



May 14, 2020

Mr. John Gibbs

Acting Assistant Secretary, Office of Community Planning and Development
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, D.C. 20410

Re: Supporting Microenterprises with Community Development Block Grant Flexibilities

Dear Mr. Gibbs,

The Local Initiatives Support Corporation (LISC) would like to thank the U.S. Department of Housing and Urban Development (HUD) for continuing to quickly allocate the \$5 billion for the Community Development Block Grant (CDBG) program appropriated under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. LISC is a national nonprofit housing and community development organization with offices in 36 cities throughout the country and a partnership with 89 community-based organizations serving rural communities.

CDBG resources are essential to equipping localities with the resources needed to respond and recover from the impacts of COVID-19, including microenterprises serving vulnerable communities. ***To ensure these resources support microenterprises, LISC requests HUD remove the DUNS number requirement for these organizations and instead use a Tax Identification Number as the universal identifier.*** This flexibility would reduce the administrative burden to deliver CDBG financial assistance to microenterprises owned by low-to-moderate income (LMI) individuals.

As indicated in our letter to HUD on April 24, 2020, we want to ensure CDBG resources are delivered to microenterprises in a timely and streamlined manner.¹ Microenterprises are in particular need of support, with nearly 90 percent of the nation's enterprises qualifying as such, and even more so within LMI communities. These businesses support over 41 million jobs and generate over \$5 trillion in economic impact. CDBG funds are well suited to support microenterprises given the income generation, employment, and asset building benefits of business ownership. Enhanced outreach, technical and financial assistance activities targeted to these businesses is necessary to ensure equitable access to funds made available by the CARES Act.

Microenterprises provide paths to economic opportunity and self-sufficiency with a particular benefit for women and communities of color. LISC is currently working with localities throughout the country on using CDBG to provide technical and financial assistance to microenterprises in need.

¹ https://www.lisc.org/media/filer_public/cc/7e/cc7efd28-8057-4adf-92de3663087680a2/042420_policy_comments_hud_cdbg_flexibility.pdf

Our experience working on CDBG microenterprise technical and financial assistance has shown us that a DUNS waiver would help scale programs and enable robust, well-timed responses.

Removing the DUNS requirement would help address capacity constraints and better position nonprofits, local governments, disadvantaged business owners, and the communities they serve to benefit from CDBG funds and weather the financial hardships caused by COVID-19. In turn, this would increase microenterprise participation in CDBG supported programs and safeguard businesses from further losses. The intent of the DUNS requirement is primarily to track those contracting with the federal government, and as such, does not match the spirit of assisting main street microenterprises. The process of obtaining a DUNS is often lengthy, sometimes taking up to 30 days, and many businesses require technical assistance to navigate the application process. In a time of crisis, these waiting periods would likely increase given the anticipated influx of applicants and would lead to needless delays.

Recommendation: We recommend that HUD waives the requirement of a DUNS number for any qualified microenterprise entity receiving \$10,000 or less in direct financial assistance and instead allow a Tax Identification Number to be used as the universal identifier. Removing the DUNS restriction for Low to Moderate Income Limited Clientele, Microenterprises will expedite the disbursement of funds and is possible based on current Integrated Disbursement and Information System requirements.

Thank you for considering this suggestion on how HUD can streamline the CDBG program to support microenterprises. Please contact Michelle Harati (mharati@lisc.org), LISC Policy Officer, if you need additional clarification on any of the recommendations provided in this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Matt Josephs", with a long horizontal flourish extending to the right.

Matt Josephs
Senior Vice President for Policy