpose of creating suitable living environments	Services for special needs populations
Suitable Living Environment	Sustainability for the purpose of creating suitable living environments	Services for low and moderate income persons
Decent Housing	Sustainability for the purpose of providing decent housing	Emergency rental assistance for low and moderate income households