

**CITY OF MEMPHIS
DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT**



**CORONAVIRUS AID, RELIEF, AND ECONOMIC
SECURITY (CARES) ACT**

**COMMUNITY DEVELOPMENT BLOCK GRANT
COVID-19 (CDBG-CV2)**

PUBLIC SERVICE

Application Guidelines

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**CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY(CARES) ACT OF 2020
COMMUNITY DEVELOPMENT BLOCK GRANT COVID-19 (CDBG-CV) PROGRAM**

APPLICATION GUIDELINES

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I. INTRODUCTION

In response to the Coronavirus Pandemic (COVID-19) the U.S. Department of Housing and Urban Development Community Development Block Grant program has notified the City of Memphis Division of Housing and Community Development (HCD) that they will receive a formula allocation of CDBG-CV funding to be used specifically for the prevention of, preparation for, and response to the COVID-19 Coronavirus. This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed on March 27, 2020.

Community Partners, including, non-profit and faith-based organizations are invited to apply for CARES ACT supplemental CDBG-CV funding to address the prevention of, preparation for, and response to COVID19 related needs.

All applications that meet the City's immediate community needs, a HUD National Objective, Eligible Activity, **AND** prevent, prepare for, or respond to the Coronavirus will be reviewed.

To access this funding HUD must approve a substantial amendment to <https://memphistn.gov/cms/One.aspx?portalId=11150816&pageId=11870312#>

Project applications must include eligible activities and must also meet the goals and objectives outlined by HUD and be in direct response to COVID-19.

Funds may be used for a wide range of activities that must be associated with COVID-19; additional information regarding eligible activities is included in these guidelines.

HUD has provided maximum flexibility for the use of CDBG-CV2 funding by eliminating the typical CDBG percentage caps for which the amount of grant funds can be used. Therefore, funding may be utilized fully for public services related projects. Eligible CDBG-CV2 projects must be within the City of Memphis limits.

Public Service Grants (PSG) through CDBG-CV2 will be subject to oversight, reporting, and requirements that each applicant have adequate procedures to prevent the duplication of benefits which means grant funds may not be used to pay costs if another source of financial assistance is available to pay that cost.

II. GOALS AND OBJECTIVES

A. Federal CDBG-CV Objective

Title I of the Housing and Community Development Act of 1974, as amended, states that: **The primary objective of Title 1 (of the Act) is to promote “development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.”** The Code of Federal Regulations, 24 CFR 570 Subparts A through O, govern how this objective is to be carried out. CDBG-CV funds must be utilized to prevent, prepare for, and respond to the coronavirus (COVID-19).

B. Priority Objectives and Needs

The primary goal of HCD’s CDBG-CV program is to serve low to moderate income persons or urgent need in response to COVID-19 through eligible public services projects meeting a CDBG-CV national objective.

All eligible applications will be considered, but nonprofit service agencies that are providing unique services to individuals and businesses impacted by COVID19 will be prioritize.

C. Amount of Funds Available for Award

Approximately \$1.5M_in CDBG-CV funds will be available for Public Service Grants for COVID19 Response Non-Profit Agencies. There is no minimum or maximum award amount, however, the average award amount is anticipated to be around \$100,000. . No grants will be awarded to governmental agencies.

III. ELIGIBILITY REQUIREMENTS

In determining if CDBG-CV funds may be used to assist a proposed project, the activity must meet four federal requirements. First, it must meet one of the CDBG-CV National Objectives; second, it must be an eligible activity in the CDBG-CV Statute; third, it must be in direct response to COVID-19; and fourth, funds may not be supplanted or available for the same activity from any other source.

A. National Objectives

The Housing and Community Development Act of 1974, as amended, established a Primary Objective and three National Objectives for the CDBG-CV programs. The Primary Objective is “the development of viable urban communities, by providing decent housing and a

suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.”

Funds may be used for a wide range of activities that must be associated with COVID-19 and all eligible activities must meet one of the three National Objectives:

1. Benefit low to moderate-income persons, defined as families and individuals whose household incomes do not exceed 80% of a jurisdiction’s median income.
2. Aid in the prevention of slums and blight, or
3. Meet an urgent need by addressing conditions that pose a serious and immediate threat to the health and safety of residents.

Objective One – Low/Moderate Income

Note: To meet this national objective, the proposed activity must benefit a specific clientele or residents in an area of the City or participating city, of which at least 51 percent are low- and moderate-income persons.

Area Benefit – The project serves only a limited geographic area which is proven by 2010 Census data or survey to be a predominately (51% or more) low/moderate-income area. Applicants choosing this category must be able to prove their project/activity service area primarily benefits low/moderate income households.

Clientele – The project benefits a specific group of people, at least 51% of whom are low/moderate-income persons. **Note:** Income verification for clients must be provided for this category; however, the following groups are presumed to be low/moderate-income: abused children; elderly persons; battered spouses; homeless persons; illiterate adults; adults meeting census definition of severely disabled; persons living with AIDS; and migrant farm workers. Documentation status of the presumed low- and moderate-income persons is required, e.g., for persons over the age of 62 there must be documentation of the clients age.

Jobs – The project creates or retains permanent jobs, at least 51% of which are taken by low/moderate-income persons or considered to be available to low/moderate-income persons.

Assistance to Microenterprises – The project provides technical assistance to microenterprises owned by low/moderate-income persons for job loss prevention

(positions held by CDBG-CV-income eligible employees. Note: Businesses assisted must have a DUNS number and registered at www.SAM.gov.

Objective Two – Slums or Blight

This National Objective will not apply to CDGB-CV funds.

Objective Three – Urgent Need

Meets community development needs having an urgency where existing conditions pose a serious and immediate threat to the health or welfare of the community, and no other funding sources are available*, i.e., a major catastrophe such as a flood or earthquake.

B. Eligible Activities

In addition to meeting the Primary Objective and one of the National Objectives, the activity proposed for funding must qualify as an “eligible” CDBG-CV activity as listed in the Code of Federal Regulations.

24 CFR Subpart C, 570.201 Basic Eligible Activities

CDBG-CV Public Services: direct, front-line service programs to respond to community need arising from COVID-19. Eligible services are those that are new or a quantifiable increase in the level of service precipitated by COVID-19. Services may include, but are not limited to:

- financial counseling to people impacted by COVID-19;
- mental health counseling to people impacted by COVID-19;
- food pantry operations;
- domestic violence case management and relocation services;
- senior services and meal delivery to homebound elders;
- meal delivery to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerabilities;
- provide testing, diagnosis or other medical services at a fixed or mobile location;
- increase the capacity and availability of targeted health services for COVID-19 response within existing health facilities; and
- purchase of specialty equipment, supplies, or materials necessary to deliver a public service during an infectious disease pandemic.

To be eligible, services must be provided directly to verifiably low and moderate-income clients or on a drop-in basis in a predominately low and moderate-income neighborhood. Some activities may also qualify if addressing an “urgent need” directly related to the federally-declared disaster.

Current CDBG-CV Income Guidelines

HUD’s guidelines must be used to determine that family/household income does not exceed the low and moderate-income limits. **Households are considered low and moderate income if the household income does not exceed the Moderate-Income Limit for the appropriate corresponding Family Size.** The income of all members of the household must be considered. Low and moderate income is defined as at or below 80% of the median income adjusted for family size for the area.

Persons in Household	1	2	3	4	5	6	7	8
Maximum Income	36,900	42,200	47,450	52,700	56,950	61,150	65,350	69,600

Public Services (24 CFR 570.201(e))

Provision of public services, including but not limited to those concerned with employment, crime prevention, childcare, health, drug abuse, education, energy conservation, welfare, or recreational needs. In order to be eligible for CDBG-CV assistance, public services must meet **each** of the following criteria:

A public service must be either **(a) a new service**, or **(b) a quantifiable increase in the level of service** above that provided by or on behalf of the unit of general local government in the twelve calendar months prior to the submission of the statement.

C. Ineligible Activities

There are certain activities that are “ineligible” for CDBG- CV funding. The general rule is that any activity that is not authorized under the provisions of item “II” above is ineligible. The following activities may not be carried out using CDBG-CV funds, but are not limited to:

- Improving buildings or portions thereof, used for the general conduct of government, with the exception of making the buildings accessible for persons with disabilities.
- Payment of general government expenses required to carry out the regular responsibility of the unit of general local government.

- Political activities.
- Income payments are generally ineligible. Generally, Public Service funds may not be used for subsistence-type payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities.

IV. APPLICATION REVIEW PROCESS

HCD has a web-based application system for its competitive process of HUD funding. Submitted applications determined to be eligible under the regulations will be further evaluated based on the following criteria, but not limited to:

- Demonstrated organizational or community need arising from COVID-19
- Clients Served (demographic)
- Priority for Equity & Access
- Targeting Areas of Concentrated Poverty & Priority Populations
- Past Performance
- Agency Capacity and Staff Expertise for Project
- Compliance with Reporting Requirements
- Evaluation of Cost Reasonableness

V. COVID-19 RESPONSE

Funds must be used to prevent, prepare for, and respond to the coronavirus (COVID 19). See HUD quick guide to CBDG-CV activities.

VI. ADMINISTRATIVE AND FINANCIAL REQUIREMENTS

If an applicant is successful in being awarded a CDBG-CV grant, the applicant will be responsible for the following administrative and financial requirements of 2 CFR 200. This is a uniform framework to manage federal awards including cost principles, administrative and audit requirements.

All projects must be accessible to persons with disabilities. Programs, information, participation, communications and services must be accessible to persons with disabilities to comply with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act.

Public Service project costs are limited. Generally, costs of labor, supplies and materials associated with public service projects are allowable, as are the operating and maintenance costs of the facility where the service is provided. The costs of equipment, motor vehicles, furnishings, and

fixtures are allowable costs only if they are an integral part of the public service activity or its administration. If an agency provides services at a site owned by another entity, they must submit a written agreement with the property owner to provide services at the site.

Agencies must comply with federal administrative requirements governing their organization and the use of funds. See 24 CFR 570.501 (b) for more detailed information. All agencies awarded grants will be required to comply with a variety of Federal requirements governing their use of Federal funds. These include but are not limited to:

- ❑ Standards for Financial Management (24 CFR 84)
- ❑ Procurement Principles (24 CFR 84)
- ❑ Monitoring and Reporting Program Performance (24 CFR 84)
- ❑ Financial Reporting (24 CFR 84)
- ❑ Cost Principles and Allowable Costs (OMB Circular A-122)
- ❑ Federal Audit Standards (OMB Circular A-133)
- ❑ Program Income (24 CFR 570.500 (a), 570.504)
- ❑ Real Property (24 CFR 570.505)
- ❑ Conflict of Interest (24 CFR 84.42 and 24 CFR 570.611)

Additionally, agencies awarded Public Services grants will be required to open their books to a representative of the Internal Audit Department of the City to evaluate their financial management systems. City staff will monitor each program to ensure compliance with other requirements.

- A. Projects receiving City funding may be excluded.** Agencies may NOT receive City-funding for more than one project or activity. No funds will be awarded to a project for a period of time already covered by another Public Service Grant. **Additionally, projects that duplicate an existing service already funded by the City will not be considered for funding.**
- B. Grant funds are for cost reimbursement.** Public Service grant funds are paid on a monthly basis to reimburse an agency for services rendered. Agencies awarded public service funds are expected to have adequate cash flow to pay project costs and then request reimbursement from the City. Funds for a public facility improvement will be paid when costs have been incurred. However, these payments are not reimbursements and an agency is not expected to have adequate cash flow to pay for major construction projects.
- C. Agencies awarded funds must agree to comply with all applicable Federal regulations.** All agencies awarded funding will be required to comply with the regulations.
- D. Federal audit requirements apply to Public Service Grants.** Each agency awarded funding may be required to submit an annual audit for their agency prepared in compliance with OMB Circular A-133 if the agency expends more than \$750,000 or more during the fiscal year in Federal funds in one year.
- E. Liability insurance is required for all Public Service Grants.** All agencies awarded grants will be required to obtain the following liability coverages:

- General liability insurance in the amount of One Million Dollars (\$2,000,000.00)

- Automobile liability insurance in the amount of Two Million Dollars (\$2,000,000.00)
- Worker's Compensation insurance for agencies with five (5) or more employees.

The City of Memphis must be named as the additional insured. The cost of the insurance may be included in the project budget.

- F. Agency financial systems must meet federal requirements.** All agencies awarded grants will be required to comply with Federal requirements in 24 CFR 84 governing their financial management systems and may be required to open their books to a representative of the City's Internal Audit Department to evaluate their financial management systems.
- G. Agency must provide an expense budget.** All agencies awarded grants will be required to submit an expense budget which must be included in the program application. **Applications with incomplete budget will be PENALIZED.**

VII. EQUAL OPPORTUNITY REGULATIONS

All proposed CDBG-CV activities are subject to the following Equal Opportunity Regulations.

A. Title VI of the Civil Rights Act of 1964. Nondiscrimination in Federally Assisted Programs.

Title VI provides that no person shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. It directs each Federal department or agency which extends financial assistance to any program or activity through grants, loans, or contracts, except contracts of insurance or guaranty, to issue rules or regulations to be approved by the President to carry out the purposes of the Title. Title VI authorizes the termination of the refusal to grant or continue Federal assistance under any program or activity involving a recipient as to whom there has been an express finding on the record of failure to comply but only, after due notice, an opportunity for hearing and a determination that compliance cannot be secured by voluntary means.

B. Section 109 of the Housing and Community Development Act of 1974.

Section 109 states that "No person in the United States shall on the grounds of race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds available under this title."

This provision, while similar in wording to Title VI of the Civil Rights Act of 1964 is in fact a totally separate provision requiring its own specific procedures and is an

integral part of the Housing and Community Development Act. As a result, equal opportunity requirements have been interwoven into the application and performance reporting processes. The responses must be based upon the nondiscrimination provisions as well as the specific performance standards and record-keeping requirements.

Section 570.601 of the Community Development Block Grant Regulations outlines the various prohibited discriminatory actions and, more importantly, requires the amelioration of the effects of past discrimination. Discrimination is banned, inter alia, in the offering of services or facilities; treatment of individuals; utilization of criteria and methods of administration; and determination of sites or locations of housing or facilities.

C. Section 3 of the Housing and Urban Development Act of 1968

Section 3 requires that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the activity area. And that contracts for work in connection with the activity are awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the activity.

D. Executive Orders

1. Executive Order 11063 (November 20, 1962)

Executive Order 11063 requires all Federal departments and agencies to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin in the sale or rental of residential property and related facilities owned or operated by the Federal Government or provided with Federal financial assistance. The Order also prohibits discrimination in lending practices in so far as such practices relate to loans insured or guaranteed by the Federal Government.

2. Executive Orders 11246 (September 24, 1965) and 11375 (October 13, 1967)

Executive Order 11246 was issued on September 24, 1965, superseding Executive Orders 10590, 10722, 10925, 11114, and 11162 and abolishing the President's Committee on Equal Employment Opportunity. Part I of this Order prohibits discrimination in Government employment because of race, color, creed or national origin, disability, or familial status. It directs each executive department and agency to establish and maintain a positive program of equal employment opportunity for all civilian employees and applicants for employment. It authorizes the Civil Service Commission to supervise and provide leadership and guidance for the programs. The Secretary of Labor is responsible for the administration of Parts II and III of the Orders and for issuing rules and regulations relating respectively to "Nondiscrimination Provisions in Federally

Assisted Construction Contracts." On October 13, 1967, Executive Order 11375 amended Executive Order 11246 to add the prohibition of discrimination because of sex.

E. Equal Opportunity Records That Recipients and Subrecipients Must Maintain

1. Demographic data by census tract. The data shall include prevailing population characteristics relating to race, ethnic group, sex, age, head of household, and income.
2. Data showing the extent to which these categories of persons have participated in or benefited from programs and activities funded under the Community Development Block Grant Program.
3. Data which records its affirmative action in equal opportunity employment, including but not limited to employment, upgrading, demotions, transfers, recruitment or recruitment advertising, layoffs or terminations, pay or other compensation, and selection for training.
4. Data which records its good faith efforts to identify, train and or hire lower income residents of the activity area and to utilize business concerns which are located in or owned in substantial part by persons residing in the area of the activity.

VIII. SAM REGISTRATION AND ACTIVE DUNS NUMBER

To be eligible for federal funding or to carry out federal funded programs or projects, all agencies, organizations, service providers, and businesses performing work funded and to be paid with federal funds are required to register with SAM.GOV and obtain and maintain an active DUNS

Number for the duration of the program or project without exception. It's the law. Failure to do will result in funding application rejections, contract termination, and invoice rejection.

IX. CITIZEN PARTICIPATION

CDBG-CV funding will require the City to provide a substantial amendment to its 2020 Action Plan. The public comments period is reduced to no less than 5 days, grantees may use virtual public hearing when necessary for public health reasons.

X. FUNDING GUIDELINES

Applications for CDBG-CV funding are for the period after March 27, 2020. Requests for funding should be reasonable and in direct response to COVID-19.

XI. REIMBURSEMENT

The CDBG-CV program operates on a reimbursement basis. If an applicant is approved for funding and receives a fully executed Sub-Recipient Agreement (contract) and an Authorized Signature Form, a Reimbursement Request Form can then be submitted to HCD. The Reimbursement Request must contain back-up documents confirming that expenditures were for activities described in the sub recipient Agreement. Undocumented expenses will not be reimbursed.

XII. EVALUATION CRITERIA

The Evaluation Criteria was compiled using HUD regulatory requirements, and national best practices. The application review will include an assessment, prioritization, review, and an assessment by an evaluation panel as outlined in this document. If an Applicant does not meet the requirements, the application will not move forward for review.

Applications will be rated and ranked by each member of the Review Committee. The points awarded for the rating factors total 100. The factors for rating and ranking applicants are listed below. Each applicant should carefully read the factors for rating and ranking applications described below.

Evaluation Criteria	Maximum Points
Agency Detail, Capacity and Experience Up to 25 points will be awarded based on the extent to which the application demonstrates that the agency has sufficient capacity to carry out the project. The application must show that the staff possesses sufficient credentials and experience to carry out the proposed project. The organization must have experience serving the target population as well as a positive record implementing similar projects. Other rating factors include adequate agency fiscal capacity and organizational infrastructure to implement the project, and agency performance on previous City contracts. (Social service agencies with no construction experience should hire an	25

architect or project manager to coordinate the construction process.)	
Project Need	
Up to 15 points may be awarded based on the extent to which the application demonstrates the need for the project. It will describe the needs of the target population well and include appropriate documentation of the need for the specific project. The application will describe the demand for the services as well as how the project will meet City priorities. Additionally, the application should show that the proposed project does not unnecessarily duplicate existing programs and service.	15
Project Detail/Description	
Up to 25 points will be awarded based on the quality of the project. The application must demonstrate a clear understanding of the services to be offered as well as clear understanding of the needs of the population to be served. The proposed activities must be appropriate to the needs of the persons to be served. The project should be cost-effective and all costs should be reasonable, not deviating from the norm in Memphis. The application should clearly state expected outcomes that are acceptable. And evidence of collaboration with other existing programs should be provided when applicable as well as compliance with applicable codes and regulations.	25
Beneficial Data Tracking	
Up to 15 points may be awarded based on the extent to which the application demonstrates processes for documenting and maintaining income status of each client in compliance with HUD regulations. The collection of demographic data on the beneficiaries of the proposed project or program. (Example: racial/ethnic characteristics) Please provide a sample of your intake process as an attachment if possible.	15
Project Feasibility	
Up to 20 points may be awarded based on the extent to which the application demonstrates the feasibility of the project. The application must include: <ul style="list-style-type: none"> • Clear and complete plans for implementing the project. 	20

<ul style="list-style-type: none"> • Adequate committed funding to <i>promptly</i> implement the project. • An adequate strategy for securing additional support and commitment. • Adequate number of well-trained staff to carry out the proposed project. • Indicators that demonstrate that the project is ready to be implemented. 	
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The scores for each factor will be added to obtain a total score for each application. The applications will then be ranked from highest to lowest according to the combined scores. Funding will be awarded to applications according to ranking, beginning with the highest score.

XIII. Application Process Overview

<u>Activity</u>	<u>Estimated number of business days</u>	<u>Estimated Completion Date</u>
Application Submittal	37	Deadline <u>April 7, 2021</u>
Completeness Review	<u>5 days</u>	<u>April 14, 2021</u>
Scoring & Ranking Review	<u>10 days</u>	<u>April 26, 2021</u>
Preliminary Award	<u>6 days</u>	<u>May 5, 2021</u>
Contract Execution City Legal for contract drafting, contract draft to applicant for review and execution.	<u>15 days</u>	<u>May 31, 2021</u>
Total Number of Days from Application to Contract Execution	<u>73 days</u>	