

DRAFT

State of New Jersey 2019 CARES Act Amendment

**State of New Jersey 2019 Annual Consolidated Plan Amendment
Small Cities CDBG Program Section for Federal FY 2019 (State FY 2020)**

Attachment D

Purpose of the Amendment

This amendment adds two CARES Act CDBG Awards to the NJ Small Cities CDBG FFY 2019 Consolidated Plan section to prepare, prevent and respond to the coronavirus pandemic. On April 9, 2020 the State received \$4,026,075 to the State's CDBG Program (nonentitlement areas including opt-in municipalities). These funds have been labeled CDBG-CV1 Funds. On May 11, 2020 the State received additional CARES Act funds in the amount of \$31,511,487 to be administered to the entire State of New Jersey. These are labeled CDBG-CV2.

CDBG-CV1 -These funds will be administered by the State's Small Cities CDBG Program to the nonentitlement areas. Awards will be made to eligible municipalities and counties by a funding allocation formula based on four factors. One factor takes into account each county's number of confirmed cases of COVID-19 on May 18, 2020, per capita - rate per 1,000 persons (NJ Dept. of Health data, May 18, 2020). The second factor incorporates the number of unemployed persons for the month of April 2020 (NJ Dept. of Labor data, June 3rd) for each county, versus year ago levels (using the rate of change). The third factor incorporates the number of eligible communities with MRI scores of 250 or less, county share of eligible municipalities with total eligible communities with MRI of 250 or less. The fourth incorporates the share of combined eligible county population. The nonentitlement opt-in communities will receive an award directly. However, the opt-in communities in Burlington County will receive their funding through the County since there are eight communities that are eligible to receive funds. These four factors combined have been applied to the funds available to determine the amount of the award for each county and opt-in communities. Counties and municipalities are to meet with their communities (with MRIs at or below 250), citizens and community organizations to develop eligible activities based on the amount of funding and program requirements. Activities will be submitted to the DCA for review and approval and for setup in SAGE for a formal grant agreement to implement activities. The funding allocation to each county can be found in the attached Distribution of the Allocation Table, CDBG-CV1 and CV2 Funds. This table applies four factors that distributes funds to the 7 counties and the opt-in communities in the State's Small Cities CDBG Program, nonentitlement.

CDBG-CV2 - These funds will be administered and awarded by the State's CDBG Program to the all New Jersey counties by a funding allocation formula based on three factors. One factor takes into account each county's number of confirmed cases of COVID-19 on May 18, 2020, per capita - rate per 1,000 persons (NJ Dept. of Health data, May 18, 2020). The second factor incorporates the number of unemployed persons for the month of April 2020 (NJ Dept. of Labor data, available on June 3rd) for each county, versus year ago levels (using rate of change). The third factor takes into account the share of state population. These three factors combined have been applied to the funds available to determine to amount of the award for each county. Counties are to meet with their communities, citizens and community organizations to develop eligible activities based on the amount of funding and program requirements. Activities will be submitted to the DCA for review and approval and for setup in SAGE for a formal grant agreement to implement activities. The funding allocation to each county can be found in the attached Distribution of the Allocation Table, CV1 and CV2 Funds. This part of the table applies three factors that distributes funds to the State's 21 counties statewide.

CARES Act - CDBG-CV Program Funding Distribution of Allocations

First Award CDBG-CV1 Allocation \$4,026,075
State’s Nonentitlement Area,
(7 Counties plus opt-in towns -
see table attached)

Administration & \$220,782
Technical Assistance

Funds to Award (Nonentitlement) \$3,805,293 **For communities in the State Small Cities CDBG Program Area with MRI numbers of 250 or less Refer to the CDBG-CV1 Funding Distribution of the Allocation Table (estimated range of grant amount: \$200,000 to \$500,000) Approximately 19 Awards, 19 Projects**

Second Award CDBG-CV2 Allocation \$31,511,487
Entire State of New Jersey

Administration & \$1,045,344
Technical Assistance

Funds to Award (Statewide) \$30,466,143 **(Refer to CDBG-CV 2 Funding Part of the Distribution of the Allocation Table, County determines amounts based on need, estimate range of grant amounts \$200,000 to \$1,000,000 per project) Approximately 21 Awards, 50 Projects**

Eligible Activities (for CDBG-CV1 and CV2 Funding)

I. Buildings and Improvements, Including Public Facilities

The amount funded to be based on the demand for assistance determined by the county and municipality through community outreach.

Acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvement -

1. Construct a facility for testing, diagnosis, or treatment.
2. Rehabilitate a community facility to establish an infectious disease treatment clinic.
3. Acquire and rehabilitate, or construct, a group living facility that may be used to centralize patients undergoing treatment.

Rehabilitation of buildings and improvements (including interim assistance) -

1. Rehabilitate a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system
2. Acquire, and quickly rehabilitate (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery.
3. Make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis.

II. Assistance to Businesses, Including Special Economic Development Assistance

The amount funded to be based on the demand for assistance determined by the county and municipality through community outreach.

Provision of assistance to private, for-profit entities, when appropriate to carry out an economic development project -

1. Provide grants or loans to support new businesses or business expansion to create jobs and manufacture medical supplies necessary to respond to infectious disease.
2. Avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons. Small business loans for rent
 - a. Small business loans for rent, utilities and other business-related costs to retain employees, up to \$10,000, term 3 years, portion forgivable if business continues after term. (TBD) . This activity may be permitted only if a waiver or approval is granted by the Assistant Secretary for Community Planning and Development, USHUD.

Provision of assistance to microenterprises -

3. Provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

III. Public Services (new or quantifiable increase, no cap of 15%)

The amount funded to be based on the demand for assistance determined by the county and municipality through community outreach.

Provision of new or quantifiably increased public services –

1. Carry out job training to expand the pool of health care workers and technicians that are available to treat disease within a community.
2. Provide testing, diagnosis or other services at a fixed or mobile location.
3. Increase the capacity and availability of targeted health services for infectious disease response within existing health facilities.
4. Provide equipment, supplies, and materials necessary to carry-out a public service.
5. Deliver meals on wheels to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerabilities.
6. Rental assistance of up to 12 months to individuals and families with incomes up to 120% of the area AMI. This activity may be permitted only if a waiver or approval is granted by the Assistant Secretary for Community Planning and Development, USHUD.

IV. Other COVID-19 Response Activities (TBD by Awardee/Grantee)

The amount funded to be based on the demand for assistance determined by the county and municipality through community outreach.

Applicants and Grantees may develop a unique activity category if the activity is eligible and meets one of the CDBG Program’s national objectives – benefits people of low and moderate-income, responds to an urgent need and eliminates slums and blight.

1. Activities to be determined

Note: The activity categories above are permitted implementation costs of up to 5 percent of each award.

Funds to Award - Distribution to Activities

Distribution to Activities - CDBG-CV1 Funding Table

Grant Activities	National Objective	Entities: Counties and Municipalities	Maximum Grant Award	Number of Projects	Percent of Total Funding
Building and Improvements, Public Facilities	LM/UR	\$1,200,000	\$200,000 to \$400,000	3 to 6	31.54%
Assistance to Businesses, Special Economic Development	LM/UR	\$1,000,000	\$100,000 to \$200,000	5 to 10	26.28%
Public Services	LM/UR	\$1,100,000	\$200,000	5 to 6	28.90%
Other Activities – TBD by Applicant	LM/UR	\$505,293	\$100,000	5 to 10	13.28%
Subtotals		\$3,805,293			
State Administration		\$220,782			
Total Funding		\$4,026,075		18 to 32	100%

70% of the funding, \$2,663,705 must meet the L/M National Objective.
 L/M = Low and Moderate-Income People, UR = Urgent Need

Distribution to Activities CBDG-CV2 Funding Table

Grant Activities	National Objective	Entities: Counties and Municipalities	Maximum Grant Award	Number of Projects	Percent of Total Funding
Building and Improvements, Public Facilities	LM/UR	\$10,000,000	Up to \$500,000	20	31.7%
Assistance to Businesses, Special Economic Development	LM/UR	\$10,000,000	Up to \$250,000	40	31.7%
Public Services	LM/UR	\$10,000,000	Up to \$500,000	20	31.7%
Other Activities – TBD by Applicant	LM/UR	\$466,143	\$100,000	5	1.6%
Subtotals		\$30,466,143			96.7%
State Administration		\$1,045,344			3.3%
Total Funding		\$31,511,487		85	100%

70% of the funding, \$21,326,300 must meet the L/M National Objective.

L/M = Low and Moderate-Income People, UR = Urgent Need

Department reserves the right to move funds between budget/funding categories outlined above in this Plan Amendment, (budget in the award letter, or grant agreement) based on demand for assistance. The Department may consider funding additional projects after awards are made should additional funds be recaptured, or be allocated from HUD.

Waivers and Alternative Requirements

- 1.) Public Service Activities – CDBG public service funding cap of 15 percent is waived.
- 2.) Reimbursement of Costs - Eligible costs for approved activities are eligible for reimbursement back to January 22, 2020.
- 3.) Citizen Participation – Public hearings, including teleconferencing must provide at least a 5-day public comment period on projects proposed for CDBG-CV funding.

Note: HUD has provided the above waivers with the two CDBG-CV awards. However, more waivers and alternative requirements may be granted through a forthcoming Federal Register Notice.

Special Requirements

Other Sources of Funding: Assess the availability of other sources of funding first, such as, US Department of Health, FEMA and US Treasury before applying for CDBG funding.

Duplication of Benefits Prohibition:

A duplication of benefit occurs when funding is provided for the same costs paid by another source, including private insurance, and the total amount received exceeds the total need for those costs. The grant agreement will require Grantees to report all sources of funds received, anticipated and received after implementation of the funded activity. Each grant activity will be required to complete a duplication of benefits analysis prior to

the disbursement of the final payment. Any amount found to exceed the total amount needed for the activity will be returned and reallocated to open project(s) with need or will be returned to the Program's fund.

CDBG Program Requirements

CDBG-CV1 Funding – Only eligible counties and municipalities in the State nonentitlement areas and opt-in municipalities with MRI numbers at or below 250 are eligible to receive funds. All of the standard CDBG Program requirements will apply to the CDBG-CV1 Funding. Refer to the Small Cities Program website at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> for more information.

CDBG-CV2 Funding - All of the standard CDBG Program requirements will apply to the CDBG-CV2 Funding. Refer to the Small Cities Program website at <http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html> for more information.

Awards and Grant Implementation Schedule

CDBG-CV1 Funding – Summary schedule, submit the Con Plan Amendment, setup SAGE for awards, Con Plan Amendment is approved - Commissioner sends award letters, SCP conducts teleconference workshop for Small Cities eligible Counties and municipalities, awardees develop and submit activities for review and approval, setup grant agreement and activities in SAGE for each awardee, grantee completes all federal assurances including ERR, Program issues release of funds, counties, municipalities and their sub-recipients implement activities.

CDBG-CV2 Funding – Summary schedule, submit the Con Plan Amendment, setup SAGE for awards, Con Plan Amendment is approved - Commissioner sends award letters, SCP conducts teleconference workshop for 21 Counties, Counties develop and submit activities for review and approval, setup grant agreement and activities in SAGE for each County, grantee completes all federal assurances including ERR, Program issues release of funds, counties and their sub-recipients implement activities.