



Diane Nichols Tradd  
Assistant City Manager/DPD Director

MEMORANDUM

TO: Eileen M. Donoghue, City Manager *EMD*

FROM: Diane N. Tradd, Assistant City Manager/DPD Director

DATE: February 9, 2021

SUBJECT: COUNCIL MOTION OF 1/26/2021 BY COUNCILOR ELLIOTT  
REQUEST CITY COUNCIL DISCUSS USING CARES ACT FUNDING TO  
WAIVE PERMIT AND LICENSE FEES FOR SMALL BUSINESSES AFFECTED  
BY PANDEMIC RESTRICTIONS

Craig Thomas  
Deputy Director

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is an omnibus spending bill that provided a variety of COVID-19 related relief measures to citizens, businesses, healthcare organizations, and to state, local, and tribal governments navigating the impact of the COVID-19 pandemic. Among these are various programs with different objectives and eligibility guidelines.

The CARES Act allocated \$5 billion for the Community Development Block Grant-Coronavirus program (CDBG-CV) to states, metropolitan cities, urban counties, and insular areas, although that full amount has not yet been authorized for release. The vast majority (more than 70%) of the funding recipients such as the City of Lowell received must be expended for activities that benefit low- and moderate-income persons. Eligible spending categories include support for new housing, a permanent job, other public services, and/or access to new or significantly improved infrastructure.

The City of Lowell established a COVID-19 Small Business Relief Fund with \$500,000 of CDBG-CV funds to support qualified and eligible Lowell businesses that have been negatively impacted by the global pandemic. Grant applications were due on Friday, January 22, 2021 and the Economic Development team is working on reviewing those applications and disbursing funds to eligible businesses. Despite our attempts to negotiate with the U.S. Department of Housing and Urban Development (HUD) as program administrator, HUD has given unwavering guidance to the City of Lowell that we cannot use CDBG-CV funds to pay businesses' fees that directly flow to the municipal General Fund as HUD considers this practice "paying yourself." The City is required to provide new and expanded services and programs with the CDBG-CV funding.

In addition to the federal entitlement programs administered by HUD, the City received a separate CARES Act allocation through the Coronavirus Relief Fund-Municipal Program (CRF-MP). The CRF-MP guidelines established broad categories of eligible uses. However, while Treasury remains the CRF-MP administrative oversight agency, they delegate broad oversight power to the states as the primary recipients assuming audit risk. Treasury allows states to implement additional restrictions and to opine and interpret eligibility. While using funds to waive fees could possibly be considered in Treasury's guidelines, the Commonwealth of Massachusetts will not permit this use of CRF-MP.

Our small businesses have been negatively impacted by the global pandemic and the effects will be felt for years to come. We will continue to search for grants and other financial resources to support our local businesses and we will keep the City Council apprised of our efforts.

CM/SA/ns

cc: Shad Ahmed, Deputy Director, Office of Emergency Management  
Christine McCall, Director of Economic Development