

## CARES Act CDBG-CV1 Grants

### Eligible Activities Guide

#### ELIGIBLE ACTIVITIES

CDBG eligible activities are in the Housing and Community Development Act of 1974, Section 105 (the Act). CDBG-CV1 eligible activities include microenterprise assistance; public services; and public health, emergency response, or temporary housing facilities that address COVID-19 impacts. These CDBG-CV1 eligible activities are defined in the following pages. A full list of CDBG eligible and ineligible activities is available on the CDBG website [here](#).

Following are definitions, HUD activity codes and further guidance on CDBG-CV1 eligible activities.

#### MICROENTERPRISE ASSISTANCE

<b>HUD CODE</b>	HUD defines a microenterprise as a commercial enterprise having five or less employees, including the owner(s). To be eligible for CDBG-CV funding, the business must have a physical location and be able to document loss of revenue due to COVID-19 impacts. Or the funding can expand a microenterprise that provides COVID-19 response services such as medical, food delivery, cleaning and other services to support home health and quarantine.
<b>18C</b>	

CDBG funds can support a local microenterprises assistance program by funding:

1. Provisions of credit (including grants) for the establishment, stabilization, and expansion of microenterprises. Initial amounts generally not to exceed \$25,000. Grant money may be used only for the operating expenses of the awarded business. The operating expenses are defined as the day-to-day trading operations of the business such as covering payroll and rent.
2. General and technical assistance, advice and business support services to owners of microenterprises and persons developing microenterprises.
3. Operation of the fund including staffing for pre- and post-loan technical assistance, loan servicing activities and loan collection activities.

The county either directly administers a local microenterprise assistance program or, in most cases, passes the funds to a local or regional economic/community development organization. This organization uses the funds to provide technical assistance, package loans/grants, and manage loan portfolio payments for qualifying microenterprises.

The CDBG-funded technical and financial assistance must be structured to benefit only LMI households; or in limited circumstances when an emergency has been declared, assistance may qualify as meeting an urgent need.

The CDBG COVID-19 Microenterprise Assistance Guide with template forms for developing and implementing a CDBG-funded microenterprise assistance program is available on Commerce's CDBG-CV website and [here](#).

## PUBLIC SERVICES DEFINITIONS AND CODES

CDBG can fund a wide range of public services that meet a CDBG national objective. Below is an excerpt from HUD’s database manual providing definitions and codes for CDBG eligible public services. Services that most likely respond to COVID-19 impacts are highlighted.

Subsistence Payments are short-term (no more than three month) emergency payments for utilities, rent or mortgage. The CDBG COVID-19 Subsistence Payment Guide with template forms for developing and implementing a CDBG-funded utility, rent and/or mortgage emergency assistance program is available on Commerce’s CDBG-CV website and [here](#).

CDBG funded public services may cover labor, supplies, materials, and other costs directly tied to service delivery). Planning and community organization activities, not directly linked to the delivery of an eligible public service to a client, are not eligible. CDBG cannot fund general outreach activities or partnership building activities, unless you can count and report on the clients receiving a direct service from those activities.

HUD CODE	Type of Services and Definition
05A	<p><b>Senior Services</b></p> <p>Services for the elderly. 05A may be used for an activity that serves both the elderly and persons with disabilities provided it is intended primarily to serve elderly.</p> <p><i>If the activity is intended primarily to serve persons with disabilities, use 05B instead.</i></p>
05B	<p><b>Services for Persons with Disabilities</b></p> <p>Services for the persons with disabilities, regardless of age.</p> <p><i>If the activity is intended primarily for elderly persons, use 05A instead.</i></p>
05C	<p><b>Legal Services</b></p> <p>Services providing legal aid to low- and moderate-income (LMI) persons.</p> <p><i>If the legal service is only for the settlement of tenant/landlord disputes, use 05K.</i></p>
05D	<p><b>Youth Services</b></p> <p>Services for young people age 13 to 19 that include, for example, recreational services limited to teenagers and teen counseling programs. Also use 05D for counseling programs that target teens but include counseling for the family as well.</p> <p><i>For services for children age 12 and under, use 05L; for services for abused and neglected children, use 05N.</i></p>
05E	<p><b>Transportation Services</b></p> <p>General transportation services.</p> <p><i>Transportation services for a specific client group should use the matrix code for that client group. For example, use 05A for transportation services for the elderly.</i></p>
05F	<p><b>Substance Abuse Services</b></p> <p>Substance abuse recovery programs and substance abuse prevention/education activities.</p>
05G	<p><b>Services for victims of domestic violence, dating violence, sexual assault or stalking</b></p> <p>Services for victims of domestic violence, dating violence, sexual assault or stalking.</p> <p><i>For services limited to abused and neglected children, use 05N.</i></p>

HUD CODE	Type of Services and Definition
05H	<p><b>Employment Training</b></p> <p>Assistance to increase self-sufficiency, including literacy, independent living skills, resume writing, job coaching, “how to get and keep a job” training, or training students in a particular field on skill when there is no tie to a specific position or business.</p>
05I	<p><b>Crime Awareness/Prevention</b></p> <p>Promotion of crime awareness and prevention, including crime prevention education programs and paying for security guards.</p>
05J	<p><b>Fair Housing Activities (subject to Public Services subrecipient)</b></p> <p>Fair housing services (3.g., counseling on housing discrimination) that meet a national objective.</p>
05K	<p><b>Tenant/Landlord Counseling</b></p> <p>Counseling to help prevent or settle disputes between tenants and landlords.</p>
05L	<p><b>Child Care Services</b></p> <p>Services that will benefit children (generally &lt; age 13), including parenting skills classes.</p>
05M	<p><b>Health Services</b></p> <p>Services addressing the physical health needs of residents of the community. <i>For mental health services, use 05O.</i></p>
05N	<p><b>Services for Abused and Neglected Children</b></p> <p>Daycare and other services exclusively for abused and neglected children.</p>
05O	<p><b>Mental Health Services</b></p> <p>Services addressing the mental health needs of residents of the community.</p>
05P	<p><b>Screening for Lead Poisoning</b></p> <p>Activities undertaken primarily to provide screening for lead poisoning.</p>
05Q	<p><b>Subsistence Payments</b></p> <p>One-time or short-term (no more than three month) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness. Examples include utility payments to prevent cutoff of service and rent/mortgage payments to prevent eviction. <i>Further guidance from the <a href="#">list of CDBG Eligible and Ineligible Activities</a>: Direct payments to individuals for their food, clothing, utilities or other income payments are not eligible. Income payments or emergency vouchers paid to a third party for no more than three consecutive months may be eligible.</i></p>
05R	<p><b>Homebuyer Downpayment Assistance - Excluding Housing Counseling</b></p> <p>If needed, see the full definition in <a href="#">HUD's list of CDBG Eligible Activity Codes</a>.</p>
05S	<p><b>Rental Housing Subsidies</b></p> <p>Tenant subsidies exclusively for rental payments for more than three months. Activities providing this form of assistance must be carried out by CBDOs or 105(a)(15) entities.</p>
05T	<p><b>Security Deposits</b></p> <p>Tenant subsidies exclusively for payment of security deposits.</p>

HUD CODE	Type of Services and Definition
05U	<b>Housing Counseling only</b> Housing counseling for renters, homeowners, and/or potential new homebuyers that is provided as an independent public service (i.e., not as part of another eligible housing activity).
05Ua	<b>Energy Conservation Counseling</b> Energy conversation counseling and testing for renters, homeowners, and/or potential new homebuyers that is provided as an independent public service (i.e., not as part of another eligible housing activity).
05V	<b>Neighborhood Cleanups</b> One-time or short-term efforts to remove trash and debris from neighborhoods. Examples of legitimate uses of this code include neighborhood cleanup campaigns and graffiti removal.
05W	<b>Food Banks</b> Costs associated with the operation of food banks, community kitchens, and food pantries, such as staff costs, supplies, utilities, maintenance, and insurance.
05X	<b>Housing Information and Referral Services</b> An activity that provides housing information, education, and referral services, or general budget/financial counseling that does not meet the 24 CFR 5.100 definition of Housing Counseling.
05Y	<b>Housing Counseling - Supporting Homebuyer Downpayment Assistance (05R)</b> Housing Counseling that is provided to in conjunction with homebuyer downpayment assistance (05R) as a public service.
05Z	<b>Other Public Services</b> Examples are client referrals to social services, neighborhood cleanup, graffiti removal, and food distribution (community kitchen, food bank, and food pantry services).

Here is guidance on specific types of services that are eligible *under only limited conditions*:

- **Resource Referral** - If CDBG is to fund a staff person (such as a receptionist) who refers clients to both COVID-19 and non COVID-19 response services, then CDBG-CV can cover the referral service costs only in the proportion of total persons receiving COVID-19 response services, as well as meet the LMI National Objective. Contact CDBG if seeking to fund resource referral services.
- **Outreach costs** - Outreach is not an eligible CDBG public service in of itself. Outreach to inform clients of a specific program can be an allowable expense, but only as part of that program's service delivery costs. Specific partnership building costs necessary to provide a direct client service could be an allowable expense as part of that program's service delivery costs and that Program Name and service description would be listed in the table.
- **Housing Related Services** – Many housing related activities are not eligible as a CDBG public service because they are eligible instead for a housing rehabilitation, facility or homeownership assistance type of CDBG grant. Make sure your service description of any housing related services clearly shows how the service meets the definition of an eligible CDBG public service.

Please note: While the CARES Act [Coronavirus Relief Fund \(CRF\)](#) can fund similar local government activities that may be considered a public related service, the CRF differs from the CARES Act CDBG-CV funding requirements. A comparison of eligible activities is available on Commerce's [CDBG-CV website](#).

## PUBLIC (OR NON-PROFIT) FACILITIES DEFINITIONS AND CODES

CDBG can fund a wide range of public facilities. CDBG-CV1 funds are available for public health, emergency response, or temporary housing facilities that address COVID-19 impacts. The primary HUD codes for facilities most likely to be targeted in response to COVID-19 impacts are listed below. For the full list of 03 public facility codes, here is a link to [HUD's list of CDBG Eligible Activity Codes](#).

HUD CODE	Type of Facilities and Definitions
03C	<p><b>Homeless Facilities (not operating costs)</b></p> <p>Acquisition, construction, conversion of buildings, or rehabilitation of temporary shelters and transitional housing for the homeless, including victims of domestic violence, dating violence, sexual assault or stalking, disaster victims, runaway children, drug offenders, and parolees.</p> <p><i>Note: For the construction of permanent housing for the homeless, use code 12; for the rehabilitation of such housing, use the appropriate 14* code; for facilities for abused and neglected children, use 03Q.</i></p>
03E	<p><b>Neighborhood Facilities</b></p> <p>Acquisition, construction, or rehabilitation of facilities that are principally designed to serve a neighborhood and that will be used for social services or for multiple purposes (including recreation). Such facilities may include libraries and community centers.</p>
03P	<p><b>Health Facilities</b></p> <p>Acquisition, construction, or rehabilitation of physical or mental health facilities. Examples of such facilities include neighborhood clinics, hospitals, nursing homes, and convalescent homes.</p> <p><i>Health facilities for a specific client group should use the matrix code for that client group. For example, use 03Q for the construction or rehabilitation of health facilities for abused and neglected children.</i></p>
03Z	<p><b>Other Public Improvements Not Listed in 03A-03S</b></p> <p>This matrix code replaces matrix code 03. Only use this code when an activity does not fall under a more specific 03A – 03S matrix code. Check the following before using this matrix code:</p> <ul style="list-style-type: none"> <li>• Grantees may only have one public facility in an activity. Grantees must set up a separate activity for each public facility. When two or more related facilities are funded by CDBG, the grantee needs to set up a separate activity for each facility or improvement.</li> <li>• 03Z can be used for seawalls, bus shelters, retaining walls, and wind turbines.</li> <li>• 03Z can be used for activities that assist persons with disabilities by removing architectural barriers from or providing ADA improvements to government buildings (activities that otherwise would not be eligible for CDBG funding).</li> </ul>