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# State of Maine

Community Development Block Grant Program

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## CDBG CV19 PROGRAM STATEMENT

December 1, 2020

Office of Community Development

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## Contents

<u>SUMMARY</u> .....	3
<u>SECTION 1. PROGRAM OVERVIEW</u> .....	3
<u>A. CDBG OBJECTIVES</u> .....	3
<u>B. METHOD OF DISTRIBUTION:</u> .....	4
<u>C. STATE ADMINISTRATION:</u> .....	4
<u>D. CDBG CV19 PROGRAM BUDGET.</u> .....	5
<u>SECTION 2. COMMUNITY DEVELOPMENT PROGRAMS</u>	
<u>A. MaineHousing Permanent Housing for Homeless PROGRAM</u> .....	6
<u>B. Maine YMCA Alliance Childcare Program</u> .....	8
<u>SECTION 3. ECONOMIC DEVELOPMENT PROGRAMS</u>	
<u>A. MICRO-ENTERPRISE ASSISTANCE GRANT PROGRAM</u> .....	10
<u>SECTION 4. TECHNICAL ASSISTANCE</u> .....	11
<u>SECTION 5. REDISTRIBUTION OF GRANT FUNDS</u> .....	11
<u>SECTION 6. AMENDMENTS TO THE PROGRAM STATEMENT</u> .....	11
<u>SECTION 7. SPECIAL PROJECTS</u> .....	12

The Office of Community Development reserves the right to disburse the funds in a manner deemed to be in the best interest of, and that offer definable benefits to, the State of Maine and the Community Development Block Grant Program. The Director of the Office of Community Development (OCD) may waive any requirement of the program provided such waiver would not be out of compliance with CDBG CV19 Program regulations.

## SUMMARY

This Program Statement describes the method by which Maine's Community Development Block Grant (CDBG) CV19 Program funds will be distributed. 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, to respond to the growing effects of this historic public health crisis. These funds are also governed by the Department of Housing and Urban Development (HUD) Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants issued August 2020. The Maine CDBG program is administered pursuant to 5 M.R.S.A 13073.

## SECTION 1. PROGRAM OVERVIEW

### A. CDBG OBJECTIVES

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All CDBG funded activities must meet one of three National Objectives of the program. These objectives are:

- Benefit to low and moderate income persons;
- Prevention and/or elimination of slum and blight conditions; and
- Meeting community development needs having a particular urgency.

**The activities that are to be funded with CDBG CV19 by the Maine CDBG Program are consistent with the definition of activities to address urgent needs in 24 CFR Part 570.483 (d).**

**Activities designed to meet community development needs having a particular urgency.** In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the unit of general local government certifies, and the state determines, that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the unit of general local government is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became urgent within 18 months preceding the certification by the unit of general local government.

**CDBG CV19 may not duplicate funds received through other federal, state, or local programs. A duplication of benefits is caused when a person, household, business, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance is more than the total need.**

## B. METHOD OF DISTRIBUTION:

The CDBG CV19 Program Statement provides a description of the criteria that OCD will use to allocate CDBG CV19 funds. Programs are grouped under the categories listed below.

### 1. Community Development

- a. MaineHousing Permanent Housing for Homeless
- b. Maine YMCA Alliance Childcare Program

### 2. Economic Development

- a. Micro-Enterprise Program

### 3. Special Projects

## C. STATE ADMINISTRATION:

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**1. General Administration Allocation:** Pursuant to Section 106(d) (3) (A) of the Housing and Community Development Act of 1974, as amended (the Act), and the HUD notice of August 2020, the DECD will utilize up to 5% of its allocation from the Department of Housing and Urban Development (HUD) to administer Maine's CDBG CV19 Program in accordance with Federal and State requirements.

**2. Technical Assistance Administration Allocation:** Pursuant to Section 106(d) (5) of the Act, and the HUD notice of August 2020, DECD will utilize up to 2% of its allotment from HUD to provide technical assistance in accordance with Federal and State requirements.

## D. CDBG CV19 PROGRAM BUDGET

<b>COVID Relief Funding CDBG Budget</b>	<b>\$8,675,584</b>
State Administration	\$433,770
Technical Assistance Administration	\$173,512
<b><u>Community Development</u></b>	
MaineHousing	\$3,000,000
Maine YMCA Alliance	\$2,475,000
<b><u>Economic Development</u></b>	
Micro-Enterprise Assistance Program	\$ 2,000,000
<b><u>Special Projects</u></b>	\$ 593,302

The Office of Community Development may adjust these numbers as necessary to expend CDBG-CV funds in an appropriate, efficient and timely manner.

## SECTION 2. COMMUNITY DEVELOPMENT PROGRAMS

### **A. CV19 – MaineHousing Permanent Housing for Homeless**

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The effects of COVID-19 has impacted the homeless shelter providers' ability to meet the needs of this population while adhering to public health requirements in order to slow the transmission of the virus. Most Maine homeless shelters have reduced the numbers of people they serve in order to meet social distancing requirements resulting in the standing up of temporary shelters and increases in the unsheltered population. Four "wellness shelters" were established to address the need to shelter this overflow population and added 130 beds and 20 motel rooms at the height of the pandemic

Additionally, the economic consequences of the pandemic have increased the number of Maine people who are unable to maintain stable housing and have contributed to the number of people living in hotels with vouchers paid for by emergency funds. Over 300 homeless individuals and families are living in hotel rooms as the only available housing option.

The lack of affordable housing that existed prior to COVID has exacerbated the challenge of finding affordable housing for this growing population. The State has worked hard to find temporary solutions but is now focusing on creating more housing opportunities for people who are homeless and relieving the pressure on the shelter provider system.

The Office of Community Development will partner with MaineHousing to use CDBG-CV funds in combination with MaineHousing funds, to support the development of permanent supportive housing projects or units for persons experiencing homelessness and to reduce overcrowding in community homeless shelters.

The CDBG-CV funds will be used to secure properties suitable for use as permanent, affordable housing. Specifically, the CDBG funds will be used for two activities:

- 1) the acquisition and development of property, buildings or units that can be used as permanent supportive housing; or
- 2) pre-development capital to organizations that currently receive Emergency Solutions Grant funds and without these predevelopment funds would not be able to develop affordable housing for homeless residents.

The CDBG-CV funds would be offered as a performance grant, as many of the organizations that provide supportive housing or shelter services cannot afford loans, regardless of payment and interest structure.

When and where applicable, MaineHousing will layer the CDBG-CV funds with other streams of revenue, such as but not limited to, ESG-CV and existing MaineHousing programs, such as but not limited to, the Supportive Housing Program. These revenues will support the rehabilitation and renovation costs of properties acquired with CDBG-CV funds.

Where appropriate, and with the approval of DECD, MaineHousing would use these funds for projects awarded Notice to Proceeds through either the 4% or 9% Low Income Housing Tax

Credit Program that have committed to providing 10% of their units as permanent supportive housing. In addition to the pledging of units, the Developer would also pledge to use the funds reduced from the mortgage payment (replacing a paying loan with a non-paying loan funded by CDBG-CV) as a source of funds for on-site services.

By combining the resources of CDBG-CV and MaineHousing we will establish a pipeline of affordable housing that can be quickly placed into use by the community-based shelters as housing opportunities for individuals and families experiencing homelessness. At the same time, we will build development capacity for existing homeless service providers. Increasing development capacity amongst current providers will allow for the on-going creation of affordable, permanent supportive housing. The ability for providers to self-develop properties will allow for a service provision to be incorporated into the physical design of the project, and allow the organizations to develop projects that can contribute to the long-term health of the organization.

## B. CV19 – Maine YMCA Alliance Childcare Program

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Prior to the COVID-19 pandemic, Maine was already experiencing a critical shortage of childcare options for families, and our childcare system was showing worrying signs of vulnerability, including program closures and workforce shortages. The resulting fallout from the pandemic is laying bare and exacerbating these weaknesses, while also highlighting in new ways how vital safe, quality childcare is for families and our economy. It's clearer than ever that the early childhood education and school-aged childcare sectors are important building blocks of a healthy economy and deserving of public investment.

As we look to the 2020-21 school year, we anticipate that many school districts will implement remote learning and/or hybrid instruction models, meaning that working families will face new challenges to fill gaps in care. As the largest provider of before/after school programming in the state, the YMCAs are in a strong position to partner with school districts to assist working families; however, we know that providing this care will be more expensive than our usual models of care, due to more needed hours of care, and safety protocols for staffing and cleaning to ensure that children remain safe. According to a survey of the YMCAs conducted in July 2020, as Ys discuss programming options with local school districts and budget for the upcoming school year, they are anticipating on average a **50-60 percent increase in the cost per child to safely provide the care families will need**. Children will need to be cared for in smaller groups and kept separate to abide by proper spacing and cohort guidelines, meaning that we will need more staff and more space for programming. Spaces that Ys traditionally utilize for programming, like schools, may be unavailable, so we may need to rent separate space or repurpose space in our facilities.

We understand that low and moderate income (LMI) families are particularly vulnerable to the disruptions caused by the pandemic and in critical need of additional support to ensure safe and quality care for their children. More resourced families may have more options, which could include a parent reducing work hours or leaving the workforce or paying for additional hours of care; these are simply not options for many LMI families. CDBG funding support will be critical to help fill these gaps; many families cannot afford to cover the increased costs of care this school year, and providers cannot operate indefinitely while incurring such significant losses as we have for the last several months.

### Geographic and Population Served

CDBG funding will be used as scholarships for children whose families fit into the low and moderate income (LMI) category per the Maine Department of Economic & Community Development guidelines. The 16 YMCAs in Maine will provide services statewide.

### Strategies

CDBG funds will support the ability to provide innovative before/after school programming to LMI Maine families that need additional care this school year due to altered school schedules caused by the pandemic. As the pandemic continues, the need for financial assistance to



increase for families whose budgets are stretched thin and need more hours of care to offset less in-person instruction time in schools.

YMCAs will utilize CDBG funds to support school-aged childcare programming in the following ways:

Providing scholarships to families in need of increased hours of care for their school-aged children. The following activities will support those children:

- Implementing learning loss prevention programs and remote learning supports (could include purchasing supplies, hiring additional staff, training staff)
- Securing additional space for programming to ensure they can meet community demand for care
- Providing transportation to their programs

## SECTION 3. ECONOMIC DEVELOPMENT PROGRAM

### A. CV19 - MICRO-ENTERPRISE ASSISTANCE GRANT PROGRAM

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The Micro-Enterprise Assistance Grant (MEA) Program provides grant funds to micro-enterprise businesses in non-entitlement areas through a partnership with Maine's Small Business Development Centers and their partners. **Micro-Enterprise businesses that can demonstrate loss of revenue directly due to the COVID-19 pandemic are eligible to apply. However, micro-enterprise assistance funds may not duplicate funds received through other federal, state, or local programs.**

**1. Eligible Activities:** Eligible activities include grants to for-profit businesses that can be used for working capital to cover loss of revenue due to COVID-19. Maine's Small Business Development Centers will identify and pre-qualify those businesses who are eligible for the program. Potential participants will need to document previous years' (2019) monthly revenues as well as current, (2020) monthly revenues in order to demonstrate actual loss of revenue due to closure, show cancellations, or limited ability to operate normally due to the COVID 19 pandemic.

**Cannabis related businesses are not eligible.**

**2. Maximum Amount of Micro-Enterprise Assistance to an individual Business:** \$5,000

**3. Project Benefit / Demonstration of National Objective:**

**Micro-Enterprise Grant:** Existing businesses that have five or fewer employees, **one of whom owns the enterprise, and whose household income is Low/Moderate as defined by HUD will meet the project benefit.** Applicants will need to submit a copy of their 2019 Personal Income Tax filing with their application. Non-owner employees' incomes are not considered in meeting project benefit.

**4. Selection Process:**

All Micro-Enterprise businesses wishing to submit a MEA application must meet with their local Small Business Development Center office to determine eligibility and verification of loss. SBDC staff will review and approve complete applications to be considered for funding.

## SECTION 4. TECHNICAL ASSISTANCE

The Office of Community Development will use Technical Assistance funds to: produce program materials and provide technical assistance and outreach to recipients.

## SECTION 5. REDISTRIBUTION OF GRANT FUNDS

This section describes the methods by which undistributed funds, disencumbered funds, additional funds received from HUD, and program income will be redistributed.

**1. Unallocated State Grants to Local Entities:** Unallocated grant funds resulting from lack of adequate program demand and any additional funds allocated by HUD may be added to any open CDBG CV19 contract and can be used to make additional awards under any eligible CDBG CV19 program activity.

**2. Basis for Redistribution:** The decision to redistribute funds will be made after staff evaluation of the following: the total funds available, new requests for funding, requests for additional funding from current CDBG CV19 grantees. The OCD may redistribute available funds to any project deemed to be in the best interest of, and that offer CDBG definable benefits to the State of Maine that are a direct result of the COVID 19 pandemic.

## SECTION 6. AMENDMENTS TO THE PROGRAM STATEMENT

The State may amend the CDBG CV19 Program Statement from time to time in accordance with the same procedures required for the preparation and submission of the program statement. The Department of Housing and Urban Development's citizen participation requirements will guide the amendment process.

Flexibilities within the Corona Virus Relief, and Economic Security Act (CARES Act) (Public Law (116-136) provides that grantees may amend citizen participation plans to establish expedited procedures to draft, propose, or amend consolidated plans. Expedited procedures must include notice and reasonable opportunity to comment of no less than 5 days. The 5-day period can run concurrently for comments on the action plan amendment and amended citizen participation plans.

In-person public hearings are not required. Grantees may meet public hearing requirements with virtual public hearings if:

- 1) national/local health authorities recommend social distancing and limiting public gatherings for public health reasons; and
- 2) virtual hearings provide reasonable notification and access for citizens in accordance with the grantee's certifications, timely responses from local officials to all citizen questions and issues.

## **SECTION 7. SPECIAL PROJECTS PROGRAM**

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The CV19 Special Projects Program provides CDBG CV19 funds to projects for alternative grant activities and partnerships that meet community or economic development needs and CDBG National Objectives in the State of Maine. Approval for the use of SP funds is through the Director, Office of Community Development. All applicants must provide evidence that the CDBG-CV funds are necessary to prevent, prepare for and respond to the Corona Virus.

**THIS MATERIAL IS AVAILABLE IN ALTERNATIVE FORMAT  
UPON REQUEST**

**BY CONTACTING:**

**OFFICE OF COMMUNITY DEVELOPMENT  
111 SEWALL STREET, 3<sup>RD</sup> FLOOR  
59 STATE HOUSE STATION  
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**ALSO AVAILABLE ON THE OFFICE OF COMMUNITY  
DEVELOPMENT WEB SITE:**

**[www.meocd.org](http://www.meocd.org)**

**The Maine CDBG Program is Funded by:**

