City of Boston

CDBG Grant/Loan Program

Frequently Asked Questions: Application Review, Approval, and Expense Reimbursement

Office of Economic Opportunity and Inclusion

Section 1: Application Review & Approval Process

Q1: Who is eligible to apply for CDBG funding through the City of Boston?

Eligible applicants include small businesses and microenterprises (*A "microenterprise" is a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise)* carrying out eligible activities under 24 CFR Part 570 [Community Development Block Grant](#) . Non-profit organizations are **NOT** eligible for the programs.

Q2: What are the basic eligibility requirements before I submit an application?

- Activity must meet a CDBG national objective (primarily LMI benefit for most Boston awards)
- An eligible activity must satisfy a HUD national objective (low-moderate area; create low-moderate job[s]; or low-moderate clientele depending on the project classification).
- Organization must be in good standing (active corporate registration, current audits/financials on file)
- No unresolved monitoring findings or outstanding compliance issues from prior awards
- For economic development loans, the applicant/business must be able to demonstrate basic financial capacity sufficient for underwriting review

Q3: What does the application review process look like, step by step?

- Intake & Completeness Check — Staff confirm all required forms, budget narratives, and attachments are present.
- National Objective & Eligibility Screening — Confirms the activity qualifies under federal CDBG rules and that the right national objective category has been selected.
- Programmatic Review — Reviews the proposed scope of work, timeline, outcomes, and organizational capacity.
- Financial & Budget Review — Evaluates the proposed budget for reasonableness, cost allocation, and leverage of other committed funds.
- Underwriting (for loans and economic development assistance) — Includes a financial capacity analysis, collateral review, public benefit standard test, and risk assessment.
- Committee/Director Review — Recommendation is prepared for internal review.
- Approval — Final approval by Mayor's Office of Housing (MOH)
- Award Notification — Grant/loan agreement drafted and executed before funds can be drawn.

Q4: How long does the review process typically take?

Timelines vary by award size and activity type, but applicants should generally expect **8–12 weeks** from a complete application submission to a funding decision. Incomplete applications, environmental review requirements, or underwriting follow-up requests will extend this timeline.

Q5: What causes delays in the review process?

- Missing or incomplete documentation
- Budget inconsistencies or unallowable cost categories
- Unclear connection between the activity and a national objective
- Outstanding compliance issues from a prior CDBG award
- Environmental review clearance
- For loans: incomplete financial statements, unresolved collateral questions, or an unclear funding/financing gap.

Q6: If my request involves a business loan, how does the City evaluate (“underwrite”) it?

Economic development loan underwriting looks at both financial soundness and public benefit. On the financial side, HUD's guidelines direct the City to confirm six things:

- Project costs are reasonable;
- All sources of project financing are firmly committed;
- CDBG funds are not substituted for financing that would otherwise be available from private/non-federal sources;
- The project is financially feasible;
- The owner's return on equity is not unreasonably high; and
- CDBG funds are disbursed on a pro-rata basis alongside other project financing.

For business loans specifically, the City also looks at the ability to repay (typically expressed as a debt coverage ratio), available collateral (loan-to-value ratio), owner/principal commitment (personal guarantees), balance sheet soundness, management experience, and credit history..

Startup businesses and smaller loans often can't meet every standard underwriting criterion — that's expected. In those cases, staff also weigh the strength of the business plan, the owner's personal commitment, and whether the business has a viable niche, and may require the borrower to complete business technical assistance as a condition of the loan.

Q7: What happens after an application is approved?

The applicant enters into a formal Grant or Loan Agreement with the City, which sets out the scope of work, budget, performance milestones, reporting requirements, and compliance obligations Funds cannot be drawn until the agreement is fully executed and any conditions precedent.

Q8: Can an application be resubmitted if it's denied or returned?

Yes. Applicants who are not funded in a given cycle, or whose applications are returned for revisions, may resubmit in a future funding round or after addressing the noted deficiencies, depending on the guidance provided in the decision letter.

Q9: Is there an appeals process?

Applicants may request a written explanation of a funding decision. Formal appeals are limited to procedural concerns (e.g., an eligibility determination) rather than funding-priority decisions, which are discretionary based on available resources and City priorities.

Section 2: Expense Reimbursement Process

Q10: How does reimbursement work under a CDBG grant or loan agreement?

The City operates on a **reimbursement basis**: subrecipients/borrowers incur eligible costs first, then submit documentation to draw down funds. Federal cash management rules prohibit lump-sum drawdowns of CDBG funds — funds are released incrementally as eligible costs are actually incurred and documented, not disbursed in advance of need.

Q11: What documentation is required for a reimbursement request?

- Completed reimbursement/draw request form
- Copies of paid invoices, receipts, or payroll records supporting the request
- Proof of payment (canceled checks, bank statements, or ACH confirmations)
- Backup demonstrating the expense ties to an approved budget line item
- Progress report or updated activity status, if required by the agreement

Q12: How often can reimbursement requests be submitted?

Most agreements allow for **monthly** reimbursement requests, though some smaller awards may be structured on a quarterly basis. The specific schedule is set in the executed grant/loan agreement — check your agreement's payment schedule section.

Q13: What is the typical turnaround time for reimbursement payment?

Once a complete and accurate request is received, payment is typically processed within **3–4 weeks**. Incomplete submissions, missing backup documentation, or questions about cost eligibility will extend this timeline. Staff will notify the subrecipient promptly if additional information is needed.

Q14: What costs are NOT eligible for reimbursement?

- <u>Costs incurred before the grant/loan agreement effective date.</u>
- Costs outside the approved budget categories without a prior written budget modification
- Unallowable costs under 2 CFR Part 200 (e.g., entertainment, alcohol, fines and penalties, certain fundraising costs)
- Costs lacking adequate supporting documentation

Q15: What if my organization needs funds faster than the reimbursement cycle allows?

Advance/lump-sum funding outside of federal requirements is generally not permitted.

Q16: Who do I contact with questions about my application or reimbursement request?

Applicants should reach out to bizaccess@boston.gov

This FAQ is intended as general guidance and does not replace the terms of an executed grant or loan agreement, City of Boston procurement policy, or federal CDBG regulations (24 CFR Part 570, including 570.209 underwriting/public benefit standards and 570.489 program income/pre-award cost rules for states, and their entitlement equivalents) and the Uniform Guidance (2 CFR Part 200). When in doubt, the executed agreement and applicable federal regulations govern.