

## **Proposed Method of Distribution – CARES Act Funds – Amended**

The State of Louisiana has been allocated a total of \$44,336,196 in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Formula Grant funds (\$13,443,720 for CV1, \$18,401,828 for CV2 and \$12,490,648 for CV3). The Division of Administration, Office of Community Development, set aside \$5,000,000 of this allocation toward a program undertaken by the Louisiana Housing Corporation (LHC), the Louisiana Emergency Rental Assistance Program. Subsequently, the U.S. Department of the Treasury launched a \$25 billion Emergency Rental Assistance Program, so the Office of Community Development (OCD) now proposes to reallocate the \$5 million to another program to meet an unmet need in the state as a result of the COVID-19 pandemic. Additionally, a total of \$5 million in program income will be transferred from the Office of Community Development – Disaster Recovery Section to open State CDBG and CDBG-CV grants in order to assist in the State's response to the virus.

Two of the proposed projects are under the Economic Development program. One of these projects proposes a \$3.5 million award for the Emerging Industry and Business Incubator in Lafourche Parish, which will help launch new businesses, diversifying the economy with industries that will strengthen the region which has been impacted by COVID-19. The second will give a total of \$8 million in grants to small businesses throughout the State.

The State also proposes to institute an HVAC Improvements Program which will be available to all units of general local government in Louisiana. According to the CDC, upgrades/modifications to HVAC systems can improve air quality and minimize the spread of airborne infectious diseases. OCD has allocated \$31,000,000 for upgrades to HVAC and ventilation systems in publicly-owned community facilities. \$15,500,000 will be available for large applicants (local governments with populations of 10,000 or more) and \$15,500,000 will be available for small applicants (local governments with populations of 9,999 or less).

The remaining program income will be directed to public facilities projects yet to be determined.

### **Economic Development**

#### Emerging Industry and Business Incubator

The Emerging Industry and Business Incubator was developed as an LA SAFE project in the Office of Community Development. This project will offer an opportunity help launch new businesses, diversifying the economy with industries that will strengthen the region in the future. It has become an even greater need as the Lafourche Parish area reels from the devastating economic effects of the COVID-19 pandemic. As part of the accelerator program, entrepreneurs will have access to a mentor in their field to help guide them through the program as they start their business. The incubator provides a co-working space with access to shared office equipment and a communal kitchen.

National Objective:

This project will meet the urgent need national objective.

### Beneficiaries / Public Benefit / Target Area:

This project is located within the five NDRC eligible census tracts (209, 210, 211, 212 and 213) within Lafourche Parish. The project benefits residents living within these designated census tracts.

### Business Assistance Program

Due to the pandemic, small businesses are in need of assistance due to the COVID-19 pandemic. OCD has allocated \$8,000,000 for Planning Districts to accept applications from small businesses who have been negatively impacted by COVID-19. Funding will not exceed the grant ceiling of \$25,000 and may be less depending on business need.

These funds will be available to eligible subrecipients for the purpose of carrying out an economic development assistance program. The purpose of the program is to provide assistance to businesses who employ 2 or more people, in addition to the business owner(s) and their spouse(s). The availability and use of these funds is subject to the U.S. Department of Housing and Urban Development's (HUD) pursuant to CDBG Subpart I of Title 24 Part 570 of the Code of Federal Regulations and Federal Register Notice Vol. 85 No. 162 August 20, 2020.

The Economic Development Business Stabilization Program has been established to provide funds for **payroll, rent/mortgage payments, inventory, and utility payments** to defined businesses economically impacted by COVID-19 virus.

The purpose of the program is to address the critical needs of businesses negatively impacted by COVID-19 by achieving the following goals:

1. Provide economic development assistance to for profit businesses [105(a) (17)];
2. Provide cash assistance to businesses during the pandemic;
3. Target businesses that are within low to moderate income communities.

These funds are to be made available in the form of grants to existing businesses located within the state.

While a DUNS number is not needed to apply, if an entity receives funding from this program, they will be required to register for a DUNS number through the Online DUNS Request Portal and create an account in the System for Award Management (SAM). Entities will also be required to have a EIN number in order to receive the funding. Both of these numbers are used for federal reporting. Payment will not be approved without verification of these numbers.

Any small business applying for funding will need to provide information required to determine duplication of benefits.

### National Objective:

To be eligible for funding the assisted business must qualify under one of the three criteria:

- a. Low to Moderate Income Job creation/retention
- b. Area wide benefit

### c. Urgent Need

#### Beneficiaries / Public Benefit / Target Area:

Eligible applicants (42 U.S.C. 5302(c)) will be those entities that can qualify as public agency subrecipients under the HCDA of 1974 and are deemed qualified to carry out the eligible activities of this Notice.

All Application materials including the NOFA, and all applicable CDBG rules, will be available on the OCD's website at <https://www.doa.la.gov/Pages/ocd/Index.aspx>

Applications will be required to adhere to the CDBG Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the OCD, cannot be altered or modified, and must be in final form before submission to the OCD.

Grantees will be responsible to complete reports during the term of the grant including financial and performance reports, close out report, and the documentation of the impact of the funds. Grantees are also subject to fiscal and programmatic monitoring visits by OCD staff in accordance with 2 CFR 200.336. They must have an open door policy allowing periodic visits by OCD monitors to evaluate the progress of the project and provide documentation upon request.

#### Administrative Costs:

Each planning district in the state may act as a subrecipient and will be eligible for administrative fees which will be paid as cost reimbursement not to exceed 15% of the grant amount provided for assistance.

### **Public Facilities**

#### HVAC Improvement Program

OCD has proposed to set aside \$31,000,000 from the total CDBG-CV allocation for upgrades to HVAC and ventilation systems in publicly-owned community facilities. \$15,500,000 will be available for large applicants (local governments with populations of 10,000 or more) and \$15,500,000 will be available for small applicants (local governments with populations of 9,999 or less).

According to the CDC, upgrades/modifications to HVAC systems can improve air quality and minimize the spread of airborne infectious diseases. In an effort to assist local governments with funding for the response to the pandemic, OCD is accepting applications from units of general local government for projects to upgrade/modify HVAC and ventilation systems in an effort to reduce the spread of the virus. Applications will be accepted on a first come, first served basis until July 30, 2021 or until all funds have been obligated through an online portal. The online portal will be open to applicants beginning February 1, 2021. Applicants must be assigned a user id by OCD.

In order to be eligible for funding, proposed projects must meet the following minimum requirements:

1. Proposed construction of all improvements must be projected to be complete within two (2) years of award. Awarded projects that fail to meet benchmarks identified in application can be terminated due to lack of performance and funds deobligated.

2. Community facility to be modified must meet at least one of the following to be eligible:
  - a. Located in a municipality that is at least 51% low/mod persons based on HUD Summary Data.
  - b. Serve persons that qualify as one of the following groups: Abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS or migrant farm workers.
  - c. Require documentation on family size and income in order to ensure that at least 51% of the beneficiaries are of low to moderate income.
  - d. Be of such a nature and in such a location that it can be concluded that clients are primarily low to moderate income.
3. Involve HVAC improvements/modifications to take actions to prevent the spread of COVID-19.

#### Administrative Costs

The maximum allowable administrative costs will be determined by the total grant amounts and will be on a cost reimbursement basis only. Each local government with a grant up to \$200,000 will be allowed a maximum of \$30,000 in LCDBG-CV funds for administrative costs. Additionally, grants from \$200,001 to \$600,000 will be allowed a maximum of \$60,000 and grants from \$600,001 to \$1,000,000 will be allowed a maximum of \$100,000.