**STATE OF ALABAMA**

**PY2020 ACTION PLAN FOR CARES ACT**

**CDBG-CV GRANT PROGRAM FUNDS**

## INTRODUCTION

Pursuant to the *Coronavirus Aid, Relief, and Economic Security Act* (the CARES Act) that was passed by Congress and signed into law by President Trump on March 27, 2020, the State of Alabama (the State) has been awarded the amounts of (1) $14,011,858 in Community Development Block Grant (CDBG) Round 1 funds (CDBG CV-1), (2) $15,068,316 in CDBG Round 2 funds (CDBG CV-2), and (3) $11,379,612 in CDBG Round 3 funds (CDBG CV-3), for a total award amount of $40,459,786 from the U.S. Department of Housing and Urban Development (HUD). These CDBG CV-1, CDBG CV-2, and CDBG CV-3 funds are treated as one CDBG-CV Program fund (CDBG-CV) in this Plan. On August 10, 2020, a 70-page Notice issued by HUD was published in the Federal Register as ***FR-6218-N-01: 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, and for Other Formula Programs*** (the HUD Notice). The HUD Notice provides guidance pertaining to the State’s planning for and expenditure of these CDBG-CV Program funds. The State’s Plan is as follows.

**REQUIREMENTS**

1. The CDBG-CV Program funds will be subject to (i) the requirements of the Housing and Community Development Act of 1974, as amended, unless provided otherwise in the CARES Act and the HUD Notice, and (ii) approval by HUD of waivers to the Program that are allowed under the CARES Act and that have been requested by the State, as they are identified in **Appendix B.**

2. The activities must address at least one of the required CDBG Program’s three national objectives, which are:

 a. To benefit low-income and moderate-income persons, of which at least 51% must be from low-income and moderate-income households, except for single family housing activities which must benefit 100% low-income and moderate-income households;

 b. Aid in the prevention or elimination of slums and blight; or,

 c. Meet other urgent community needs posing a serious and immediate threat to the health or welfare of the community where other financial resources are not available.

3. In addition to meeting at least one of the three National Objectives listed above, the CDBG-CV Program activities must meet the performance goals of preventing, preparing for, and responding to the spread of infectious diseases such as COVID-19.

4. Both entitlement and non-entitlement communities are eligible for the State’s CDBG-CV Program funds, provided that the State’s non-entitlement communities receive no less than the CDBG CV-1 allocation amount. The CDBG-CV Program’s 15 qualifying entitlement communities (cities and counties) are comprised of Anniston, Auburn, Bessemer, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, Opelika, Tuscaloosa, Jefferson County, and Mobile County.

**METHOD OF ALLOCATION**

The State’s plan for allocating the CDBG-CV Program funds is comprised of providing a block of funds to each of the 15 qualifying entitlement communities (cities and counties) and the 65 remaining counties that do not include Jefferson County and Mobile County. Each of these 65 counties’ and the 15 qualifying entitlement communities’ allocations are based on the population group under which each community falls. The county population is adjusted by subtracting the population of any entitlement city within the county. These population groups and corresponding CDBG-CV Program fund amounts are as follows:

 **Entitlement City Population Groups:**

 **Population Range Dollar Allocation**

 20,000 to 45,000 $500,000

 45,001 to 100,000 $750,000

 100,001 to 225,000 $1,500,000

 **Entitlement County Population Lump Sum Amounts (adjusted by deducting their**

**entitlement city population):**

 **Population Range Dollar Allocation**

 225,000 or less $700,000

 225,001 and over $1,036,800 (available balance)

 **Non-entitlement County Population Groups:**

 **Population Range Dollar Allocation**

5,000 to 15,000 $200,000

 15,001 to 30,000 $300,000

 30,001 to 50,000 $400,000

 50,001 to 75,000 $500,000

 75,001 to 110,000 $600,000

 110,001 and over $700,000

The proposed amount for each of the 15 qualifying entitlement communities (cities and counties) and the 65 remaining counties are presented at **Appendix A**.

 **Allocations:**

The total CDBG-CV Program allocations for the State are as follows:

 CDBG CV-1 $14,011,858

 CDBG CV-2 $15,068,316

 CDBG CV-3 $11,379,612

 Total $40,459,786

As shown in **Appendix A**, the distribution of total CDBG-CV Program fund allocations among the State’s 15 qualifying entitlement communities (cities and counties) and the 65 remaining counties, and the State’s allowed allocation for Administration is as follows:

 Entitlement Communities Total: $13,236,800

 Non-entitlement Counties Total: $25,200,000

 Subtotal: $38,436,800

 State Administration: $2,022,986

 Total: $40,459,786

Note: The amounts shown in **Appendix A** are subject to change in order to correct any inaccuracies as well as to address other reasons. The final distribution of funds among the State’s 15 qualifying entitlement communities (cities and counties) and the 65 remaining counties may change due to the recapture of funds and the redistribution of those funds as addressed below under the Section entitled “Recaptured Funds.”

**CDBG-CV PROGRAM CRITERIA**

The award of the State’s CDBG-CV Program funds will be governed by the following criteria:

1. Each county (including Jefferson and Mobile) must work with the non-entitlement cities located within that respective county to agree on the CDBG-CV Program project activities which the county is proposing to implement. As a minimum, the proposed activities must have the support from at least two-thirds (2/3) of the local governing bodies representing two-thirds (2/3) of the population within the county (exclusive of the county’s entitlement cities and their populations). If a county fails to achieve this two-thirds (2/3) ratio of support for its proposed project activities, that county will forfeit its CDBG-CV Program grant funds.

2. Each county and entitlement community must consult with, and involve input from, the local emergency management agency (EMA), the county public health department, and other local health care providers in the planning process for their CDBG-CV Program project activities.

3. Each county and entitlement community must address how each proposed activity relates to supporting local responses to infectious diseases such as the coronavirus disease 2019.

4. Each proposed activity must identify the CDBG Program’s National Objective that the activity will address.

5. Within the respective county, the benefit for each proposed activity should, as much as possible, extend to the entirety of all areas within the county.

6. Each qualifying community to receive CDBG-CV Program funds may enter into a Memorandum of Understanding (MOU) with its contiguous/neighboring counties, and with the entitlement communities located within the respective county, so as to create joint programs designed to support local responses to infectious diseases, including the COVID-19 pandemic. For such joint projects, the participating jurisdictions must designate only one community among them that will serve as the lead community to submit the grant application and maintain responsibility for implementing the funded grant.

7. Any county, via an MOU, may allow a designated city that is located within that county to take the lead in applying for and implementing the CDBG-CV Program grant funded project(s) on behalf of that county if the designated city has the administrative capacity to administer said project(s).

8. A local government recipient of the CDBG-CV Program funds may spend a total of up to ten percent (10%) of the allocated grant amount to administer the grant program. However, if a funded project does not generate the required beneficiaries and/or does not otherwise meet one of the CDBG Program’s National Objectives as is specified in the local government’s approved CDBG-CV plan, that local government will be required to reimburse to ADECA all of the CDBG-CV grant funds that have been drawn-down and expended on the funded project.

**THRESHOLDS**

The following thresholds will apply to communities seeking to apply for the CDBG-CV Program grant funds:

1. An entitlement community or a county may not apply for these funds if it has an unresolved audit finding involving disallowed costs as the result of a determination made by a private audit, an ADECA financial review, or an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has reviewed the affected entitlement community’s or county’s proposed response and has determined that repayments due to the State are secured by an appropriate security instrument, stream of income, or other adequate measures.

2. An entitlement community or a county may not apply for these funds if it owes money to the State or Federal government as the result of determinations made by a private audit, an ADECA financial review, or an ADECA CDBG staff monitoring review. A waiver may be provided in cases where the ADECA Director has determined that repayments due to the State are secured by an appropriate security instrument, stream of income, or other adequate measures.

3. An entitlement community’s or a county’s proposed CDBG-CV Program grant project must stand alone to serve the proposed beneficiaries without the need for additional funds that are not shown in the entitlement community’s or county’s grant application, unless the other necessary funds are known of and verifiable by the State.

4. An entitlement community or a county grant applicant must demonstrate to ADECA the ability to maintain and operate facilities that are to be funded from the CDBG-CV Program grant funds.

5. An entitlement community or a county grant applicant must not have been deemed by the State to lack the capacity to implement a grant project that is to be funded from the CDBG-CV Program grant funds.

6. For any issue or subject not addressed in this Plan, or in the case of conflicting issues, the ADECA Director will make a final ruling based on the precedents, established practices, or other information determined to be in the best interests of the State. The ADECA Director may provide a waiver from these Thresholds or other requirements if specific situations merit granting such a waiver.

**RECAPTURED FUNDS**

All CDBG-CV Program unobligated, de-obligated, unexpended, or disallowed expenditures will become recaptured funds. Identified below are circumstances wherein these funds may become recaptured funds to the State.

1. During the allotted time period announced by the State, any entitlement community or county that fails to submit to ADECA a grant application/plan that details the use of that local government’s CDBG-CV Program grant funds will forfeit its allocation of those funds.

2. If an entitlement community’s or county’s submitted plan is deemed by ADECA as requiring modifications and/or corrections, that community will be granted a set amount of time to make such modifications/corrections and to resubmit the plan to ADECA. If the community fails to accomplish such changes, the community will forfeit its allocation of the CDBG-CV Program funds.

3. The ADECA Director, at his or her discretion, may use an appropriate amount of funds from the Recaptured Fund to accomplish the objectives of the CARES Act, including the following:

 a. Provide funds to a community that has shown strong need for additional funds;

b. Provide funds to a community that has shown both good grant program results and good grant fund expenditure rates;

c. Provide funds to another State agency or a nonprofit entity in order to implement a specific CDBG-CV Program activity or project; and

d. Engage ADECA to directly implement specific CDBG-CV Program activities.

**APPLICATIONS FOR CDBG-CV PROGRAM FUNDS**

The CDBG-CV Program’s grant funds will be distributed by ADECA to the entitlement community and county grant applicants through a noncompetitive allocation process. These communities may submit to ADECA one (1) grant application which may contain one (1) or more eligible activities that are designed to prevent, prepare for, and/or respond to the COVID-19 pandemic and other infectious diseases in order to meet a single need or multiple needs. ADECA will provide guidance, a format, and a timeline for the submission of grant applications for these funds via a virtual workshop and/or additional digital means.

The submitted grant applications will be reviewed by ADECA staff to ensure that each proposed program activity will, at the least:

 1. Be eligible and will address a CDBG Program National Objective;

 2. Meet the CDBG-CV Program’s performance goals of preventing, preparing for, and responding to the COVID-19 pandemic and other infectious diseases; and

 3. Be financially and operationally feasible.

Each submitted grant application must contain required certifications, assurances, and other documentation that show that the general public was provided an opportunity to review and comment on the local government grant applicant’s plan for expenditure of the CDBG-CV Program funds. For the counties, each submitted grant application must show that at least

two-thirds (2/3) of the non-entitlement local governing bodies representing two-thirds (2/3) of the non-entitlement population within that county are supportive of the grant applicant’s said plan. In addition, the documentation must show that each entitlement community or county grant applicant has consulted with, and has included input from, the local emergency management agency (EMA), the county public health department, and other local health care officials and providers during the planning process for the CDBG-CV grant funded project(s).

An entitlement community or a county whose grant application (i) does not contain all of the required documentation, or (ii) is not clear about compliance with the CDBG Program’s National Objectives, or (iii) is not clear about the eligibility of a program activity, will be given an opportunity to make modifications/corrections and changes to its grant application within an allotted time period so as to render said grant application acceptable to ADECA. Upon ADECA’s approval of the grant application and award of the grant funds, the entitlement community or county shall begin to implement its plan strictly in adherence with its approved grant application. Should it become necessary for a grant recipient to amend its approved grant application’s planned program activities, that local government shall be required to follow ADECA’s CDBG Policy Letter No. 2 (Revision 6) governing program changes and amendments in requesting approval from the State.

**ELIGIBLE ACTIVITIES**

All CDBG Program activities eligible under the Housing and Community Development Act of 1974, as amended, are eligible under the State’s CDBG-CV Program. However, as a practical matter, not all eligible activities will serve to meet the performance goals of the CARES Act designed to prevent, prepare for, and respond to the COVID-19 pandemic and other infectious diseases. **Appendix C** provides a list of potential program activities that could serve to further the performance goals of the CARES Act.

**APPENDIX A**

**CDBG-CV Program Fund Allocations**

**Among Alabama’s Entitlement Communities and Counties**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of****Entitlement Community** | **Population of****Entitlement Community** | **Adjusted Population of Entitlement County** | **CDBG-CV Amount** |
| Birmingham | 212,021 |  | $1,500,000.00 |
| Montgomery | 200,156 |  | $1,500,000.00 |
| Huntsville | 193,663 |  | $1,500,000.00 |
| Mobile | 191,485 |  | $1,500,000.00 |
| Tuscaloosa | 98,881 |  | $750,000.00 |
| Dothan | 67,872 |  | $750,000.00 |
| Auburn | 62,996 |  | $750,000.00 |
| Decatur | 54,617 |  | $750,000.00 |
| Florence | 40,104 |  | $500,000.00 |
| Gadsden | 35,624 |  | $500,000.00 |
| Opelika | 29,798 |  | $500,000.00 |
| Bessemer | 26,759 |  | $500,000.00 |
| Anniston | 21,924 |  | $500,000.00 |
| Jefferson County | 659,892 | 423,232 | $1,036,800.00 |
| Mobile County | 414,659 | 223,174 | $700,000.00 |
| **Total for Entitlement Communities** | **$13,236,800.00** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of****County** | **Population of County** | **Adjusted Population of County** | **CDBG-CV Amount** |
| Shelby County | 211,261 | 211,261 | $700,000.00 |
| Baldwin County | 208,107 | 208,107 | $700,000.00 |
| Madison County | 357,560 | 165,834 | $700,000.00 |
| Tuscaloosa County | 206,213 | 107,332 | $600,000.00 |
| Marshall County | 95,145 | 95,145 | $600,000.00 |
| Calhoun County | 115,098 | 93,174 | $600,000.00 |
| Limestone County | 93,052 | 91,028 | $600,000.00 |
| St. Clair County | 87,306 | 87,306 | $600,000.00 |
| Cullman County | 82,313 | 82,313 | $600,000.00 |
| Elmore County | 81,212 | 81,212 | $600,000.00 |
| Talladega County | 80,565 | 80,565 | $600,000.00 |
| DeKalb County | 71,200 | 71,200 | $500,000.00 |
| Etowah County | 102,939 | 67,315 | $500,000.00 |
| Lee County | 159,287 | 66,493 | $500,000.00 |
| Morgan County | 119,122 | 64,592 | $500,000.00 |
| Walker County | 64,493 | 64,493 | $500,000.00 |
| Russell County | 58,213 | 58,213 | $500,000.00 |
| Blount County | 57,645 | 57,645 | $500,000.00 |
| Autauga County | 55,200 | 55,200 | $500,000.00 |
| Colbert County | 54,495 | 54,495 | $500,000.00 |
| Lauderdale County | 92,585 | 52,481 | $500,000.00 |
| Jackson County | 52,094 | 52,094 | $500,000.00 |
| Coffee County | 51,288 | 51,288 | $500,000.00 |
| Dale County | 49,255 | 47,999 | $400,000.00 |
| Chilton County | 43,930 | 43,930 | $400,000.00 |
| Tallapoosa County | 40,636 | 40,636 | $400,000.00 |
| Dallas County | 40,029 | 40,029 | $400,000.00 |
| Houston County | 104,352 | 37,743 | $400,000.00 |
| Covington County | 37,351 | 37,351 | $400,000.00 |
| Escambia County | 37,328 | 37,328 | $400,000.00 |
| Chambers County | 33,826 | 33,826 | $400,000.00 |
| Pike County | 33,403 | 33,403 | $400,000.00 |
| Lawrence County | 33,171 | 33,171 | $400,000.00 |
| Franklin County | 31,542 | 31,542 | $400,000.00 |
| Marion County | 29,965 | 29,965 | $300,000.00 |
| Montgomery County | 226,941 | 26,785 | $300,000.00 |
| Geneva County | 26,491 | 26,491 | $300,000.00 |
| Cherokee County | 25,853 | 25,853 | $300,000.00 |
| Barbour County | 25,782 | 25,782 | $300,000.00 |
| Clarke County | 24,387 | 24,387 | $300,000.00 |
| Winston County | 23,875 | 23,875 | $300,000.00 |
| Randolph County | 22,574 | 22,574 | $300,000.00 |
| Bibb County | 22,527 | 22,527 | $300,000.00 |
| Monroe County | 21,512 | 21,512 | $300,000.00 |
| Pickens County | 20,298 | 20,298 | $300,000.00 |
| Butler County | 20,025 | 20,025 | $300,000.00 |
| Marengo County | 19,538 | 19,538 | $300,000.00 |
| Macon County | 19,054 | 19,054 | $300,000.00 |
| Henry County | 17,124 | 17,117 | $300,000.00 |
| Washington County | 16,643 | 16,643 | $300,000.00 |
| Fayette County | 16,585 | 16,585 | $300,000.00 |
| Cleburne County | 14,938 | 14,938 | $200,000.00 |
| Hale County | 14,887 | 14,887 | $200,000.00 |
| Lamar County | 13,933 | 13,933 | $200,000.00 |
| Crenshaw County | 13,865 | 13,865 | $200,000.00 |
| Clay County | 13,378 | 13,378 | $200,000.00 |
| Choctaw County | 13,075 | 13,075 | $200,000.00 |
| Sumter County | 12,985 | 12,985 | $200,000.00 |
| Conecuh County | 12,514 | 12,514 | $200,000.00 |
| Coosa County | 10,855 | 10,855 | $200,000.00 |
| Wilcox County | 10,809 | 10,809 | $200,000.00 |
| Bullock County | 10,352 | 10,352 | $200,000.00 |
| Lowndes County | 10,236 | 10,236 | $200,000.00 |
| Perry County | 9,486 | 9,486 | $200,000.00 |
| Greene County | 8,426 | 8,426 | $200,000.00 |
| **Total for Counties** | **$25,200,000.00** |

**APPENDIX B**

**HUD Waivers To CDBG-CV Program Allowed Under The CARES Act**

**As Requested By The State Of Alabama**

According to (i) the text within the CARES Act that was passed by Congress and signed into law by President Trump on March 27, 2020 in response to the Centers for Disease Control and Prevention’s January 21, 2020 confirmation of the first coronavirus case in the United States,

(ii) the subsequent HUD-issued April 9, 2020 Memorandum entitled “CARES Act Flexibilities for CDBG Funds Used to Support Coronavirus Response and Plan Amendment Waiver,” and

(iii) the subsequent HUD-issued August 10, 2020 ***FR-6218-N-01: 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, and for Other Formula Programs* that was published in the Federal** Register, along with HUD’s telephonic discussions and webinars with the States conducted on August 14, 2020 and September 9, 2020, HUD was provided explicit authorization to allow waivers within the CDBG-CV Program to the States in any program areas that do not pertain to “fair housing, nondiscrimination, labor standards, and the environment.” ADECA has submitted to HUD the following request for specific waivers which will enable the most effective and efficient allocation and timely expenditure of CDBG-CV Program funds within the State of Alabama, while ensuring that the overarching objectives of the CDBG Program are maintained.

ADECA has given consideration to information contained within the CARES Act and the subsequent guidance issued by HUD. Stated herein this Appendix B are waivers that the State of Alabama/ADECA intends to exercise with its CDBG-CV Program allocations. Specifically, the State of Alabama/ADECA will utilize the waivers that are numbered 1 through 4 below – which waivers are already included in HUD’s August 10, 2020 Federal Register Notice. Additionally, the State of Alabama/ADECA has requested to utilize the waivers that are numbered 5 through 8 below – which waivers will allow the State of Alabama/ADECA to optimize the use of the CDBG-CV Program funds to prevent, prepare for, and respond to the COVID-19 pandemic and other infectious diseases.

1. Citizen Participation Public Comment Period for a Consolidated Plan Amendment.

Requirement: 30-day Public Comment Period.

Citation: 24 CFR §91.105(c)(2) and (k), 24 CFR §91.115(c)(2) and (i), 24 CFR §91.401, and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: A HUD Community Planning and Development (CPD) grant recipient may amend an approved Consolidated Plan in accordance with 24 CFR §91.505. Substantial amendments to the Consolidated Plan are subject to the citizen participation process contained in the grant recipient’s Citizen Participation Plan (CPP). The CPP must provide citizens with 30 days to comment on substantial amendments to plans.

Justification: Given the need to expedite actions to respond to COVID-19, HUD waives 24 CFR §91.105(c)(2) and (k), and 24 CFR §91.115(c)(2) and (i), as specified below, in order to balance the need to respond quickly to the growing spread and effects of COVID-19 with the statutory requirement to provide reasonable notice and opportunity for citizens to comment on a plan’s substantial amendment(s) concerning the proposed uses of CDBG, ESG, HOME, HOPWA, or HTF funds.

Applicability: This 30-day minimum for the required public comment period is waived for substantial amendments to plans, provided that no less than 5 days are provided for public comments on each substantial amendment to a plan. The waiver is available through the end of the recipient’s 2020 program year. The State of Alabama/ADECA intends to utilize this option. Additionally, any grant recipient desiring to undertake further amendments to prior years’ plans following PY2020 can do so during the development of its PY2021 Annual Action Plan.

2. Citizen Participation Reasonable Notice and Opportunity to Comment.

Requirement: Reasonable Notice and Opportunity to Comment.

Citation: 24 CFR §91.105(c)(2) and (k), 24 CFR §91.115(c)(2) and (i), 24 CFR §91.401, and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: As indicated above, the regulations at 24 CFR §91.105 (for local governments) and 24 CFR §91.115 (for State governments) set forth the CPP requirements for grant recipients. For substantial amendments to the Consolidated Plan, the regulations require the grant recipient to follow its CPP to provide citizens with reasonable notice and opportunity to comment. The CPP must state how reasonable notice and opportunity to comment will be given.

Justification: HUD recognizes that the efforts to contain the COVID-19 pandemic require limiting public gatherings of large groups of people – such as those often used to obtain citizen participation, and that there is a need to respond quickly to the growing spread and effects of COVID-19. Therefore, HUD waives 24 CFR §91.105(c)(2) and (k), 24 CFR §91.115(c)(2) and (i), and 24 CFR §91.401 as specified below to allow these grant recipients to determine what constitutes “reasonable notice” and “opportunity to comment” given their circumstances.

Applicability: This authority is in effect through the end of the recipient’s 2020 program year. The State of Alabama/ADECA intends to utilize this option. Additionally, the State of Alabama/ADECA intends to utilize virtual public hearing methods and mechanisms (such as WebEx calls) through which ADECA will conduct the required public hearing(s) and five (5) day public comment period(s) for its CDBG-CV substantial amendment(s) to the State’s Plan.

3. Eligible Entities.

Requirement: Only the units of local government – including both the entitlement and non-entitlement communities – are eligible for CDBG-CV funds.

Citation: 24 CFR §570.4(a), and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: CDBG program regulations prohibit State governments or non-profit entities from being the recipient of CDBG funding. Similarly, CDBG-CV funding would be so limited in availability.

Justification: Within the State of Alabama, the COVID-19 response has been originated and coordinated primarily by Alabama’s Governor and the State government agencies. To ensure that effective and efficient coordination is maintained and furthered by ADECA, the State of Alabama/ADECA intends to utilize this option of a waiver to the provisions contained in 24 CFR §570.480(a) and HUD’s August 10, 2020, Federal Register Notice ***FR-6218-N-01*** requiring that local governments are the only eligible recipients of the CDBG grant funds. Specifically, the State of Alabama/ADECA intends to utilize this option that State government agencies who are leading the State’s COVID-19 response and recovery efforts, as well as the non-profit and/or for-profit hospitals and non-profit entities that are specifically involved in the COVID-19 response, may be grant recipients of CDBG-CV funding through the State of Alabama’s CDBG-CV allocation.

4. Pre-Agreement Cost Approval.

Requirement: The State may permit a unit of local government to incur costs for CDBG activities before the establishment of a formal grant relationship between the State and that unit of local government, and these pre-agreement costs may be charged to the grant if the activities are eligible. Also, the State may incur costs prior to entering into a grant agreement with HUD, and the State may charge those pre-agreement costs to the grant, provided that the activities are eligible.

Citation: 24 CFR §570.489(b), 24 CFR Part 58, the citizen participation requirements of 24 CFR Part 91, and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: States and local governments may incur pre-agreement costs prior to entering into a grant agreement, provided that the requirements of environmental review and citizen participation are met.

 Justification: Given that the Centers for Disease Control and Prevention confirmed the first coronavirus case in the United States on January 21, 2020, the State of Alabama/ADECA intends to utilize this option of a waiver effective January 21, 2020 as the date triggering the pre-agreement cost approval.

5. Low-Income and Moderate-Income Persons.

 Requirement: The terms “persons of low and moderate income” and “low- and moderate-income persons” is defined as meaning “families and individuals whose incomes do not exceed 80 percent of the median income of the area involved, as determined by the [HUD] Secretary with adjustments for smaller and larger families”.

Citation: The Housing and Community Development Act at §102(a)(20), 42 USC §5302(a)(20)(A), and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: ADECA requests a waiver to permit the State of Alabama to use income limits of 120 percent of the median income of the area involved.

Justification: The COVID-19 pandemic has impacted all communities across the State of Alabama. ADECA respects and supports the intent of CDBG funds being expended to assist low-income and moderate-income persons through the State’s COVID-19 response efforts. For that reason, the State of Alabama/ADECA requests a waiver to allow the State of Alabama’s CDBG-CV Program to reflect the 120 percent income limits.

6. National Objective of Urgent Need.

Requirement: Currently, activities that qualify under the CDBG Program’s National Objective of “Urgent Need” must meet several criteria – as follows: (i) the existing conditions must pose a serious and immediate threat to the health or welfare of the community; (ii) the existing conditions must be of recent origin or recently became urgent (generally, within the past 18 months); (iii) the grantee is unable to finance the activity on its own; and (iv) other sources of funding are not available.

Citation: 24 CFR §570.483(d) or 24 CFR §570.208(c), and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: This waiver request is to expand the definition of “urgent need” as was done for the CDBG-DR Program. Under the CDBG-DR Program, a new “Urgent Need Mitigation” (UNM) National Objective requires activities funded with the CDBG-MIT grant to result in

(i) measurable and verifiable reductions in the risk of loss of life and property from future disasters, and (ii) yielding community development benefits.

Justification: The State of Alabama/ADECA’s waiver request is that an expanded definition be allowed for activities related to COVID-19 to “prevent, prepare for, and respond to coronavirus”. Throughout Alabama, many areas have experienced very serious health issues, and in some areas a high number of deaths have resulted from COVID-19. Because the purpose of the CARES Act is to provide health care resources to fight COVID-19, an expanded definition of “urgent need” to address these health issues will allow the State to respond to needs being experienced throughout Alabama.

7. Limited Clientele.

Requirement: The term “limited clientele” is defined as a benefit to a group of persons who are generally presumed to be principally of low- and moderate-income (LMI). This presumption covers abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. Use of this term may also require documentation on family size and income level in order to show that at least 51 percent of the clientele are LMI persons, or have income eligibility requirements limiting the activity to LMI persons only, or be of such a nature and in such a location that it can be concluded that clients are primarily LMI persons.

Citation: 24 CFR §570.208(a)(2)(i), and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01: 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, and for Other Formula Programs*.**

Explanation: The State of Alabama/ADECA’s waiver request is to expand the definition of “limited clientele” to include a health care provision. Some examples of activities that qualify under the “limited clientele” category already include (i) acquisition of a building to be converted into a shelter for the homeless, (ii) rehabilitation of a center for training severely disabled persons to enable them to live independently, (iii) clearance of a structure from the future site of a neighborhood center that will exclusively serve the elderly, and (iv) public services activities such as the provision of health services.

Justification: This waiver request is twofold. First, the State of Alabama/ADECA seeks to expand the definition of “limited clientele” so as to include the provision of health care as an eligible category for serving “limited clientele” beneficiaries for the purpose of enabling the CDBG-CV funds to be used to allow for the delivery of services to the citizens of Alabama who are being impacted by COVID-19. Second, the expansion of the definition of “limited clientele” will allow public facility activities (such as construction of broadband) to qualify as an allowable activity to address citizens’ COVID-19 health needs.

8. National Objective of Low-Income and Moderate-Income Beneficiaries.

 Requirement: At least 70 percent of CDBG funds must assist activities that meet the Low-Income and Moderate-Income National Objective.

Citation: The Housing and Community Development Act at §101(c), 42 USC §5301(c),

24 CFR §570.200(a)(3), and HUD’s August 10, 2020 Federal Register Notice ***FR-6218-N-01:***

***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, and for Other Formula Programs*.**

 Explanation: The State of Alabama/ADECA’s waiver request is to allow a program activity to qualify under any of the three National Objectives without a specific percentage target for low-income and moderate-income persons. There is a need to assist all of the citizens of Alabama during this COVID-19 pandemic, not just those citizens who are of at least 51% low-income and moderate-income.

Justification: Many COVID-19 eligible activities that are included in the Quick Guide issued by HUD to support infectious disease response are not possible, if not challenging. Activities such as (i) the construction of a testing and diagnosis or treatment facility, or

(ii) acquiring and rehabilitating a commercial or closed school building to provide a group living facility for patients undergoing treatment or to accommodate the isolation of patients during their recovery, cannot be appropriately or wisely targeted towards the low-income and moderate-income persons at the exclusion of those other persons who are impacted by the COVID-19 virus but who would not qualify as low-income and moderate-income beneficiaries. The containment of the COVID-19 virus dictates that as widely as possible, all persons who are impacted by the virus be qualified to participate under the National Objective of Urgent Need.

**APPENDIX C**

**CDBG-CV PROGRAM ELIGIBLE ACTIVITIES**

All proposed activities under the CDBG-CV Program must assist towards preventing, preparing for, or responding to the COVID-19 pandemic and other infectious diseases. Examples of such activities include:

1. Acquire, rehabilitate, or construct a testing, diagnosis, or treatment facility/clinic.

2. Acquire, rehabilitate, or construct a group living facility that may be used to centralize patients undergoing treatment.

3. Acquire or rehabilitate a hotel, motel, or large open facility that can be converted into a facility to accommodate isolation of patients during recovery, or hospital workers from infecting family members.

4. Provide grants or loans to support new businesses or business expansion to create jobs due to a rise in unemployment caused by a pandemic, including jobs to manufacture medical supplies necessary to respond to infectious disease.

5. Avoid and/or restore job loss caused by business closures related to public order or social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low-income and moderate-income persons.

6. Provide testing, diagnosis, or other services at a fixed or mobile location.

7. Increase the capacity and availability of targeted health services for infectious disease response within existing health facilities.

8. Provide equipment, supplies, and materials necessary to carry-out a public service to cause testing, diagnosis, treatment, and/or prevention of the spread of the virus.

9. Provide grants for expansion of broadband services and/or to create fixed or mobile hot spots for distance learning, telemedicine, or teleworking.

10. Provide grants for extension of public water and sewer services in areas lacking such services in efforts to promote good hygiene to prevent the spread of infectious virus.

11. Provide rental and utility assistance to prevent dislocation and eviction of families due to the loss of income caused by business shutdown or other valid reasons.

12. Extend assistance to nonprofits, such as food banks, in efforts to facilitate distribution of foods to low-income and moderate-income persons or other limited clientele groups impacted by the spread of infectious virus.

13. Provide a public service to prevent, prepare for, assist with, and respond to infectious diseases.

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