

## **CDBG-CV Overview**

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Securities (CARES) Act in response to the COVID-19 pandemic. Included in the CARES Act was a \$5 billion supplemental allocation to the Community Development Block Grant (CDBG) program. The State of Iowa has received \$31.3 million in CDBG-CV funding; Approximately \$21 million will be available to non-entitlement communities/ counties in Iowa.

Activities funded with CDBG-CV funds must be determined to be a CDBG eligible activity. In addition, each activity funded with CDBG funds must meet one of three national objectives:

- Prevention and elimination of slum and blight
- Benefit low to moderate income persons
- Meet an urgent need

A minimum of 70% of all CDBG-CV funds must benefit low- to moderate income persons.

All activities funded through this program must prevent, prepare for, or respond to COVID-19.

All applicable state and federal CDBG regulations apply to CDBG-CV funds. (Lead based paint requirements, Davis-Bacon, Section 3, environmental/ 106 review, et al).

In addition, the CARES Act requires CDBG recipients to implement procedures to prevent any duplication of benefits as required by section 312 of the Stafford Act, as amended by section 1210 of the Disaster Recovery Reform Act of 2018. All recipients must implement policies and procedures to ensure and document that project activities have not or could not receive financial assistance for the same activity costs.

The Iowa Economic Development Authority (IEDA) will accept applications for assistance for the following activities under the state's CDBG-CV program:

- Public facilities/ public spaces
- Public Wifi/ broadband access
- Microenterprise assistance
- Housing conversion
- Commercial façade improvements
- Food bank/ food program assistance
- Daycare assistance

The U.S. Department of Housing and Urban Development (HUD) requires that a minimum of 80% of all CDBG-CV funding must be spent/ disbursed by July 20, 2023. Funds not spent by this date will be repealed by HUD.

With this deadline in mind, IEDA will require projects funded under the CDBG-CV program to be completed and have all CDBG funds drawn down by this date.

## **Public facilities/ public spaces**

### Program Overview

This program provides assistance to communities for development of and improvement to public buildings/ facilities and public spaces.

Eligible activities include:

- Expansion/ improvements to public gathering/ meeting spaces and public buildings, including public schools, community centers, libraries, and outdoor public areas.
- Water and/ or sewer improvements in a downtown area.
- Storm water improvements in a downtown area (Green infrastructure projects only; will be tied to Iowa Green Streets criteria).

Examples of projects include:

- Expansion of public spaces to allow for additional outdoor seating & activities/ social distancing.
- Improvements in ventilation/ HVAC in public schools, senior centers, and other public facilities.
- Reconfiguration or expansion to public reception/ meeting spaces to improve social distancing.

To be eligible for funding at least 51% of project beneficiaries (residents served by the project) must be low- to moderate income. Low- to moderate income is defined as persons with household incomes at or below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development (HUD). Current income levels can be found on the IEDA website: <https://www.iowaeda.com/cdbg/management-guide/>.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

The maximum award per project under this program is \$500,000.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### Program policies & guidelines

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

CDBG-CV funds must be used for construction; funds may not be used for operations or maintenance.

CDBG-CV funds may not be used for buildings used for the general conduct of government i.e., City Hall.

Applicants must document all matching funds for the project at the time of application. Matching funds must be committed to the project at the time of application.

*For downtown water/sewer projects:* If the applicant is using State Revolving Fund (SRF) funds as match for the project, the project must be on the State's Intended Use Plan (IUP). Merely applying to be included on the IUP does not meet this requirement; projects must be on the IUP as approved by the ENR's Environmental Protection Commission. Applicants must submit documentation that the project is on the approved IUP.

If the applicant is using USDA-Rural Development funds as match for the project, the applicants must provide a Letter of Conditions from USDA with the application.

To demonstrate project readiness, sewer improvement projects must document that the project has an approved facility plan. Applicants must submit a copy of the Iowa Department of Natural Resources' facility plan approval letter.

Water projects must submit documentation that the project has an approved preliminary engineering report. Applicants must submit a copy of the Iowa Department of Natural Resources' engineering report approval letter.

Prior to application, applicants should procure for all services including preliminary design, final design, and construction management, following CDBG procurement requirements. Please refer to Chapter 2 and Appendix 2 of the state's CDBG Management Guide for more information regarding procurement: <https://www.iowaeda.com/cdbg/management-guide/>

#### Application deadlines

Applications are accepted on an ongoing basis, as funds are available.

#### Low- to moderate income documentation

Applicants must document that at least 51% of beneficiaries served by the project are considered low-to moderate income. This may be demonstrated through using Census data (per ACS) data or a local income survey.

Census data for Iowa communities can be found here: <https://www.iowaeda.com/cdbg/management-guide/>

Income survey instructions can be found here: <https://www.iowaeda.com/UserDocs/Conducting-LMI-Survey-Packet.pdf>

#### Application process

Applications may be submitted through [lowagrants.gov](http://lowagrants.gov):  
<https://lowagrants.gov/insideLinkOpps.jsp?documentPk=1602766485825>

### Required attachments

The application form in [lowagrants.gov](http://lowagrants.gov) lists all attachments required to be submitted with the CDBG-CV applications. Applications without all required attachments submitted will not be reviewed by IEDA.

### Evaluation criteria

CDBG-CV applications are reviewed based on the criteria included in the application review form included in the appendix to this manual. The Community Investments Team makes funding recommendations to the IEDA Director. Final award approval is provided by the IEDA Director.

### Award decisions

Award decisions are made on an ongoing basis, as applications are submitted. Approval timelines may vary, depending on staffing, internal approvals, and the completeness of the application. Award decisions are typically made within 30-45 days of application submittal.

## **Public Wi-Fi/ broadband access**

### Program Overview

This program provides assistance to communities for projects that expand Wi-Fi access in public areas and to primarily LMI households.

Eligible activities include:

- Expansion of Wi-Fi in public meeting/ gathering spaces.
- Expansion of broadband infrastructure to increase access by LMI households.

Examples of projects include:

- Provision of public Wi-Fi access throughout a downtown commercial area.
- Installation of broadband infrastructure to LMI households.

To be eligible for funding at least 51% of project beneficiaries (residents served by the project) must be low- to moderate income. Low- to moderate income is defined as persons with household incomes at or below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development (HUD). Current income levels can be found on the IEDA website: <https://www.iowaeda.com/cdbg/management-guide/>.

Projects that assist households directly must document that at least 51% of households benefitting from the project are LMI households.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

The maximum award per project under this program is \$500,000.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### Program policies & guidelines

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

CDBG-CV funds must be used for construction; funds may not be used for operations or maintenance.

CDBG-CV funds may not be used for buildings used for the general conduct of government i.e., City Hall.

Applicants must document all matching funds for the project at the time of application. Matching funds must be committed to the project at the time of application.

Applicants must demonstrate site control at the time of application.

Prior to application, applicants should procure for all services including preliminary design, final design, and construction management, following CDBG procurement requirements. Please refer to Chapter 2 and Appendix 2 of the state's CDBG Management Guide for more information regarding procurement: <https://www.iowaeda.com/cdbg/management-guide/>

### Application deadlines

Applications are accepted on an ongoing basis, as funds are available.

### Low- to moderate income documentation

Applicants must document that at least 51% of beneficiaries served by the project are considered low- to moderate income. This may be demonstrated through using Census data (per ACS) data or a local income survey.

Census data for Iowa communities can be found here: <https://www.iowaeda.com/cdbg/management-guide/>

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## **Microenterprise Assistance**

### **Program Overview**

This program provides funding to communities to assist local microenterprises impacted by the COVID-19 pandemic. A city or county must apply for CDBG-CV funds on behalf of an eligible microenterprise. If awarded, funds will be awarded to the city or county who will then distribute funds to the microenterprise(s). A microenterprise is defined by HUD as a business with 5 or fewer employees, including the business owner.

Eligible activities include:

- Assistance to a microenterprise for working capital, equipment, building improvements, and related costs necessary to sustain and expand a microenterprise.

Examples of projects include:

- Assistance to a microenterprise for working capital necessary to hire new staff.
- Assistance to a microenterprise for physical repairs to its building.

To be eligible for funding the microenterprise must:

1. Be owned by a LMI individual, based on income verification OR
2. Create LMI jobs as a result of the project – a minimum of one (1) full-time equivalent (FTE) position which must be filled by new hires. Those hired for new positions will complete an income certification that will be used to document LMI status (at least 51% to be LMI). If the individual hired is less than 18 years old, the entire family income will be used to determine LMI status. If the individual hired is 18 years or older, the income of the individual alone will be reviewed in order to determine LMI status (in effect, the individual is considered a one-person family for the purposes of LMI documentation and recordkeeping).

Low- to moderate income is defined as persons with household incomes at or below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development (HUD). Current income levels can be found on the IEDA website: <https://www.iowaeda.com/cdbg/management-guide/>.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

The maximum award per project under this program is \$50,000 per microenterprise assisted.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### **Program policies & guidelines**

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

At the time of application, applicants should identify participating microenterprises and how those businesses qualify (LMI owner OR creating LMI jobs).

A microenterprise is defined as a business with 5 or fewer employees, one or more of whom owns the business. IEDA will look at full time equivalents (FTEs) on the payroll at the time assistance is provided to the business to determine eligibility. Upon IEDA approval, part time employees may be combined to determine the number of FTEs.

Applicants must document all matching funds for the project at the time of application. Matching funds must be committed to the project at the time of application.

Assistance to the microenterprise will be in the form of a forgivable loan. The loan will be forgiven subject to the proposed activities being completed by the microenterprise and the microenterprise remaining in operation for 2 years past the project completion date. The community and microenterprise will enter into an agreement outlining the terms above. As part of the agreement, the community will secure collateral from the participating microenterprise.

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#### Application process

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## **Housing Conversion**

### **Program Overview**

The Housing Conversion program provides funding for the conversion of existing buildings into housing units. Project may either rehabilitate un-occupiable units or convert existing spaces into new housing units. All spaces must be vacant and un-occupiable at the time of the application.

Eligible activities include:

- Construction and development of existing space into new housing units.

Examples of projects include:

- Conversion of empty upper story building space into apartments to reduce housing overcrowding & meet local demands for housing.

At least 51% of all rental units included in the project must be made available to and occupied by a low-to moderate (LMI) tenant (e.g., in 7-unit project, 4 units must be made available to and occupied by LMI tenants). Current income levels can be found on the IEDA website: <https://www.iowaeda.com/cdbg/management-guide/>

The maximum award per project under this program is \$500,000.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### **Program Policies & Guidelines**

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

Applicants may apply for funds to develop a maximum number of 7 units.

CDBG funds must be proportional to the number of LMI units in the project. For example, if CDBG funds will account for 75% of project funding, a minimum of 75% of units must be LMI.

Additionally, housing conversion applications are required to include a minimum of a 20% match. CDBG-CV will only be able to provide up to 80% of the total project cost. The local funding can come from the City, the owner/developer, another funding source, or any combination thereof. Applicants must document all matching funds for the project at the time of application.

Properties included in the 100-year flood plain are not eligible for assistance.

The project developer must be a for-profit entity who owns or will own the building.

CDBG regulations require projects including 4 or more units to include broadband infrastructure. If this

requirement is not feasible, applicants should contact IEDA staff regarding this requirement.

At the time of application, applicants must identify all properties included in the project and document site control. Purchase agreements may be used to document site control if the owner does not currently own the building. However, no purchase can take place from the date of application until after an award is made AND IEDA has issued a Release of Funds letter.

All projects must utilize a licensed architect and/or engineer for design development and compliance, unless previously approved by IEDA.

Prior to application submission, applicants will determine the development team that will be involved in the project. All projects must comply with federal procurement regulations, 2 CFR 200, including regulations as they apply to nonfederal entities. Applicants will need to be able to convey the development team members and their respective roles and responsibilities in the proposed projects within the application submitted to the IEDA. Entities identified in the application as members of the development team and considered instrumental in the development of the application may not be subject to competitive bidding and procurement after a project is awarded. It is important to fully document the pre-award Development team, as any partners not clearly engaged in the project pre-award, will be subject to competitive bidding, and any entity with advanced knowledge of the project, that may have an unfair advantage, would be precluded from bidding. Development team members may include, but are not limited to:

- Owner (or eventual owner)/Developer
- Program administrator
- Architectural/ Engineering (A/E) or design services
- Construction lender(s)
- Permanent lender(s)
- Property managers

Please note: If an Owner/Developer also wants to be the Contractor of record for the project, the Owner/Developer must be a licensed contractor and must have prior approval from IEDA before application. Otherwise, all construction contracts must be competitively bid through approved procurement procedures.

Projects will have a three-year term of affordability. During this term of affordability, at least 51% of the units assisted with CDBG funding must be rented to LMI individuals. The term of affordability starts when the certificate of occupancy is issued or the date of the first signed lease, if there is no certificate of occupancy. Upon initial lease up, all tenants will be income verified by the Recipient or their Grant Administrator, using the provided certification form. For the subsequent years of the period of affordability, the developer/owner will re-certify tenants annually and provide completed certification forms to IEDA.

The form of financial assistance (CDBG funds) will be a forgivable loan (non-receding), forgiven in full at the end of the 3-year term of affordability. If the assisted rental project is sold or transferred or converted to an alternate use during the compliance period following completion and acceptance, the entire amount of the CDBG forgivable loan shall be repaid. However, upon mutual agreement and consent between IEDA and the originally assisted rental property owner, the assisted rental project may be sold or transferred, but only if the new purchaser agrees to continue with the terms of the forgivable loan agreement and the agreement for covenants and restrictions, completing the remainder of the

affordability period.

Maximum (Gross) rent limits on the assisted rental units may not exceed the most current HOME Program 65% rent limits. This requires the owner to subtract out any essential tenant utilities from the maximum rent, so that rent + essential utilities = the HOME 65% rent limit.

When calculating income for tenants, verifications must be completed and in accordance with 24 CFR 5.609 (Part 5). Income verifications are valid for twelve months from the date verification is completed.

Please note: Housing Conversion projects must meet specific environmental review requirements. These requirements are described in the program guidance at the link below and should be reviewed before an application is submitted:

<https://www.iowaeda.com/userdocs/programs/resources/2021-hsg-rehab-upper-story-housing-program-guidance.pdf>

### Application deadlines

Applications deadline is April 30, 2022. Applications must be submitted in IowaGrants.gov by 11:59pm on April 30, 2022 in order to be considered for funding.

### Application Process:

Applications may be submitted through lowagrants.gov:  
<https://iowagrants.gov/insideLinkOpps.jsp?documentPk=1602766485825>

### Required attachments

The application form in lowagrants.gov lists all attachments required to be submitted with the CDBG-CV applications. Applications without all required attachments submitted will not be reviewed by IEDA.

### Evaluation criteria

CDBG-CV applications are reviewed based on the criteria included in the application review form included in the appendix to this manual. The Community Investments Team makes funding recommendations to the IEDA Director. Final award approval is provided by the IEDA Director

### Award decisions

Award decisions are made on an ongoing basis, as applications are submitted. Approval timelines may vary, depending on staffing, internal approvals, and the completeness of the application. Award decisions are typically made within 30-45 days of application submittal.

## **Commercial Façade improvements**

### Program Overview

This program provides funding to communities to eliminate slum and blight by encouraging commercial building façade repairs/ improvements in commercial districts impacted by COVID-19.

Eligible activities include:

- Financial assistance to commercial businesses for building façade improvements.

Examples of projects include:

- Improvements to multiple downtown building façades in a community.

To be eligible for funding, projects must meet HUD's slum and blight national objective. To meet this objective, applicants must demonstrate that the building façades to be repaired are in fair or poor condition. This must be documented by detailed photographs and descriptive narrative.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

The maximum award per project under this program is \$100,000 per building façade.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### Program policies & guidelines

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

CDBG funds may only be used to pay for work/ rehabilitation that addresses conditions detrimental to public health and safety. Items proposed in the scope of work must address the identified slum and blight conditions.

Work is limited to exterior improvements only.

Facades must be highly visible. Side and rear façade are generally ineligible, unless the applicant can demonstrate to IEDA that the facades are highly visible.

Historic buildings/ properties will be required to complete a Section 106 review. Historic properties are those that are listed in or eligible for listing in the [National Register of Historic Places \(NR\)](#). The 106 Review ensures that proposed work is appropriate for the building. The scope of work proposed to a building may be impacted by the Section 106 review.

The services of an architect will be necessary to develop a scope of work that meets federal Historic Preservation/ Section 106 requirements. Architects should be able to prepare preliminary cost estimates and renderings for the application.

CDBG-CV funds may not be used for buildings used for the general conduct of government i.e., City Hall.

Commercial Façade projects are required to include a minimum of a 10% match. CDBG-CV will only be able to provide up to 90% of the total project cost. The local funding can come from the City, the owner/developer, another funding source, or any combination thereof. Applicants must document all matching funds for the project at the time of application.

Businesses must demonstrate site control at the time of application.

Businesses must provide a commitment letter at the time of application, confirming commitment to the project. Please contact IEDA for a template for a commitment letter.

Property owners may not have a conflict of interest as defined by HUD.

If awarded funds, no other work on the building may be conducted from the time of application until façade work is complete and the grant is closed. Exceptions are for emergency repairs and routine maintenance.

Façade work on occupied or occupiable upper story residential units is subject to federal Lead Based Paint regulations.

#### Application deadlines

Applications deadline is April 30, 2022. Applications must be submitted in IowaGrants.gov by 11:59pm on April 30, 2022 in order to be considered for funding.

#### Application process

Applications may be submitted through [lowagrants.gov](https://iowagrants.gov):  
<https://iowagrants.gov/insideLinkOpps.jsp?documentPk=1602766485825>

#### Required attachments

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#### Award decisions

Award decisions are made on an ongoing basis, as applications are submitted. Approval timelines may vary, depending on staffing, internal approvals, and the completeness of the

application. Award decisions are typically made within 30-45 days of application submittal.

## **Food Bank/ Food program assistance**

### **Program Overview**

This program provides funding to communities to assist food banks/ food assistance programs impacted by the COVID-19 pandemic. A city or county must apply for CDBG-CV funds on behalf of an eligible non-profit food bank or food assistance program. If awarded, funds will be awarded to the city or county who will then distribute funds to the non-profit.

Eligible activities include:

- Assistance to a local food bank/ food program addressing food insecurity in a community.

Examples of projects include:

- Purchase of additional food to meet increased demand.
- Purchase of additional equipment necessary to accommodate increased service.

To be eligible for funding at least 51% of project beneficiaries (residents served by the project) must be low- to moderate income. Low- to moderate income is defined as persons with household incomes at or below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development (HUD). Current income levels can be found on the IEDA website: <https://www.iowaeda.com/cdbg/management-guide/>.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

The maximum award per project under this program is \$100,000.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### **Program policies & guidelines**

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

Applicants must demonstrate the project is in response to a new or increased service. CDBG-CV funds cannot be used to cover costs not associated with a new or increased level of service.

CDBG-CV funds cannot be used to replace current state or local funding already received by the non-profit.

CDBG-CV funds cannot be used for general operating costs.

Applicants must document all matching funds for the project at the time of application. Matching funds must be committed to the project at the time of application.

### Application deadlines

Applications are accepted on an ongoing basis, as funds are available.

### Low- to moderate income documentation

Applicants must document that at least 51% of beneficiaries served by the project are considered low-to moderate income. If awarded funds, the non-profit receiving assistance will collect income survey data from those receiving services to document low to moderate income benefit.

### Application process

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## **Daycare assistance**

### **Program Overview**

This program provides assistance to communities to assist non-profit daycare facilities impacted by the COVID-19 pandemic. A city or county must apply for CDBG-CV funds on behalf of an eligible daycare program/ facility. If awarded, funds will be awarded to the city or county who will then distribute funds to the daycare program/ facility.

Eligible activities include:

- Assistance to a daycare program/ facility.

Examples of projects include:

- Purchase of equipment/ supplies tied to increased demand as parents transition back to work.
- Funding to assist with training new staff hired in response to increased demand.

*If the daycare center is a non-profit entity-* To be eligible for funding, at least 51% of project beneficiaries (families served by the facility) should be low- and moderate income. Low- and moderate income is defined at persons with household incomes at or below 80% of the area median income as defined by the U.S. Department of Housing and Urban Development (HUD). Current income levels can be found on the IEDA website: <https://www.iowaeda.com/cdbg/management-guide/>.

If this requirement is unable to be met, applicants should contact IEDA to determine if there is an alternative way for the project to qualify.

*If a daycare center is a for-profit entity-* The facility must be creating new, full time equivalent (FTE) jobs, of which 51% should be filled by low- and moderate-income individuals. If the individual hired is less than 18 years old, the entire family income will be used to determine LMI status. If the individual hired is 18 years or older, the income of the individual alone will be reviewed in order to determine LMI status (in effect, the individual is considered a one-person family for the purposes of LMI documentation and recordkeeping).

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

The maximum award per project under this program is \$100,000. However, if the project involves a for-profit daycare facility, the maximum award amount awarded to a project is \$85,000 per full time equivalent job being created.

All projects must demonstrate how the activities prevent, prepare for, or respond to COVID-19.

### **Program policies & guidelines**

Applicants must demonstrate that the project can be completed and that all CDBG-CV funding will be spent by July 20, 2023.

Applicants must demonstrate the project is in response to new or increased services. CDBG-CV funds

cannot be used to cover costs not associated with a new or increased level of service.

CDBG-CV funds cannot be used to replace current state or local funding already received by the non-profit.

CDBG-CV funds cannot be used for general operating costs.

Applicants must document all matching funds for the project at the time of application. Matching funds must be committed to the project at the time of application.

#### Application deadlines

Applications are accepted on an ongoing basis, as funds are available.

#### Low- to moderate income documentation

Unless otherwise allowed by IEDA, non-profit entities must document that at least 51% of beneficiaries served by the project are considered low- to moderate income. If awarded funds, the non-profit receiving assistance will collect income survey data from those receiving services to document low- to moderate income benefit.

For-profit entities must document that at least 51% of those hired are low- to moderate income. If awarded funds, the for-profit facility receiving assistance will collect income survey data from those hired.

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