NOTICE OF FUNDING AVAILABILITY

Community Development Block Grant Program

Allocation Years:  Allocation Type:
2010-11    General Allocation
2008-2011   Native American Allocation

April 2010

CDBG - Funded Public Facility - Del Norte County Health Clinic

STATE OF CALIFORNIA

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NOTICE OF FUNDING AVAILABILITY

State of California
Community Development Block Grant Program

Allocation Years:  
2010-11 General Allocation
2008-2011 Native American Allocation

April 2010

TABLE OF CONTENTS

INTRODUCTION  
1. Available Funding  1
2. Authorizing Legislation and Regulations  1
3. Important Notes  2
4. Application Timelines  2
5. Application Workshops  3

FUNDING GUIDELINES  
6. Funding Limits  4
7. Eligible Applicants  4
8. Eligible Activities  6
9. Meeting a National Objective  7
10. Program Administrative Costs  8

APPLICATION REVIEW AND SCORING  
11. Evaluation Criteria and Scoring Points  11

AWARD ANNOUNCEMENTS AND PROCESSING  
12. Award Announcements  16
13. Award Processing and Term of Agreement  16
14. Grant Management Workshops  17

CDBG PROGRAM REQUIREMENTS  
15. State Requirements  18
16. Public Hearings  19
17. Public Records Act  19
18. Procurement  
19. Federal Debarment and Suspension  

ELIGIBLE APPLICANTS  

20. Eligible CDBG Jurisdictions with TIG and Poverty Percentages  
21. Eligible Native American Tribes/Jurisdictions  

ELIGIBLE ACTIVITIES  

Important Considerations  
Real Property Acquisition  
Homeownership Assistance  
Housing Rehabilitation  
Combination of Housing Rehabilitation & Homeownership Assistance Program (The Housing Combo)  
Public Facilities  
Public Improvements  
Public Improvements in support of Housing New Construction  
Public Services  
Housing New Construction  

REQUEST FOR APPLICATION
INTRODUCTION

1. AVAILABLE FUNDING

The Department of Housing and Community Development (Department) announces the availability of the following State Community Development Block Grant (CDBG) Program funds:

A. Up to approximately $24 million for the 2010-11 General Allocation contingent upon the U.S. Department of Housing and Urban Development’s (HUD) allocation to the Department.

B. Up to approximately $1.5 million for the 2008-2011 Native American Allocation contingent upon HUD’s allocation to the Department.

This Notice of Funding Availability (NOFA) applies to the CDBG General and Native American Allocations. Typical activities funded under these allocations include: housing rehabilitation programs and projects; homeownership assistance programs; housing acquisition projects; public improvements projects; public facility projects; and public services programs.

Please note that there are separate funding notices for the Economic Development, and Planning/Technical Assistance Allocations. Interested parties may contact the Program Administrative Assistant at (916) 552-9398 for information about those particular NOFAs.

Notes:

A. The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such action occurs, the Department will notify all interested parties.

B. It is the applicant’s responsibility to ensure that its application is clear, complete and accurate. After the application submittal deadline, CDBG may request clarifying information provided that such information does not affect the competitive ranking of the application. No information will be solicited or accepted if such information results in a competitive advantage to an applicant. No applicant may appeal Department staff’s evaluation of another applicant’s application.

2. AUTHORIZING LEGISLATION AND REGULATIONS

The CDBG Program is authorized by the Housing and Community Development Act of 1974 (HCDA) as amended¹, and Subpart 1 of the Federal Community

Development Block Grant regulations\(^2\). The requirements of the State CDBG Program are in Health and Safety Code, Section 50825, and Title 25 of the California Code of Regulations, Section 7050, et seq.

### 3. IMPORTANT NOTES

- The 10 percent set-aside\(^3\) is limited to only ONE activity per application. This activity will not be rated and ranked. However, the application must include all documents related to the type of activity proposed, except for the Need section.
- A public service program is limited to a total of 5 activities per application.
- Any awarded programs/projects that do not clear special conditions within 90 days of the contract execution date may be terminated/disencumbered.
- An application can receive a maximum of 1,000 points.
- Conduct all required public hearings. Refer to Appendix J for requirements and samples. The application approval/submittal must be documented with a resolution by the governing body.

### 4. APPLICATION TIMELINES

**A. Key Dates:**

- NOFA and Application Release: April 15, 2010
- Application Workshops: April - May, 2010
- Applications due to HCD by 5 p.m.: June 25, 2010
- HCD Compliance of Housing Element: June 25, 2010
- Awards Announced: September 2010

Applications received by the Department after 5 P.M., June 25, 2010, will not be accepted and will be returned to the jurisdiction regardless of the date of postmark/mailing.

**B. Application Submittal Deadline:**

1) Applications must be received by the Department by 5 p.m. on June 25, 2010.
2) Late applications will not be considered for funding.
3) Tele-faxed or e-mail transmitted applications will not be accepted.
4) The Department will conduct a preliminary review of each application to determine whether the application meets all of the threshold criteria.

\(^2\) Title 24 Code of Federal Regulations (CFR), Part 570, Subpart I.

\(^3\) March 8, 2000, Management Memorandum.
Applications that meet all of the threshold criteria will be eligible to be rated and ranked.

5) After the application due date, the Department will not consider unsolicited information from an applicant. However, the Department may contact an applicant to clarify an item in the application. Applicants should note that the Department will not seek clarification of items or responses that improve the substantive quality of the applicant’s response to any eligibility or selection criterion.

C. For Further Information:

Please contact a CDBG Representative or the CDBG Administrative Assistant at (916) 552-9398. Please refer to NOFA Section 20 for the name and telephone number of the CDBG Representative assigned to each eligible jurisdiction.

5. APPLICATION WORKSHOPS

The Department will present one-day application workshops in several locations (to be determined) around the State. The workshops will include a brief overview of the State Program, a discussion of the application evaluation criteria for eligible activities and general information regarding the major federal overlay requirements that may affect funded activities.

Eligible applicants attending a workshop are encouraged to review the NOFA and Application prior to attending. Applicants should come prepared with a list of relevant questions regarding their project and proposed application. Information about the workshop dates, times, and locations will be made available soon.

Note: Applicants that anticipate attending one of the scheduled workshops are encouraged to send an Application Workshop RSVP form (see cover memorandum) to the CDBG Program. This will help ensure that adequate seating is available for all participants.
6. **FUNDING LIMITS**

A. **Maximum Award Limits**

- Maximum total award limit will be $800,000.
- Up to a maximum of $400,000 for one of the following programs: housing rehabilitation, OR public services, OR homeownership assistance.
- Up to a maximum of $600,000 for a housing combination program consisting of a housing rehabilitation program AND a homeownership assistance program. This option allows grantees to transfer funds easily between the two activities as needed with written approval from the Department. The Housing Combination program counts as one program.
- Up to a maximum of $800,000 for two programs, of which one is a housing program (housing rehabilitation, or homeownership assistance, or housing combination), AND the other one is a public service program (up to five public service activities), each program with a limit of up to $400,000.
- Up to a maximum of $800,000 for up to two eligible projects (public improvements, public improvements in support of housing new construction, public facilities, multi-family rehabilitation, real property acquisition and housing new construction).
- Up to a maximum of $800,000 for a combination of one eligible program (up to $400,000) AND one eligible project, or a combination of the housing combo (up to $600,000) AND one eligible project.

B. **Limited Number of Awards**

Applications for funding will be competitively rated and ranked. Funding will be awarded to applicants that score the highest overall, until the available funding is exhausted. Consistent with the nature of a competitive application process, there is no assurance that all applications will be funded.

7. **ELIGIBLE APPLICANTS**

**HOLD-OUT THRESHOLD FACTOR:** Pursuant to 25 CCR, Section 7056 (a) (2), in order to be eligible to submit an application for funding, an applicant shall have resolved any audit findings or performance problems for prior State CDBG grants awarded under this program.

Jurisdictions are not eligible to receive CDBG funds if they have received a performance findings letter. Examples of performance findings include, but are not limited to, having excessive program income on hand, not submitting required reports as stated in the grant agreement, and having unresolved audit findings. If the applicant has received such a letter or is unsure of its status, the applicant should contact the CDBG Representative (see Section 20).
The Department may waive this requirement when such problems or findings result in no obligation to return funds to the Department, arrangements satisfactory to the Department have been made for repayment or performance, or a formal action to resolve the matter has been taken. The city/county becomes eligible to apply if it has received a letter from the Department clearing its holdout status prior to submittal of the application.

A. **General Allocation -- Eligible Cities and Counties**

In general, incorporated cities under 50,000 in population and counties with an unincorporated area population of under 200,000 persons are eligible to participate in the State CDBG Program. Eligible cities and counties may apply for funds under each Program component. The following exceptions apply:

- If a city under 50,000 in population has entered into a three-year urban county Cooperation Agreement, that city cannot participate in the State CDBG Program until the expiration of the Agreement.

- If a city under 50,000 in population has been declared the central city of a Standard Metropolitan Statistical Area, it cannot participate because it is entitled to receive CDBG funds directly from HUD.

- If a jurisdiction is presently debarred, proposed for debarment, suspended, or declared ineligible pursuant to Title 24 CFR, Part 24, the jurisdiction cannot participate in the CDBG Program.

See Section 20 for a listing of the eligible cities and counties for the General Allocation. This section also provides the poverty index for each jurisdiction, and the percentage of low- and moderate income persons in the jurisdictions.

B. **Native American Allocation -- Eligible Areas**

- Only cities/counties that are eligible for the state’s CDBG Program may apply for Native American allocation funds *on behalf of* non-federally recognized Native American communities.

- The Native American community must have some concentration of Native Americans within an eligible city/county.

- The applicant city/county does not need to be the same as where the Native American community is located.

**Note:** In the event that a city/county applies on behalf of a Native American Community that is located within another eligible city/county, a Joint Powers Agreement between the applicant city/county and the local city/county will be required.
Eligible jurisdictions may apply for Native American allocation funds in addition to any other CDBG application submitted during a given program year without invoking the program funding caps. Jurisdictions are also encouraged to include activities benefiting Native American communities in their application for CDBG funds.

See Section 21 for a listing of the eligible cities and counties for the Native American Allocation.

8. **ELIGIBLE ACTIVITIES**

Pursuant to the Housing and Community Development Act of 1974 (HCDA Section 105(a)), CDBG funds may be used for the following activities:

A. **Programs**

Housing Related:
- Housing Rehabilitation
- Homeownership Assistance
- Combination of Housing Rehabilitation & Homeownership Assistance

Public Services Related:
- Child care
- Health care
- Crime prevention
- Job training
- Recreation programs
- Education programs
- Fair housing counseling
- Credit counseling services
- Public safety services
- Services for senior citizens
- Services for homeless persons
- Drug and alcohol abuse counseling and testing
- Transportation services
- Nutrition services
- Energy conservation counseling and testing
- Emergency assistance payments
- Code Enforcement
B. Projects

- Public Facilities
- Rehabilitation of Multi-Family Projects
- Public Improvements
- Public Improvements in Support of Housing New Construction
- Housing New Construction (Very Limited)
- Real Property Acquisition

>>>Please refer to Section 22 for information about these activity categories<<

9. MEETING A NATIONAL OBJECTIVE

According to 24 CFR Section 570.483, in order to be eligible for funding, every CDBG-funded activity must meet one of the three national objectives of the program. The national objectives are:

- Benefiting low- and moderate-income persons; or
- Preventing or eliminating slums or blight; or
- Meeting other community development needs having a particular urgency because of existing conditions that pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

**Note:** Most activities funded under the CDBG General Allocation will meet the national objective of benefiting low- and moderate-income persons. Please contact your representative prior to submitting the application if you believe your activity qualifies under one of the other two national objectives.

A. Meeting the Low- and Moderate-Income Benefit National Objective

At least 51 percent of the beneficiaries of an eligible activity shall be from the Targeted Income Group (TIG). TIG is defined as beneficiaries having incomes that are 80 percent or less of the adjusted area median household income. One exception is the housing rehabilitation and homeownership assistance programs, whose beneficiaries must be 100 percent TIG (income-restricted). TIG, which includes "Lowest TIG (LTIG)," is based on current county income limits provided annually by the Department. LTIG beneficiaries have incomes that are at 50 percent or less of the adjusted area median household income. Information on income limits is available on HCD’s website at: [http://www.hcd.ca.gov/fa/cdbg/funds](http://www.hcd.ca.gov/fa/cdbg/funds).

For target-area TIG benefit information by Census Tracts/Block Groups, visit: [http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod](http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod).

Each application must contain documentation of how the proposed activity will principally benefit the TIG. Different activities can have TIG benefit documented in a variety of ways; therefore, refer to Appendix C in this NOFA for the proposed activity regarding how to provide the proper documentation.
Failure to adequately document the level of TIG benefit for the proposed activity may result in denial of the funds.

Applications that include activities with higher TIG benefit percentages will be more competitive during the rating-and-ranking process.

B. Beneficiaries

Persons of low- and moderate-income are defined as families and individuals whose incomes do not exceed 80 percent of the area median income, with adjustments for smaller and larger families. State CDBG uses the term “Target Income Group (TIG)” for persons or households at or below 80 percent of the median income in the county.

Beneficiaries may be measured by people, housing units, households or jobs. The type of beneficiary associated with an activity is stated within each specific Application Activity Instructions/Forms. Please include a breakdown by very low-, low-, and moderate-income beneficiaries.

>>Please refer to the application Appendix B for further instructions on Beneficiaries<<

10. PROGRAM ADMINISTRATIVE & DELIVERY COSTS

A. General Administrative Expenses

Grantees are allowed up to 7.5 percent of the total grant amount for reasonable General Administrative (GA) expenses related to carrying out the CDBG Program. General Administrative costs include staff and related costs required for overall program management, coordination, monitoring, reporting and evaluation.

Jurisdictions may commit additional local, non-CDBG resources to GA beyond the 7.5 percent funded by CDBG for a total of up to 10 percent of grant funds. Applicants may choose to make a commitment of local funds for general administrative costs as a means of achieving additional points under the scoring category of “Local Leverage” (see the NOFA for more information about the scoring categories).

Example 1: 7.5% grant funds and 2.5% local funds = 10% allocated for GA. Jurisdiction A requests $800,000 and proposes using 7.5% of the CDBG award ($60,000) for GA. Jurisdiction A could receive competitive credit for up to $20,000 in local administrative services (local leverage) contributed to the grant as determined by the following formula:

- 10% of the $800,000 grant = $80,000 maximum allowable for GA
- $60,000 (7.5% CDBG) + $20,000 (2.5% Local Leverage) = $80,000

Applications that include activities with higher TIG benefit percentages will be more competitive during the rating-and-ranking process.
Example 2: 5% grant funds and 5% local funds = 10% allocated for GA. Jurisdiction B requests $800,000 and proposes using 5% of the CDBG award ($40,000) for GA. Jurisdiction B could receive competitive credit for up to $40,000 in local administrative services (local leverage) contributed to the grant as determined by the following formula:

- 10% of the $800,000 grant = $80,000 maximum allowable for GA
- $40,000 (5% CDBG) + $40,000 (5% Local Leverage) = $80,000

Note: Jurisdiction B would be more competitive than Jurisdiction A in the category of local leverage if these were the only local contributions.

B. Activity Delivery Expenses

A portion of the grant award may be used to pay for the actual costs associated with the delivery of the proposed activity. Activity delivery includes costs associated with staff and overhead directly involved with carrying out the activity.

Activity delivery costs vary, depending on the activity category. As a general guideline, the cost of activity delivery has been:

- Housing Rehabilitation: up to 19 percent
- Public facilities or public improvements up to 8 percent
  (if complex labor standards are justified*) up to 12 percent
- All other activities: up to 8 percent

* Complex labor standards means multiple subcontractors and/or numerous trades.

Note: Activity delivery costs are calculated as a percentage of the total activity amount.

Example: For a $300,000 Homeownership Assistance Program with activity delivery costs of 8 percent, activity delivery would be calculated as follows:

\[300,000 \times 0.08 = 24,000\] (activity delivery)

C. Activity Delivery Costs for Housing Combination Program

The activity delivery costs for the Housing Combination Program should be calculated based on the activity amounts being applied for and using the guidelines in Section 10(b). If the applicant gets awarded and decides to transfer funds between the two activities, then the activity delivery allocations will be re-calculated accordingly.
D. **General Example Including General Administration and Activity Delivery**

Jurisdiction X is applying for the maximum allowable grant of $800,000. The activities applied for are a public improvements project, housing rehabilitation program and a 10% Set-Aside activity for public facility.

General Administration (GA): \( 7.5\% \times \$800,000 = \$60,000 \)

10% Set-Aside Activity: \( 10\% \times \$800,000 = \$80,000 \)

Total of GA and Set-Aside: $140,000

The remaining amount in this application is $660,000 \((800,000 - 140,000)\). This amount will go towards the two main activities and the jurisdiction wants to divide it equally between these activities as follows:

Public Improvements Activity: $330,000 (includes activity delivery)

Housing Rehabilitation Activity: $330,000 (includes activity delivery)

The final step is to break out the activity delivery amounts, which is described above in Section 10b.
APPLICATION REVIEW AND SCORING

11. EVALUATION CRITERIA AND SCORING POINTS

Applications are rated according to criteria in the California Code of Regulations, Title 25, Section 7078. Applications are assigned quantitative ratings and are ranked against each other. In rating joint applications, information for the combined needs of all participating localities is used to evaluate applications. The maximum possible score is 1,000 points. The minimum score needed to be eligible for funding is 650 points. Points are divided among seven general scoring groups.

Score Tiebreaks – Consistent with the California Code of Regulations Part 25 Section 7076 (a), in the event that two or more applications receive the same final score, the jurisdiction with the highest poverty rate shall receive priority in funding.

Score Blending – If a jurisdiction applies for more than one activity, the Department will score each activity separately and then blend these scores into one score for each evaluation criterion. The score blending will be a weighted average based on the dollar amount applied for each activity.

<table>
<thead>
<tr>
<th>Evaluation Criterion and Description</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty Index:</td>
<td>100 Points</td>
</tr>
<tr>
<td>Applications are compared based on the percentage of the population (individuals) with incomes below the poverty level. This indicator is calculated for the entire jurisdiction, or within a designated target area depending on the activity service area. The applicant with the highest poverty rate will receive 100 points under this category. All others will receive points on a prorated basis. Jurisdictions must use 2000 Census data to obtain poverty data jurisdiction-wide or for the appropriate target area(s) that are proposed in the application. Please refer to NOFA Section 20 for Census poverty data on a jurisdiction-wide basis. Poverty data may also be obtained from the following website: <a href="http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&amp;_lang=en&amp;_ts=">http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=DEC&amp;_lang=en&amp;_ts=</a> (Use Summary File 3 datasets) Title 25, CCR Section 7078.1</td>
<td></td>
</tr>
</tbody>
</table>

| Target Income Group (TIG) Benefit: | 300 Points     |
| Activities proposed for funding are allocated points based on the percentage of beneficiaries who earn 80 percent or less of the county’s median income, adjusted by household size. Housing |
rehabilitation and homeownership assistance programs must be income-restricted, i.e., must benefit 100 percent TIG. All other activities will begin earning points for TIG benefit above 51 percent based on the formula prescribed in 25 CCR Part 7078.2 Section 2. (b) (3). Please refer to NOFA’s Section 20 for TIG data on a jurisdiction-wide basis. For target-area TIG data, please refer to: [http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod](http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod).

TIG benefit may also be documented with a properly-conducted income survey, as described in the Appendix K.

Title 25, CCR Section 7078.2

<table>
<thead>
<tr>
<th>Need for Activity:</th>
<th>200 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points are assigned based on the application’s <strong>documented</strong> community need for the proposed activity and the extent to which the proposed activity will address the identified need. See NOFA Section 22 for need indicators for each type of activity.</td>
<td></td>
</tr>
<tr>
<td>Title 25, CCR Section 7078.3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prior Performance Operating CDBG Grants:</th>
<th>150 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Title 25 CCR 7078.4, performance factors include:</td>
<td></td>
</tr>
<tr>
<td>➢ Timeliness of grant expenditures based on actual percentages – up to 130 points.</td>
<td></td>
</tr>
<tr>
<td>➢ Up to 20 Bonus points will be awarded to applicants whose expenditures exceeded the milestones stated in the contract and/or who have demonstrated timeliness in clearing special conditions or starting the project.</td>
<td></td>
</tr>
<tr>
<td>➢ Factors that result in penalties (deductions of up to 10 points for each year that the penalty applies to) include:</td>
<td></td>
</tr>
<tr>
<td>➢ Timeliness of resolving any outstanding monitoring or audit findings.</td>
<td></td>
</tr>
<tr>
<td>➢ Expending committed leverage on previous grants.</td>
<td></td>
</tr>
<tr>
<td>➢ Timeliness of reporting, including Single Audit Reports, and close-out submittals.</td>
<td></td>
</tr>
<tr>
<td><strong>Note:</strong> The hold-out status for the last four funding years will be used for evaluating performance related to timeliness in reporting.</td>
<td></td>
</tr>
<tr>
<td>New Applicants: Applicants who have not had a grant during any of the program years 2006, 2007, 2008, and 2009 will receive 130 standard points under “Performance”, but will not receive bonus points.</td>
<td></td>
</tr>
</tbody>
</table>
### Title 25, CCR Section 7078.4

**Capacity:**

Applicants who received grants for the funding years 2006, 2007, 2008 or 2009 for any activity will be deemed to have some capacity to administer the activity and can receive up to 75 points for having a prior grant and an additional 25 points for providing documentation of capacity.

Applicants who did not receive grants in 2006, 2007, 2008 and 2009 will be evaluated on documentation of:

- Adequate in-house staff capability and experience (resumes and clear description of duties for each staff involved) – full points; or
- Executed copy of a contract between the applicant and a program operator with the capacity and experience to administer the CDBG activity (executed contract – full points; draft contract – half points); and
- A letter of interest to enter into a contract from a program operator with the knowledge and experience to administer the CDBG activity – half points.

For a combination of in-house and outside program operator, equal weight will be given to both and capacity will be calculated as an average.

### Title 25, CCR Section 7078.5

**Readiness:** Applicants will be rated on their readiness to proceed.

Readiness is evaluated in conjunction with each activity’s special conditions, administration and others.

**Examples:** Environmental Review: correct forms & all forms submitted – full points; incorrect/incomplete forms – 0 points.

### Leverage:

Points are awarded based on documented commitments – governing body Resolutions (for local leverage) or third-party letters of additional (non-federal or state) funding for the proposed activity.

- **Local Leverage Commitment:** up to 25 points
- **Private Leverage Commitment:** up to 25 points

The applicant pool sets the standard. Please see the Appendix G for leverage instructions.
State Objectives: State Objective points must be claimed. Activity-specific state objectives for multiple activities must be claimed under each of the applicable activities and will be blended into one score. State objective points will be awarded as follows:

- **Native American Partnership Proposals (activity specific):** Up to 25 points will be awarded for activities that propose a partnership with eligible non-federally recognized tribes/areas in which, at a minimum, 51 percent of the beneficiaries are Native American tribal members.

- **Public Improvements Proposals (activity specific):** Up to 50 points will be awarded for public improvements projects and for public improvements in support of new housing construction.

- **Farmworker Housing/Health Services (activity specific):** Up to 25 points will be awarded to proposals that facilitate the development and/or operation of migrant or permanent farm worker housing or proposals that facilitate the provision of health services in combination with farm worker housing. To receive these points, the application must demonstrate and document that a minimum of 90 percent of the beneficiaries of the proposed activity are farmworkers.

- **Capacity Building (choose only one per application):** Up to 25 points will be awarded to jurisdictions that applied for CDBG funding but fell below the funding cut-off in the 2009 General Allocation competition. The activity applied for during this funding cycle does not have to be the same as the 2009 proposed activity. Up to 35 points will be awarded to jurisdictions that applied at least two times in the last four years (2006 to 2009) in the General Allocation and that were not funded either time.

*Reference: CCR, Title 25, Section 7078.7*
AWARD ANNOUNCEMENTS AND PROCESSING

12. AWARD ANNOUNCEMENTS

It is anticipated that awards will be announced in September 2010 or as soon as the awards list is approved. All applicants will be notified by mail of the outcome of their application.

Notes:
A. Pursuant to Government Code Section 65585 and 25 CCR 7056 (b) (1) and (2), as a condition of receiving an award, each jurisdiction’s housing element must have been adopted and submitted to the Department by June 25, 2010. Self-certifications will not be allowed. No extensions will be granted beyond this date. The Department will not award funds to any applicant who does not meet these requirements prior to June 25, 2010. The applicant may contact Paul McDougall of the Housing Policy Development (HPD) Division at (916) 322-7995 to verify the status of its housing element.

B. Unsuccessful applicants will have the opportunity to discuss, upon request, their score in exit interviews to be conducted within 60 days from the award announcement date.

13. AWARD PROCESSING AND TERM OF AGREEMENT

Standard Agreement

A. Award Processing

All funded applications will be processed through, and incorporated by reference in, a State Standard Agreement (Agreement). The Agreement will contain information about the terms and special conditions of the award. Special conditions must be met within 90 days of the Agreement’s execution date. If the conditions are not met, the Department may terminate the Agreement.

Applicants are permitted to incur general administrative costs upon receiving their award letter with prior written approval from the Department. Grantees MUST obtain written special conditions and environmental clearance from CDBG prior to starting to incur costs for a CDBG-funded activity. This requirement applies to both CDBG and non-CDBG funding. Any program or project activity that is started prior to obtaining clearance may cause it to be ineligible and for grant funds to be disencumbered.

B. Term of Agreement

The Agreement shall expire no later than 36 months from the award date.
14. **GRANT MANAGEMENT WORKSHOPS**

Based on funding availability, the State CDBG may offer Grant Management Workshops that will be conducted after grant award. At these workshops, CDBG staff will provide information about the day-to-day management of the grant and the various federal overlay requirements, as well as reporting and fiscal requirements. For current information, refer to the CDBG Grant Management Manual, which can be accessed via: [http://www.hcd.ca.gov/fa/cdbg/manual/](http://www.hcd.ca.gov/fa/cdbg/manual/).
CDBG PROGRAM REQUIREMENTS

15. STATE REQUIREMENTS

The CDBG Program is a federally funded program that is administered in California’s non-entitlement cities and counties by the Department. Within State statute and regulations, the Department has established the following program requirements:

A. Housing

Pursuant to 25 CCR Section 7052, at least 51 percent of the State CDBG allocation must be used to provide or improve housing opportunities for the TIG. Public improvements directly related to providing or improving housing opportunities for the TIG will meet this requirement.

B. CDBG Compliance of Housing Element

In order to receive CDBG funds, a successful applicant must adopt and submit its housing element according to Government Code (GC) Sections 65585 and 65588, and per 25 CCR 7056 (b) (1) and (2)). The Housing Element Updates Schedule (GC Section 65588) is available on the Department’s website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_time.htm. The Department will not award funds to any applicant that does not meet the housing element requirements prior to June 25, 2010. Also, please be aware that the Department no longer accepts a self-certification of housing element compliance.

During the initial stage of application review, CDBG will not reject an application based on either the content of the housing element or the Department’s findings on the element, except as may otherwise be provided in Section 50830 of the Health and Safety Code. If there are questions about the CDBG compliance status of the jurisdiction’s housing element, call Paul McDougall of the HPD Division at (916) 322-7995, prior to submitting an application to verify the status of the housing element.

C. Growth Control

Pursuant to Health and Safety Code Section 50830, no city or county is eligible to receive CDBG funds if the city or county has adopted a general plan, ordinance, or other measure that directly limits, by number, the building permits that may be issued for residential construction or the building lots that may be developed for residential purposes. If there is a question about a local policy that may meet this criteria, call Paul McDougall of the HPD Division at (916) 322-7995, prior to submitting an application, to find out if the local housing restrictions qualify. However, this provision shall not be applicable to:

1) An ordinance adopted by a city or county that does any of the following:

   a. Imposes a moratorium to protect the public health and safety on residential construction for a specified period of time if, under the terms
of the ordinance, the moratorium will cease when the public health and safety is no longer jeopardized by the construction;

b. Creates agricultural preserves under Chapter 7 (commencing with Section 51200) of Part 2 of Division 1 of Title 5 of the Government Code; or

c. Was adopted pursuant to a specific requirement of a state or multi-state board, agency, department, or commission; or

d. Adopted a housing element that the HPD Division has found to be in compliance with State Housing Element Law (Article 10.6 of the Government Code) at the time the city or county applies for funds under the State CDBG Program, unless a final court order has found that such housing element is not in compliance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

16. PUBLIC HEARINGS

CDBG regulations (Title 24 CFR, Part 570.486 (5)) require that a minimum of two public hearings (program design and application submittal) be held before the jurisdiction submits an application to the Department. The Department recommends that the hearings be noticed at a minimum of ten days prior to the hearing date. It is recommended that the program design hearing be held at least 30 days prior to the application submittal hearing. The application submittal hearing must be held before the local governing body and prior to the application being submitted to the Department. See the Appendix to the Application for sample public notices for program design and application submittal hearings. The CDBG Program staff will monitor all funded applications for this requirement, including appropriate documentation to evidence citizen participation.

17. PUBLIC RECORDS ACT

Applications and grant agreements are public information and are available for review upon request. Applicants are advised that information submitted to the Department may be made available to the public under the Public Records Act unless an exemption under this Act applies to the information submitted and the applicant establishes a valid claim of confidentiality under such exemption.

Applicants engaging in project-specific activities that may or will cause the relocation and displacement of persons must also provide a project-specific relocation plan. This plan must outline how they will manage the relocation and displacement activities for the project and estimate what relocation benefits will be required. When operating a single-family rehabilitation or acquisition program, which could cause temporary relocation of persons, the applicant must also provide a locally adopted temporary relocation plan that outlines relocation benefits for owner occupants and tenants.
18. **PROCUREMENT**

Pursuant to 24 CFR Section 570.489, all grantees must comply with federal procurement requirements. The Department will monitor the procurement processes for goods and services to ensure compliance with these federal requirements including equal opportunity provisions. Additional information is available in the Grant Management Manual, Chapter 8, accessible at: [http://www.hcd.ca.gov/fa/cdbg/manual/](http://www.hcd.ca.gov/fa/cdbg/manual/).

19. **FEDERAL DEBARMENT AND SUSPENSION**

Pursuant to 24 CFR, Part 5, all CDBG grantees are required to verify that they themselves and their principals, or any/all persons, contractors, consultants, businesses, sub-recipients, etc., that are conducting business with the grantee are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Applicants must check the Excluded Parties Listing System at [www.epls.gov](http://www.epls.gov), print and maintain evidence of the search results. In the event that the search results indicate a prior or current debarment or suspension of the applicant, include the printout in the application.

The Department will not award any CDBG funds to applicants that are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from federally assisted programs.
**ELIGIBLE APPLICANTS**

20. **ELIGIBLE CDBG JURISDICTIONS WITH TIG AND POVERTY PERCENTAGES**

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1 This figure represents the percentage of Targeted Income Group (TIG) in the jurisdiction based on HUD's Low/Mod Data, available at [http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod](http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod).
## ELIGIBLE CDBG JURISDICTIONS WITH TIG AND POVERTY PERCENTAGES

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2. Although cities listed under this county are CDBG eligible jurisdictions, the county itself is not eligible.
ELIGIBLE CDBG JURISDICTIONS WITH TIG AND POVERTY PERCENTAGES

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21. ELIGIBLE NON-FEDERALLY RECOGNIZED NATIVE AMERICAN TRIBES

A. Terminated Rancherias

The following terminated Rancherias are eligible for the Native American Allocation:

- Inyo County: Indian Ranch
- Nevada County: Nevada City
- Placer County: Colfax
- Plumas County: Taylorsville
- Siskiyou County: Ruffeys
- Tulare County: Strathmore
- Yolo County: Cache Creek
- Yuba County: Strawberry Valley

B. Other Areas

The following areas have never been federally recognized but are areas primarily occupied by Native Americans and are eligible for the Native American Allocation:

- Southern Sierra Miwuk Nation
- Ahmah Mutsun Ohlone
- Antelope Valley Indian Community
- Big Meadows Lodge Tribe
- Calaveras County Band of Miwok
- Carmel Mission Band
- Choinumni Tribe
- Chowchilla Tribe of Yokuts
- Chuckchansi Tribe
- Chumash Indian Tribe
- Coastanoan Rumsen Tribe
- Colfax Todds Valley Consolidated Tribes
- Dunlap Band of Mono Indians
- Dumna Wo-Wah Tribe
- Dumna Tribe
- Eel River Nation of Sovereign Wailaki
- El Dorado Miwok Tribe
- Esohm Valley Band/Wuksache Tribe
- Esselen Tribe of Monterey County
- Gabrielino Tongva Nation
- Hayfork Band of Nor-Rel-Muk Wintu Indians
- Honey Lake Maidu (AKA Wadatkuta)
- Hownonquyet Community Association
- Independence 14 (Miranda Allotment)
- Indian Canyon Coastanoan Tribe
- Juaneno Band of Mission Indians
Kings River Choinummi Farm Tribe
Konkow Valley Band of Maidu
Kawaiisu Tribe
Kwaaymii Laguna Band of Mission Indians
Maidu Nation
Melochundum Band of Tolowa
Mono Lake Indian Community
Muwekma Ohlone Tribe
North Fork Band of Mono Indians
North Valley Yokuts
Northern Chumash Tribe
Northern Maidu Tribe
Northern Paiute Tribe of Honey Lake
Ohlone/Coastanoan Muwekma Tribe
Plumas County Indians, Inc.
Salinan Nation
San Luis Rey Band of Mission Indians
San Fernando Band of Mission Indians
Serrano Nation of Indians
Shasta Nation
Smith River Rancheria
South Fork Hupa
Southern Sierra Miwuk Nation
Tehatchapi Tribe of the Tejon Reservation
Tejon Indian Tribe
Tolowa Nation
Tsnungwe Council
Tubatulabal Tribe
United Maidu Nation
Washoe/Paiute of Antelope Valley
Winnemem Band of Wintun
Wintu Indians of Central Valley
Wintu Tribe of Northern California/ Toyon Wintu Center
Wukchumni Tribe
Xolon Salinan Tribe
Yokayo Tribe

Notes:
1) The list above may not be inclusive of all other tribal groups that may qualify for the CDBG Native American Allocation.
2) Only one application per tribe is accepted. For tribes that are located in more than one jurisdiction, applicants should coordinate their applications to ensure that one application per eligible tribe is submitted.
ELIGIBLE ACTIVITIES

IMPORTANT CONSIDERATIONS

1. **Site Acquisition Costs**: Applicants are not required to have site control at the time of application (option to purchase). However, site control can bring readiness points if done properly and will be a special condition of a grant award to be met within the first 90 days of contract execution. Jurisdictions will not be able to use CDBG funds for acquisition costs (for example, bridge loans) incurred prior to the date the State contract is executed and all special conditions have been met. (See Item 6 on the following page.)

2. **Project Completion**: All activities must be completed prior to the expiration date of the CDBG Standard Agreement, regardless of any other funding sources in the project.

3. **Other Financing**: Applicants are not required to have other project financing committed at the time of application, but it can bring readiness points. However, the commitment of other financing will be a specified condition of releasing any CDBG project funds. For assessment district formation, applicants must demonstrate that the assessment has passed by a vote of the local residents.

4. **Relocation and Displacement**: Pursuant to Title 24 CFR, Part 570.606, grantees must ensure that all reasonable steps have been taken to minimize the displacement of persons as a result of activities assisted with CDBG funds. Jurisdictions that receive federal funds in the form of a CDBG grant are required to inform all potentially affected persons, prior to submitting an application for CDBG assistance, of the possibility for relocation as a result of the federally funded project. Potentially affected persons must also be informed of their rights to relocation assistance in the event relocation is triggered by the funded activity. This noticing requirement can be performed using a properly completed General Information Notice (GIN). The GIN can be found in HUD relocation handbook 1378 at: [http://www.hud.gov/offices/adm/hudclips/handbooks/cpdh/1378.0/](http://www.hud.gov/offices/adm/hudclips/handbooks/cpdh/1378.0/).

5. **Federal and State Prevailing Wage Rates**: If CDBG funds are used to pay for any construction costs (in excess of $2,000), or for a housing rehabilitation project of more than eight units, the entire construction contract is subject to federal prevailing wage rates. Refer to Chapter 5 of the CDBG Grant Management Manual at: [http://www.hcd.ca.gov/fa/cdbg/manual/](http://www.hcd.ca.gov/fa/cdbg/manual/).
6. **NEPA Choice Limiting Actions:** Pursuant to 24 CFR, Part 58.2, if CDBG funds will be expended on the purchase of real property or construction work on a site, the applicant **must not** make a choice limiting action, as defined under the National Environmental Policy Act (NEPA), prior to obtaining release of CDBG funds for each proposed activity. Choice limiting actions include executing a sales or lease agreement for purchase of land (however, an option to purchase or lease is acceptable) or executing a construction contract prior to State CDBG release of funds.

A grantee or any participant in the development process may not commit CDBG funds on an activity or project until CDBG has approved the Request for Release of Funds and Certification.

7. **TIG Benefit:** When addressing a neighborhood or community-wide health and safety problem, benefit is generally provided to all the residents of a geographic area or all users of the public facility/service. Typically, only a portion of the beneficiaries of such an activity are TIG households, unless the target area is extremely depressed. Lowered benefit will not necessarily prevent an application from being funded, but a minimum of 51% TIG benefit must be achieved to be eligible for funding.

**Note:** *Assessments may be paid by CDBG only if the unit is owned and occupied by a TIG household; therefore, these activities have 100 percent TIG benefit.*

Methods for Determining Area TIG Benefit:

- Applicants may use HUD low- and moderate-income data by census tract and census block group to document low income benefit of the area where the services will be provided, available at [http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod](http://www.hud.gov/offices/cpd/systems/census/ca/#lowmod).

- Alternatively, the applicant can use a household income survey to document the TIG benefit for proposed activity. See the Appendix K for survey instructions and sample survey form. Applicants must ensure that the survey methodology used to conduct any surveys is statistically sound.

Income surveys that do not clearly describe and document the random sampling methodology will not be accepted and the data included in the NOFA for the jurisdiction-wide TIG benefit will be used. If the applicant is proposing to use some other source of information to document TIG benefit, it is recommended that the applicant contact its CDBG program representative to ensure it is acceptable, prior to submittal of the application.
Beneficiaries with Presumed **100-percent TIG Benefit**:

**Limited clientele:**
- Severely disabled adults – (Low TIG)
- Illiterate adults – (Low TIG)
- Persons living with AIDS – (Low TIG)
- Battered spouses – (Low TIG)
- Abused children – (Very Low TIG)
- Migrant farm workers – (Low TIG)
- Homeless persons – (Very Low TIG)

Beneficiaries with Presumed **51-percent TIG benefit**:

- Seniors (over 62 years old)

For activities that will benefit seniors, to demonstrate TIG benefit of over 51 percent the application must include an income survey to be competitive. If no income survey is included, the activity’s TIG Benefit will be 51% which will garner zero points in the Benefit category.

**Note:** *Each application must provide information on the proposed beneficiaries for each activity, including the Set-Aside activity.*

8. **Supplemental Information:** If the applicant has extraordinary local circumstances related to housing stock conditions that are not documented by the local housing element or census data sources, the applicant may provide supplemental information in brief narrative format and include documentation to support that the extraordinary local circumstance is recent, up to date and specific to the jurisdiction or target area. For example, documentation of a recent disaster that created a higher need for the rehabilitation of the existing housing stock would be acceptable.

**Note:** *An income survey does not constitute supplemental information to HUD’s Low/Mod Census Data.*
REAL PROPERTY ACQUISITION

A. Eligible Activities

This activity is intended only for the acquisition of housing projects. If the applicant is interested in non-housing property acquisition, the applicant should apply under the activity that corresponds to the proposed use of the property (i.e. when proposing to acquire a public facility, the applicant should apply under the Public Facility activity).

Eligible activities include the following:

1. Acquisition of existing rental housing, the majority of units of which are occupied. This includes acquisition of rental housing projects with at-risk project-based subsidies, by the recipient or other public or private nonprofit entity; References: Title 24 CFR, Part 570.201(a) and Title 24 CFR, Part 570.208(a)(3).

2. Resident-purchase of mobile home parks. 
Reference: Title 24 CFR, Part 570.201(n).

3. The acquisition of land for use as a park serving primarily a residential neighborhood that is predominantly low- to moderate-income (apply under Public Facility).

4. The acquisition of real property (including, air rights, water rights, easements, rights-of-way, and other interests therein) which is:
   a) Blighted, deteriorated, deteriorating, undeveloped or inappropriately developed from the standpoint of sound community development and growth;
   b) Appropriate for rehabilitation or conservation activities;
   c) To be used for the provisions of public works, facilities, and activities eligible for assistance under this title; or
   d) To be used for other eligible public purposes.

Reference: Section 105(a)(1) of the Housing and Community Development Act of 1974.

Note: Acquisition for the purpose of rehabilitation and re-use or re-sale should be applied for under Housing Rehabilitation.

B. Ineligible Activities

• The cost of moveable equipment, furnishings or machinery if this is the principal purpose of the activity.
• Acquisition of property that is then expected to be donated or sold for less than the purchase price to the same entity from the property was originally purchased.

• Acquisition of newly-constructed housing or an interest in the construction of new housing, unless such housing is already constructed and for sale on the open market at the time that a commitment is made to use CDBG funds for such a purchase.

C. **Community Need Scoring**

The Department will assess the need for acquisition of housing projects based on the following indicators:

- Jurisdiction’s rental unit vacancy rate from the 2000 Census or the homeownership rate from the 2000 Census, as applicable for the type of project proposed;
- Percentage of renters who are overpaying based on the 2000 Census; and,
- Percentage of overcrowding based on the 2000 Census.
HOMEOWNERSHIP ASSISTANCE

A. Eligible Activities

Homeownership Assistance Programs that provide direct assistance to TIG homebuyers for the acquisition of existing or new housing units, by using such assistance to:

- Subsidize interest rates and mortgage principal amounts;
- Finance the acquisition by TIG homebuyers of housing that is occupied by the homebuyers;
- Acquire guarantees for mortgage financing obtained by TIG homebuyers from private lenders;
- Provide up to 50% of any downpayment required from the TIG homebuyer; or,
- Pay reasonable closing costs incurred by TIG homebuyers.

Reference: Title 24 CFR, Part 570.201(n.);

B. Ineligible Activities

- Homeownership assistance that would benefit a non-TIG person or household.

C. Community Need Scoring

The Department will assess the need for acquisition of housing projects based on the following indicators:

- Jurisdiction’s rental unit vacancy rate from the 2000 Census or the homeownership rate from the 2000 Census, as applicable for the type of project proposed;
- Percentage of renters who are overpaying based on the 2000 Census; and,
- Percentage of overcrowding based on the 2000 Census.
HOUSING REHABILITATION

A. Eligible Activities

1. Financing of the costs of repairs and general property improvements to owner- and renter-occupied units, including repair or replacement of principal fixtures and components of existing structures (e.g., the heating system).

2. Demolition and reconstruction of dwelling units (under certain circumstances).

3. Loans for refinancing existing indebtedness secured by a property being rehabilitated with CDBG funds if such financing is determined by the grantee to be necessary or appropriate to achieve the locality’s community development objectives.

4. Water or sewer laterals when located on private property.

5. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, wall and attic insulation, and conversion/modification/replacement of heating and cooling equipment, including the use of solar energy equipment.

6. Improvements to increase the efficient use of water through such means as water savings faucets and shower heads and the repair of water leaks.

7. Initial homeowner warranty premiums when rehabilitation is carried out with CDBG funds.

8. Hazard insurance premiums when rehabilitation is carried out with CDBG funds, except where assistance is provided in the form of a grant.

9. Flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973 and for which the rehabilitation is carried out with CDBG funds.

10. Conversion of commercial properties into housing units.

11. Conversion of a non-residential structure (closed school building, closed military facility, etc.) to residential (adaptive reuse).

Reference: Title 24 CFR, Part 570.202
B. Ineligible Activities

- Creation of a secondary housing unit attached to a primary unit.
- Installation of luxury items, such as a swimming pool.
- Costs of equipment, furnishings, or other personal property not as integral structural fixture, such as a window air conditioner, washer or dryer, etc.
- Labor costs for owners to rehabilitate their own property.

C. Community Need Scoring

The Department will assess the following need indicators:

- Percentage of housing stock built pre-1970 based on 2000 census data;
- Percentage of overcrowding based on 2000 census data; and,
- Percentage of units needing rehabilitation based on the housing stock survey in the jurisdiction’s adopted housing element. If proposing activities in a target area, a local survey of the target area is acceptable if the data is more recent than the housing element data and less than five years old, and is supported by documentation.
COMBINATION OF HOUSING REHABILITATION & HOMEOWNERSHIP ASSISTANCE PROGRAM
(THE HOUSING COMBO)

A. **Eligible Activities**

This activity combines the Housing Rehabilitation and Homeownership Assistance Programs. It provides greater flexibility by allowing grantees to transfer CDBG funds between the two programs without having to execute a formal contract amendment. Grantees will need to inform the Department in writing each time funds are moved, and written approval for transfer between the two programs will be required.

For details on eligible and ineligible activities, please refer to the Housing Rehabilitation and Homeownership Assistance sections.

**Note:** *In order to be considered for a housing combination program, the application must include the forms and support documentation for both activities.*

B. **Ineligible Activities**

- For ineligible activities, please refer to the Housing Rehabilitation and Homeownership Assistance sections.

C. **Community Need Scoring**

The Department will use the same need indicators as those for the individual programs. These two sets of needs scores will be blended together to determine a final need score.

**Note:** *In order to be considered for a housing combination program, the application must include the forms and support documentation for both activities.*
PUBLIC FACILITIES

A. **Eligible Activities**

- Acquisition, rehabilitation, or new construction of buildings and grounds used for public purposes such as training, health services, education, recreation, nutrition, shelter, day care, temporary housing, and fire protection.

- **Temporary Housing:** To be eligible as a public facility, housing-related activities must be designed for use in providing temporary shelter for persons having special needs. Such shelters would include, but not be limited to, nursing homes, convalescent homes, shelters for victims of domestic violence, shelters and transitional facilities for the homeless, halfway houses for runaway children or drug offenders or parolees, group homes for the developmentally disabled and seasonal housing for migrant farm workers.

**Notes:**

1. **Costs for design features, which promote the energy efficiency of the proposed public facility activity may be included.**

2. **If a public facility contains multiple uses, including eligible and ineligible uses, it could still receive CDBG assistance if:**

   - The portion of the building, which will house the eligible uses, will occupy a designated and specific area demonstrated by building drawings/plans.
   - The applicant can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multi-use building.

B. **Ineligible Activities**

- Buildings used for the general operation of local government are not eligible as public facilities, except that the removal of architectural barriers from such buildings is an eligible activity.

- The costs of maintaining or operating a public facility are not eligible as a public facility activity, but **may** be eligible under the public service activity.

- Refinancing loans on existing public facility buildings is not an eligible use of CDBG funds unless the refinancing takes place in conjunction with the rehabilitation of the building.

- Permanent housing.

- Time-sharing of eligible and non-eligible uses for the same space.
C. **Community Need Scoring**

The Department will assess the need for these activities based on:

- The need for the repair/construction of the building;
- The need for the service located within the building; and
- The extent to which the proposed action will address the problem; and
- The availability of third-party documentation supporting the need for.

Applicants must provide supporting documentation that could include, but not be limited to, letters of support, waiting list information, third-party documentation and data from government agencies. In rating and ranking the proposed activities, the Department will assign points based on the relative severity of problems among all applications.

D. **Other Considerations**

**Use Limitation Agreement:** For property acquired or improved in whole or in part using CDBG funds in excess of $25,000, a Use Limitation Agreement will be required to be in effect for at least five years after the closeout of the CDBG contract.

*Reference: Title 24 CFR, Part 570.505(a)*

**Section 504 Compliance:** Obtain certificate of compliance from the architect documenting that the facility meets Section 504 accessibility requirements.

*Reference: Section 504 of the Rehabilitation Act of 1973*
PUBLIC IMPROVEMENTS

A. Eligible Activities

The costs of acquisition, construction, or installation of a public improvements project and site or others, including water and sewer facilities, flooding and drainage facilities, utilities, and flood control.

Notes:
1. To be eligible under the General Allocation, the project must be located in and serve a predominantly residential area. The applicant must attach a map indicating the use of the properties in the service area of the project.

2. Off-site improvements that are supporting a new housing development, but are not a condition of approval for that development, are eligible under this activity.

B. Ineligible Activities

- Costs of operating and maintaining public improvements.
- Costs of purchasing construction equipment.

C. Community Need Scoring

The Department will assess the need for these activities based on:

- The severity of the health and safety problem to be addressed; and,
- The likelihood that the funds requested will substantially reduce or eliminate the problem.

Applicants with third-party documentation supporting the need may be more competitive. Such documentation could include, but not be limited to, a Cease-and-Desist Order; ranking order on other agencies’ future funding lists; and orders from government agencies. In rating and ranking these proposed activities, the Department will assign points based on the relative severity of problems among all applications. The most competitive applications will include documentation that funding for long-term operation and maintenance of the system has been provided for through a structured rate schedule.
PUBLIC IMPROVEMENTS in Support of Housing New Construction

A. Eligible Activities

CDBG funds can be used for public improvements in support of housing new construction projects. The following are eligible uses of CDBG funds in conjunction with the actual construction of new permanent housing:

1. On-site improvements to publicly-owned land to enable the property to be used for the new construction of housing, provided the improvements are undertaken while the property is still in public ownership.

2. Off-site improvements such as utilities, streets, curbs and gutters, sidewalks, parks, and recreation facilities, only where specifically required as condition of the housing project approval. If the proposed improvements are not a condition of approval, then the activity would be eligible under Public Improvements.

Reference: Title 24 CFR, Part 570.201(c) and 207(3).

B. Ineligible Activities

- Off-site improvements that are not a condition of approval for the new housing development.

C. Community Need Scoring

Depending on the tenure of the new housing units, the need indicators can include:

- Need for new units, based on the jurisdiction’s vacancy rate for the tenancy type proposed, taken from the 2000 census or a local survey;
- Percentage of renters who are overpaying based on the 2000 census;
- Rate of overcrowding based on the 2000 census;
- Project demand, based on a project-specific waiting list or market study; and,
- Need for new low- and very low-income units, based on the Regional Housing Needs Allocation (RHNA), as a percentage of the total RHNA allocation.
D. Other Considerations

1. Project Completion: For public improvements in support of housing new construction, the construction of all housing units must be completed and the housing must be occupied (regardless of any other funding sources in the project) prior to the expiration of the CDBG Standard Agreement.

Note: Current CDBG policy allows for grant agreements to be extended for a total of up to 60 months for this type of activity in order to allow for TIG benefit; however, all CDBG funds must be expended within the first 30 months of the contract.
PUBLIC SERVICES

A. Eligible Activities

CDBG funds may be used to provide public services including labor, supplies, materials, and other costs. Funding operating and maintenance costs in the facility providing the service is allowed under this category. Public services include, but are not limited to:

- Child Care
- Health Care
- Crime Prevention
- Job Training
- Recreation Programs
- Education Programs
- Fair Housing Counseling
- Credit Counseling Services
- Public Safety Services
- Services for Senior Citizens
- Services for Homeless Persons
- Drug and Alcohol Abuse Counseling and Testing
- Transportation Services
- Nutrition Services
- Energy Conservation Counseling and Testing
- Emergency Assistance Payments
- Code Enforcement

B. Restrictions on the Use of CDBG Funds for Public Services Activities

Federal regulations restrict the use of CDBG funds for public services by the following:

1. The service must be new in that it has not been provided before, or has been discontinued for more than 12 months prior to the date the final filing date of the application. Public services currently funded with CDBG grant funds are not subject to this rule and are considered eligible activities.

2. The proposed service must be a quantifiable increase in the level of service over the past 12 months. (Unless an otherwise imminent decrease in level is found not to be caused by local governmental action.).

3. CDBG funds may not be used to provide on-going grants or non-emergency aid (more than three months) to individuals for their food, clothing, rent, utilities, or other income payments.
**Note:** The State CDBG allocation for public services cannot exceed 15 percent of the total award to the state plus program income in that year (determined by the Department).

**C. Community Need Scoring**

The Department will assess the need for these activities based on documentation demonstrating:

- The severity of the problem being addressed (unmet demand); and,
- The extent to which the proposed action will solve the problem.

The most competitive applications will address a serious threat to the health, safety or well-being of the proposed beneficiaries. Applications with quantitative third-party documentation of the problem may be more competitive. Such documentation could include, but not be limited to, waiting list information and data from government agencies. In rating and ranking these proposed activities, the Department will assign points based on the relative severity of problems, and the extent to which the services will solve these problems, among all applications.
HOUSING NEW CONSTRUCTION

A. Eligible Activities

Pursuant to 24 CFR, Part 570.207, the construction of new permanent housing structures is ineligible for CDBG assistance, except under the following limited circumstances:

- Construction of last resort housing when a jurisdiction is providing a displaced person with a comparable replacement dwelling unit and this can only be accomplished by new construction. Last resort housing provisions are set forth in federal regulations Title 24 CFR, Part 42, Subpart I. Documentation demonstrating the efforts to relocate individuals must be submitted with the application if last resort housing or displacement is part of the application.


- When carried out by a Community-Based Development Organization (CBDO) pursuant to 24 CFR, Part 570.204(a).

Note: Generally, activities in support of new housing construction projects are eligible under Public Improvements in Support of Housing New Construction.

B. Community Need Scoring

If the project qualifies as last resort housing, the applicant will receive full points under the Need Category, if previous efforts to relocate individuals are fully documented.

If the project will be carried out by a CBDO, the Department will use the following need indicators:

- Need for new units, based on the jurisdiction’s vacancy rate for the tenancy type proposed, based on the 2000 Census;
- Percentage of renters who are overpaying based on the 2000 Census;
- Rate of overcrowding based on the 2000 Census;
- Project demand, based on a project-specific waiting list or market study; and,
- Need for new low- and very low-income units, based on the Regional Housing Needs Allocation (RHNA), as a percentage of the total RHNA allocation.
C. **Other Considerations**

1. **Project Completion:** Construction of all housing units must be completed and the housing must be occupied prior to the expiration of the CDBG Grant Agreement.

   **Note:** *Current CDBG policy allows for grant agreements to be extended for a total of up to 60 months for this type of activity in order to allow for TIG benefit; however, all CDBG funds must be expended within the first 30 months of the contract.*

2. Conversion of a non-residential structure to residential (adaptive reuse) is not considered to be a housing new construction activity, and is eligible under Housing Rehabilitation.
**STATE CDBG PROGRAM - REQUEST FOR APPLICATION FOR**

**Allocation Years:**
- 2010-11
- 2008-11

**Allocation Type:**
- General Allocation
- Native American Allocation

**Mail, fax or e-mail this Request Form to:**
Latia Johnson, Program Administrative Assistant  
State Community Development Block Grant Program  
California Department of Housing and Community Development  
1800 Third Street, Suite 330  
Sacramento, CA  95811  
FAX: (916) 319-8488 or (916) 327-0579  
E-mail: ljohnson@hcd.ca.gov

**YES. Please send the CDBG Application as follows:**

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**Name:**

**Organization:**

**Address:**

**City/State/Zip Code**

**Telephone:**

**FAX #:**

**Note:** If you return this form and do not receive the requested form of Application within two weeks, please contact the CDBG Program Administrative Assistant at (916) 552-9398 or e-mail the CDBG Program at CDBG@hcd.ca.gov.