



February 1, 2021

Name Redacted

I will do my absolute best to address each of your questions, including a couple of issues identified in your most recent grievance letter.

Email: "Thank you. Now read the Federal Registry related FY 2020 grant funds."

City staff has great experience and expertise relative to federal regulations. We read the federal register and HUD notices as they are published, participate in HUD trainings as offered, and we continue to re-read guidance several times to assist us in interpreting regulations. Collectively, four staff members have over 40 years of experience in HUD programs with an average of 10+ years per employee.

Grievance Letter: "... Brenda the program manager attempted to discourage my online research stating "federal regulations are very confusing, and it is difficult to research the requirements for various funding sources online"."

My references relative to confusing federal regulations and difficulty in researching the requirements online were not aimed at discouraging your research activities. They quite simply explained my personal experience in managing the use and performance of various federal, state, and local funding sources. My apologies if the verbiage I used was not very clear. I would always encourage further research; useful hyperlinks are provided herein.

Grievance Letter: "Program manager Brenda Beckett provided me inaccurate information describing the CARES Act relation to CDBG-CV and CDBG funds. The program manager has not adopted the federal registry regulations nor guidelines, and claims the CDBG HOME grants operate under separate jurisdictions ("managed separately") and are unrelated to Covid-19 response/ CARES Act FY 2020; contrary to the information available. See Attached Federal Registry dated 8.20.2020."

Email: "You are differentiating the CDBG grant funds the city received FY 2020 from the CDBG-CV grant funds in relation to the CARES Act. All funding FY 2020 no matter jurisdiction is covered under the CARES Act to help our communities respond and recover from this ongoing Pandemic. I hope the information I provided to you helps you better understand the CARES Act and how it applies to funds the City of Billings received in the fiscal year of 2020."

CARES ACT: HR 748

I am not finding language in the CARES Act encompassing all previously-approved FY20 CDBG activities unrelated to coronavirus response.

FEDERAL REGISTER

All language in the federal register notice is **exclusively related to coronavirus response** (*emphasis added* - page 51458):

- *The nation faces significant public health and economic challenges related to this respiratory disease. To address these challenges, CDBG-CV and CDBG grants are a flexible source of funding that can be used to pay costs that are not covered by other sources of assistance, particularly to benefit persons of low and moderate income.*
- *The Community Development Fund heading in title XII of Division B of the CARES Act modifies some CDBG program requirements to provide immediate support for coronavirus efforts.*
- *The CARES Act authorizes the Secretary to waive, or specify alternative requirements for, any provision of any statute or regulation that the [HUD] Secretary administers in connection with the use of CDBG-CV grants, fiscal year 2020 CDBG grants, and fiscal year 2019 CDBG grants to prevent, prepare for, and respond to coronavirus ... upon a finding by the Secretary that any such waivers or alternative requirements are necessary to expedite or facilitate the use of such amounts to prevent, prepare for, and respond to coronavirus.*

Community Development Division

2825 3rd Ave N
Floor 6
Billings, MT 59101
P 406.657.8281
TTY 711

The federal register notice does not alter CDBG program regulations for activities unrelated to the pandemic. The FY19/FY20 CDBG allocations *can be used* for coronavirus response; the City is *not required* to utilize CDBG FY19/20 funding for coronavirus response.

FY19/20 CDBG ACTIVITIES

The City is not currently able to utilize FY19/FY20 CDBG funds for coronavirus response. The funded activities for CDBG FY19/FY20 are identified in the HUD-approved Consolidated Plan and Annual Action Plans. Before utilizing FY19/FY20 funding for coronavirus response, the City would need to: substantiate need; identify priorities; facilitate an application process; conduct public review activities; facilitate Community Development Board and City Council review/approval. Only then can staff submit a substantial amendment to HUD for approval. At present, staff and the Community Development Board are reviewing intended uses of FY2021 CDBG, HOME, and CDBG-CV resources for the FY2021-2022 Annual Action Plan; this plan will be submitted to HUD in the spring.

ADOPT vs COMPLY

The City is not required to “adopt” regulations posted in the federal register; the City is required to comply with those regulations when funding is used for coronavirus response.

WAIVERS

The federal register notice indicates the HUD Secretary can grant waivers and alternative requirements for CDBG-CV and FY19/FY20 CDBG allocations; **these waivers are only in place for coronavirus impact and response activities**. The federal register does not give the City the authority to issue program requirement waivers during the pandemic, particularly when not related to coronavirus response (i.e. the Housing Rehabilitation loan program).

The federal register also includes lists of provisions, including waivers, that apply to CDBG-CV and CDBG FY19/FY20 and further exemplifies activities **exclusively for coronavirus response** (*paraphrased, emphasis added - page 51475, the first substantive page of the notice*):

- *Provisions that apply to the use of fiscal year 2019 and 2020 CDBG funds for activities to prevent, prepare for, and respond to coronavirus:*
 - *Use of Urgent Need National Objective*
 - *Modification of Location-Based Presumption of LMI Benefit for Job Creation and Retention National Objective Criteria*
 - *LMI Job Creation and Retention Records*
 - *Elimination of Aggregate Public Benefit Test, etc.*
- *Provisions That Do Not Apply to FY 19 and FY 20 Grants Waivers and alternative requirement - they apply to CDBG-CV:*
 - *Allocations of CDBG–CV Funds*
 - *General Grant Requirements*
 - *Responsible Use of CARES Act Funds*
 - *Overview of Process to Receive CDBG–CV Grants*
 - *CDBG–CV Application Content and Submission*
 - *Use of Funds for CARES Act Purposes*
 - *Reimbursements*
 - *Terms and Conditions Made Applicable by the CARES Act*
 - *Overall Benefit to LMI Persons, etc.*

"The documents I provided are not available on the City of Billings website and possibly why you are confused."

City staff members do not typically publish links to the federal register and other regulations to the City's website, as they are available for public review via various funding agencies.

"The rules clearly state CARES Act applies to the Home Rehabilitation Program."

I am unable to find references to "Housing Rehabilitation" programs in the CARES Act or the federal register. I can find reference to the "rehabilitation of private buildings to provide housing".

HUD published a Quick Guide for CDBG eligible activities that includes rehabilitation of commercial buildings, school buildings, hotels or motels. It also references making "interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis".

"Please share with me how your program helps home owners who do not qualify for loans provided by a commercial lender?"

The underwriting review for the Housing Rehabilitation Loan program does not include:

- Minimum credit scores
- Debt to income ratio limits

The Housing Rehabilitation Loan program also offers zero interest, deferred payment loans - very unlike other banking lenders.

"Provide me the contact information of person overseeing your position."

Planning and Community Development Department Director
Wyeth Friday, fridayw@billingsmt.gov

In closing, I hope these responses assist you in understanding the current situation relative to your Housing Rehabilitation Loan application. I sincerely hope you qualify for the loan in the future.

Kind regards,

Brenda Beckett
Community Development Manager
beckettb@billingsmt.gov