

# NOTICE OF FUNDING AVAILABILITY

Community Development Block Grant Program

- General Allocation *for* 2003/2004
- Native American Allocation *for* 2003/2004
- Colonias Allocation *for* 2002/2003 and 2003/2004

October 2002



STATE OF CALIFORNIA  
Department of Housing and Community Development  
Division of Community Affairs  
Community Development Block Grant (CDBG) Program  
2710 Gateway Oaks Drive  
North Building, Suite 190  
Sacramento, CA 95833  
Telephone: (916) 263-0485  
Fax: (916) 263-0489  
Website: [www.hcd.ca.gov/cdbg](http://www.hcd.ca.gov/cdbg)

STATE OF CALIFORNIA  
GRAY DAVIS, GOVERNOR

BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
MARIA CONTRERAS-SWEET, SECRETARY

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
JULIE BORNSTEIN, DIRECTOR

Division of Community Affairs

William J. Pavão, Deputy Director

Community Development Section

Lisa Vergolini, Section Chief

Stuart Baker, Specialist

Community Development Block Grant Program  
General/Native American/Colonias Allocations

Allen Jones, Program Manager

Program Staff

Mimi Bettencourt, Lead Person

Leticia Cortez

Harry Faris

JoAnn Jacobs

David Nelson

Liz Fitzgerald

William Strong

Patrick Talbott

Sally Verdin

Sue Wade

Joan Ruggirello, Program Secretary

# NOTICE OF FUNDING AVAILABILITY

## STATE OF CALIFORNIA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

- General Allocation *for* 2003/2004
- Native American Allocation *for* 2003/2004
- Colonias Allocation *for* 2002/2003 and 2003/2004

October 2002

### TABLE OF CONTENTS

<b>INTRODUCTION</b>		Page Number
1.	Notice of Funding Availability	1
2.	Changes for This Year	2
3.	Application Timelines	3
<b>FUNDING GUIDELINES</b>		
4.	Funding Limits	5
5.	Eligible Applicants	6
6.	Eligible Activities	8
7.	Program Administration Costs	8
<b>APPLICATION REVIEW AND SCORING</b>		
8.	Evaluation Criteria and Scoring Points	9
9.	Application Training Workshops	11
10.	Application Review Process	11

## **AWARD ANNOUNCEMENTS AND PROCESSING**

11.	Award Announcements	12
12.	Award Processing	12
13.	Grant Management Workshops and Program Monitoring	12

## **PROGRAM REQUIREMENTS**

14.	State Requirements	13
15.	Public Hearings	15
16.	Public Records Act	15
17.	Relocation Notice	16
18.	Procurement	16
19.	Federal Debarment and Suspension	16

## **APPENDICES**

A	Eligible Jurisdictions, with Poverty Index, and CDBG Field Representatives and telephone numbers	18
B	Eligible Native American Areas	23
C	Eligible Colonias/Jurisdictions	25
D	Eligible Activities: Housing New Construction	26
E	Eligible Activities: Housing Acquisition	29
F	Eligible Activities: Housing Rehabilitation	30
G	Eligible Activities: Community Facilities	32
H	Eligible Activities: Public Works	34
I	Eligible Activities: Public Services	35
J	Eligible Activities: Planning Activities (Colonias Only)	37
K	Sample Public Notice	38

<b>APPLICATION PACKAGE REQUEST FORM</b>	<b>41</b>
---	-----------

## INTRODUCTION

### 1. NOTICE OF FUNDING AVAILABILITY

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

1. approximately \$24 million for the 2003 General Allocation funding cycle
2. approximately \$500,000 for the 2003 Native American Allocation funding cycle
3. approximately \$2.2 million for the 2002 Colonias Allocation funding cycle
4. approximately \$2 million for the 2003 Colonias Allocation funding cycle

**This NOFA applies only to the funding allocations identified above.** There are separate Funding Notices for the Economic Development and Planning/Technical Assistance Allocations. Contact the Program Secretary for information about those notices.

NOTE: The Application Package for the identified CDBG funding allocations is a separate document. **IF YOU ARE INTERESTED IN APPLYING FOR FUNDS, YOU MUST REQUEST THE APPLICATION PACKAGE FROM THE CDBG PROGRAM.** To obtain an application package, please fax or mail the form attached at the end of this NOFA or call the Program Secretary. Use of the form is encouraged to assure accuracy of mailing information. Alternatively, the application can be obtained from the CDBG website or from CDBG staff at any of the scheduled Application Training Workshops in November or December (see Section 9).

Authorizing legislation and regulations. The Program is authorized by the Housing and Community Development Act of 1974 (the “Act”) as amended<sup>1</sup>, and Subpart I of the Federal Community Development Block Grant regulations.<sup>2</sup> The requirements of the State Program are in the State CDBG Regulations, Title 25 of the California Code of Regulations, Section 7050, et seq.

Section 916 of the National Affordable Housing Act of 1990 authorizes the Department to set aside a portion of the annual CDBG allocation to the State of California to provide direct community development benefits to Colonias located in the non-metropolitan border region.

---

<sup>1</sup> Title I of the Housing and Community Development Act of 1974 as amended. 42 U.S.C. 5301 et seq., Federal Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

<sup>2</sup> 24 CFR, Part 570, Subpart I.

## 2. CHANGES FOR THIS YEAR

The 2003 funding cycle and application process will be generally similar to the 2002 funding round. Changes are highlighted below. For more detailed information on these changes, applicants may contact a program representative and/or attend an Application Training Workshop that will be conducted in several locations around the State in November or December (see Section 9).

### Program Changes:

- The release of this NOFA and Application process is beginning several months earlier than in previous years. Consequently, please note that the due date for receipt of applications is also two months earlier than in previous years. The following is a timeline comparison:

<u>Activity</u>	<u>Current Timelines</u>	<u>Previous Years</u>
NOFA Release	<b>October 2002</b>	December
Application Release	<b>November 2002</b>	January
Training Workshops	<b>November/December 2002</b>	January/February
Application Due Date	<b>February 14, 2003</b>	Mid April
Awards Announced	<b>May 1, 2003</b>	July

- Applications for all allocations will be due by 5:00 p.m. on February 14, 2003.
- Colonias Allocation funding is now a part of the General and Native American funding cycle.
- The Department will award Colonias funds for the 2002/2003 and 2003/2004 funding cycles through this NOFA and Application process.

**Application preparation changes that are new to Colonias Allocation and continuing for General and Native American Allocations.** Following are significant changes made in the way applicants will be scored:

- **Homebuyer Assistance Programs** that provide direct assistance to targeted income group homebuyers for the acquisition of both **new and** existing units are eligible under the Housing Acquisition Activity. Previously, homebuyer assistance provided directly to homebuyers for new units was an eligible activity under New Construction.

- **Targeted Income Benefit (TIG).** The Department will award 300 points for applicants demonstrating 90% or more TIG benefit. The Department will now use a multiplier of 7.69 instead of 6.12. Applicants will not be awarded more than 300 points for TIG Benefit.
- **Performance.** The Department will look at the preceding four years, instead of three years, and will reward superior accomplishments in expenditures and progress in implementing the program or project.
- **Capacity.** The Department will look at whether a jurisdiction has received a General/Native American/Colonias (non-Planning and Technical Assistance) award in the past four years instead of three years. The Department will look at an applicant's readiness to proceed. The more ready a project is in relation to other proposed projects, the more points that may be awarded.
- **Extended timelines for standard agreements involving new construction.** The length of time for a CDBG contract to expend funds and to show TIG benefit has been 30 months. The CDBG program is now allowing contracts, for a New Construction activity, 60 months to demonstrate TIG benefit. **Grantees will still be required to expend all funds within 30 months** but will now be allowed an additional 30 months to provide TIG benefit.

Performance. For the program year 2001 and for all future program years, **effective as of the January 1, 2001 to March 31, 2001 reporting period,** any Grantee reporting on the expenditure of housing rehabilitation activities must use the amount of CDBG dollars actually expended. Therefore, when reporting expenditures on the FAR for all activities, you must use the amount of funds actually expended (not obligated).

### 3. APPLICATION TIMELINES

a. Key dates:

NOFA release:	October 18, 2002
Application release:	November 1, 2002
<b>Application Training Workshops (See Section 9):</b>	<b>November 6-22, 2002</b>
	<b>December 2-6, 2002</b>
<b>Applications due to HCD by 5:00 p.m.:</b>	<b>February 14, 2003</b>
Self-certification of housing element status due to HCD:	April 4, 2003
Awards announced:	May 1, 2003

b. Application Deadline: February 14, 2003. **Applications must be received at the Department by 5:00 p.m. on the due date.** Applications that are received after the due date will be returned even if mailed before the due date and have a postmark on or prior to the deadline date.

c. Number of copies:

1. One complete **original** set (with original signatures), and
2. One complete copy, with all required attachments, and

Include the following documents in the front pocket of the original binder set:

3. One additional copy of authorizing resolution(s), and
4. One additional copy of all forms in **Part A, and**
5. One additional copy of all forms in **Part B.**

d. Mail to: State Community Development Block Grant Program  
California Dept. of Housing and Community Development  
2710 Gateway Oaks Drive  
North Building, Suite 190  
Sacramento, CA 95833

Deliver to:

2710 Gateway Oaks Drive  
North Building, Suite 190  
Sacramento, CA 95833

e. For further information

Please call a CDBG field representative or the CDBG Program Secretary at (916) 263-0485; FAX number (916) 263-0489.

## FUNDING GUIDELINES

### 4. FUNDING LIMITS

#### a. Maximum award limits.

- a combined total of \$800,000 per year under both the General and Economic Development components<sup>1</sup>
- \$500,000 per application, per year, for the General and Economic Development components<sup>2</sup>
- \$35,000 per year for the General and \$35,000 per year for the Economic Development Planning and Technical Assistance components<sup>3</sup>
- up to the amount available for the Native American Allocation<sup>4</sup>
- up to the amount available for the Colonias Allocation<sup>5</sup>

---

<sup>1</sup> Not counted toward this total are awards for Planning and Technical Assistance, Colonias, and the Native American Allocation.

<sup>2</sup> Jurisdictions may request \$1 million in a single application for a single project. Such an application would be funded under the following conditions:

- a) If the nature and scope of the project are such that the expenditure of the \$500,000 single-year limit would not be sufficient to meet a national objective;
- b) The Program would award the \$1 million over a two-year period.

Applicants who apply for more than \$500,000 must demonstrate why their program or portions of it cannot be completed in segments of \$500,000 or less. Cost savings alone is not an acceptable basis for a two-year funding award.

<sup>3</sup> Applicants may apply for up to two General and two Economic Development P/TA grants, for a combined per year total of \$70,000. Within each component, the cumulative total of the two applications may not exceed \$35,000, i.e., there is a maximum of \$35,000 for General and a maximum of \$35,000 for ED.

<sup>4</sup> Native American Allocation: The total amount available under the Native American Allocation is approximately \$500,000. This does not count against the \$800,000 General and Economic Development limitations. Applicants may apply for the full amount of available funding. These funds are available for eligible activities in areas with concentrations (at least 51 percent) of Native American Indians not federally recognized as an Indian tribe or rancheria.

<sup>5</sup> Colonias Allocation: The total amount available under the Colonias Allocation is approximately \$2.2 million for 2002/2003 and approximately \$2 million for 2003/2004. This does not count against the \$800,000 General and Economic Development limitations. Applicants may apply for the full amount of available funding. These funds are available for eligible activities in designated Colonias located within 150 miles of US/Mexico border in non-metropolitan areas.

- b. Limited number of awards/competitive applicant pool.

In the 2002 funding cycle, the Program received 73 General Allocation applications and made 54 awards. Consistent with the nature of a competitive application process, there is no assurance that each application will be funded.

## 5. ELIGIBLE APPLICANTS

**THRESHOLD FACTOR: Applicants please take note of the following threshold factor.** An application must meet the following condition to be accepted for consideration for funding:

The applicant shall have resolved any audit findings or performance problems for prior State CDBG grants awarded under this program. The Department may waive this requirement when such problems or findings result in no obligation to return funds to the grantor, arrangements satisfactory to the grantor have been made for repayment or performance, or a formal action to resolve the matter has been taken.

Some jurisdictions may be held out from receiving funds if they have received a performance findings letter. Examples of performance findings are, but not limited to, having excessive program income on hand and not meeting milestones as stated in the grant agreement. If you have received such a letter or are unsure of your status, contact your field representative for further guidance.

### **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:

- a. If a city under 50,000 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.
- b. If a city under 50,000 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 the U.S. Department of Housing and Urban Development (HUD).

See Appendix A for a listing of the eligible cities and counties for the General Allocation. This Appendix also provides the poverty index for each jurisdiction.

### **Native American Allocation -- Eligible Areas**

Only eligible cities and counties may apply for these funds on behalf of these non-federally recognized Native American communities. Eligible jurisdictions may apply for these funds in addition to any other CDBG application submitted during a given program year without invoking the program funding caps. Jurisdictions are encouraged to include activities benefiting Native American communities in their application for CDBG funds.

See Appendix B for a listing of the eligible Native American areas.

### **Colonias Allocation -- Eligible Applicants**

All cities and counties eligible under the State CDBG (non-entitlement) Program and which contain colonias as defined by the National Affordable Housing Act of 1990 are eligible applicants for these funds. For the purposes of this legislation, a “colonia” is any identifiable community that –

1. is located within 150 miles of the border between the United States and Mexico, except within any standard metropolitan statistical area that has a population exceeding 1,000,000; and
2. is designated by the State or county in which it is located as colonia; and
3. is determined to be a colonia on the basis of objective criteria, including the lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and
4. was in existence and generally recognized as a colonia before the enactment of the National Affordable Housing Act of 1990.

The availability of Colonias Allocation funds pursuant to this NOFA is limited to eligible jurisdictions that propose activities within colonias.

Eligible jurisdictions may apply for these funds in addition to any other CDBG application submitted during a given program year without invoking the program funding caps.

See Appendix C for a listing of the eligible Colonias/Jurisdictions.

## 6. ELIGIBLE ACTIVITIES

The major activity categories are:

- Housing New Construction
- Housing Acquisition
- Housing Rehabilitation
- Community Facilities
- Public Works
- Public Services
- Planning (for Colonias only)

Please refer to Appendices D through J for information about these major activity categories.

Additional activities Under certain limited circumstances, additional activities may be eligible. Applicants should call Program staff to clarify the eligibility of proposed activities.

## 7. PROGRAM ADMINISTRATION COSTS

### a. General Administration Expenses.

Grantees are restricted to a budget of up to 7.5 percent of the total grant amount for reasonable general administration expenses related to carrying out the CDBG program. General administration costs include staff and related costs required for overall program management, coordination, monitoring, reporting, and evaluation.

### 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 of the activity
- Community facilities or public works invoking difficult labor standards\* up to 12 percent of the activity
- All other activities: up to 8 percent of the activity

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

For all categories, if the percentages exceed these amounts, applicants should provide an explanation and justification of the higher amounts. Consideration will be given but the Department will decide if the applicant shall receive an amount that exceeds the standard percentage.

## APPLICATION REVIEW AND SCORING

### 8. EVALUATION CRITERIA AND SCORING POINTS

Staff rates the applications according to criteria in the State Program Regulations. Applications are given quantitative ratings and ranked against each other. In rating joint applications, information for the combined needs of all participating localities is used to evaluate these applications. The scoring criteria may be found in the Regulations, Sections 7078.1 through 7078.7. The maximum possible score is 1,000. Points are divided among seven scoring groups.

Evaluation Criterion and Description	Maximum Points
<b>Poverty Index:</b> Applicants are compared in terms of the percentage of their population with incomes below the poverty level. This measure is taken within a designated target area where the activity is proposed for a target area. 1990 census data are used.	100 Points
<b>Targeted Income Group Benefit:</b> 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. Multifamily rental projects may receive full points for 51 percent TIG benefit. Housing rehabilitation and homebuyer assistance activities must benefit 100% TIG. All other activities will begin earning points at 51 percent TIG benefit, and must achieve 90 percent TIG benefit to earn all points in this category.	300 Points
<b>Need for Activity:</b> Points are assigned based on the application’s documented community need for the proposed program and the extent to which the proposed activity will address the identified need. See Appendices D through J for need indicators for each type of activity.	200 Points
<b>Prior Performance Operating CDBG Grants:</b> Applicants are rated on their performance in administering prior (1999, 2000, 2001, and 2002) (for Colonias, prior 1998, 1999, 2000, 2001) CDBG non-economic development, non-Planning and Technical Assistance, grants. Performance factors include: timeliness of grant fund expenditures, <b>(beginning with the 1/1/01 through 3/31/01 reporting period, expenditures are determined by actual CDBG dollars spent, not obligated)</b> ; expenditures of committed leverage; timeliness of reporting and close-out submittals; timeliness of resolving any outstanding monitoring or audit findings; and, the amount of program income on hand. 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. <u>New Applicants:</u> Applicants who have not had a G/NA grant during the funding years 1999, 2000, 2001, and 2002 will receive full <b>standard</b> points under “Performance.” (For Colonias, funding years 1998 – 2001)	150 Points

Evaluation Criterion and Description (cont'd)	Maximum Points
<p><b>Capacity:</b> Applicants with grants for the funding years 1999, 2000, 2001, 2002 (for Colonias, funding years 1998, 1999, 2000, 2001) are evaluated on their ability to administer the activities proposed for CDBG funding based on their experience on past grants. New applicants will be evaluated on documentation of adequate in-house staff capability and experience or a letter of interest from a program operator with the capacity and experience to administer the CDBG activity. Of the available 150 points in this category, up to 50 points will be awarded to applicants who competitively demonstrate the project's readiness to proceed.</p>	150 Points
<p><b>Leverage:</b> Points are awarded based on documented commitments of additional (non-federal or state) funding for the proposed project or program.</p>	50 Points
<p><b>State Objectives:</b> Bonus points are awarded to applications addressing one or more state objectives. See below for a description of the State Objectives.</p>	50 Points
<p><b>TOTAL POINTS AVAILABLE</b></p>	1,000 Points

**State Objectives:** For the program year 2003 (and program year 2002 for Colonias), State Objectives bonus points will be available as follows:

- Infrastructure Proposals:** Up to 25 points will be awarded for public works and new construction projects providing public infrastructure in support of housing;
- Worst Case Housing Needs:** Up to 25 points will be awarded to proposals that facilitate the construction, acquisition or rehabilitation of permanent housing projects that meet all of the following requirements: 1) must be rental housing; 2) must target at least 25 percent of the program beneficiaries to be LTIG households who do not receive Federal housing assistance, and 3) must reduce these beneficiaries' rent and utility costs to below 50 percent of their gross incomes, or who live in severely substandard housing. For the purposes of this State Objective, permanent means that residents' tenure in the housing will not be limited to a certain time period;
- Farmworker Housing/Health Services:** Up to 25 points will be awarded to proposals which facilitate the development and/or operation of migrant or permanent farmworker housing or proposals which facilitate the provision of health services in combination with farmworker housing. To receive these points, a minimum of 90 percent of the beneficiaries of the proposed activity must be farmworkers; and

- **Capacity Building:** Up to 25 points will be awarded to jurisdictions that applied for CDBG funding but fell below the funding cut-off in the 2002 General Allocation competition. The activity applied for does not have to be the same as the 2002 proposed activity. Up to 35 points will be awarded to applicants who applied at least two times in the last four years (1999 to 2002) in the General Allocation and who were not funded in the General Allocation in the last four years.

## 9. APPLICATION TRAINING WORKSHOPS

The Department will present one-day information workshops in several locations around the State. The workshops will include a brief overview of the State Program, a discussion of the application evaluation criteria, and general information regarding the major Federal overlay requirements that may affect funded projects.

Eligible applicants who wish to attend a workshop should review this NOFA and come prepared with questions and ideas for preparing an application. Information about the workshop dates, times, and locations is included in the cover memorandum.

## 10. APPLICATION REVIEW PROCESS

The Department will review, rate, and rank each application. During the initial review process, CDBG staff may contact applicants about the location of information within the application, but during such contacts, applicants will not be permitted to add to their application. Any such contacts will be scheduled after the Department has completed its preliminary review.

The Department will evaluate and fund applications based on all the activities in the application with the following exceptions:

- a. Ineligible activity. If an activity within an application is found to be ineligible, the Department will delete the ineligible activity and rate and rank the balance of the activities in the application. Applicants are encouraged to discuss their proposed activities with the Program staff prior to submitting an application;
- b. Funded only by program income. If an applicant proposes an activity whose sole source of funding is program income, CDBG will not score that activity; or
- c. 10 Percent Set-aside (not applicable for Colonias). An applicant may request up to 10 percent of the activity funds for **one** CDBG-eligible activity/project. The set-aside activity/project must meet the applicable federal CDBG requirements including a minimum of 51% TIG benefit, federal environmental review, federal labor standards, and citizen participation. The 10 percent set-aside activity/project will not be competitively rated. **Only one** activity /project may be proposed for the 10 percent set-aside, and must be **clearly identified** in the application. **Once the original activity is approved by HCD, changes in the 10 percent set-aside activity will not be allowed.**

## AWARD ANNOUNCEMENTS AND PROCESSING

### 11. AWARD ANNOUNCEMENTS

Awards will be announced on May 1, 2003. All applicants will be notified by mail as to the outcome of their application.

**NOTE: As a condition of receiving an award, the Department will require applicants to submit a self-certification by April 4, 2003 that the housing element is in procedural compliance with state housing element law. The Department will not award funds to any applicant who has not submitted the self-certification by that date. The self-certification must be received by HCD, not postmarked, by April 4, 2003 . No extensions will be granted beyond this date.**

#### Unfunded Applications and Exit Interviews

After awards are announced, applicants who are not awarded funds are encouraged to schedule meetings with the CDBG representative to discuss their application and how to improve applications for future funding cycles. The CDBG staff will also meet with successful applicants who wish to review their applications.

### 12. AWARD PROCESSING

All funded applications will be processed through a standardized Grant Agreement. The Agreement will contain information about the terms and special conditions of the award. Special conditions will have to be met within 90 days of the Agreement's execution. If the conditions are not met, the Department may terminate the Agreement. Applicants are not permitted to incur any grant-related costs prior to the State's execution of the Agreement. **Beginning a project prior to clearance of special conditions, even when using other funds can cause a project to be ineligible.** Only general administration costs may be incurred after execution of the Agreement but prior to the applicant's satisfactory completion of any required special conditions. Information about processing times and authorization requirements will be provided at the time the Agreement is sent to the grantee.

### 13. GRANT MANAGEMENT WORKSHOPS AND PROGRAM MONITORING

All funded applicants will be invited to attend one of several Grant Management Workshops that will be conducted during the summer/fall of 2003. At these workshops, CDBG staff will provide information about the day-to-day management of the grant and the various Federal overlay requirements for which all grantees will be monitored. For current information, refer to the 2002 CDBG Grant Management Manual.

## PROGRAM REQUIREMENTS

### 14. STATE REQUIREMENTS

The CDBG Program is a federally-funded program that is administered in California's small cities and counties by the Department (HCD). Within State Statute and Regulations, HCD has established the following program requirements:

a. Targeted Income Group (TIG) Benefit

All projects funded through the CDBG Program shall principally benefit the Targeted Income Group. At least 51 percent of the beneficiaries shall be TIG persons. Targeted Income Group, which includes "Lowest Targeted Income Group (LTIG)," is based on county income limits provided annually by HCD. Targeted Income Group households have incomes that are 80 percent or less of the adjusted area median family income; Lowest Targeted Income Group households have incomes that are at 50 percent of the adjusted area median family income.

In addition to this State provision, federal regulations mandate that no activity or portion of a program may exclude LTIG from its benefit.

Each application must contain a discussion of how the proposed project will principally benefit the targeted income group. Failure to adequately demonstrate the manner in which the proposed activity will provide such benefit, if the project is brought to completion, will result in denial of the funds.

b. Native American Allocation

An amount equal to 1.25 percent of the total State Program funds is to be granted to eligible cities and counties to be used in identifiable geographic areas with concentrations (at least 51 percent) of Native American Indians not recognized as an Indian tribe by the Housing and Community Development Act of 1974.

c. Colonias Allocation

For the 2002 program year, an amount equal to five (5) percent of the total State CDBG Program funds is to be granted to eligible cities and counties to be used for eligible activities in designated Colonias. For the 2003 program year, it is anticipated that an additional five (5) percent of the total State CDBG Program funds will be available for award through this NOFA/Application process. Eligible jurisdictions will be notified as soon as HCD receives confirmation of the exact dollar amount available for the 2003 program year.

d. Housing

Not less than 51 percent of the total State CDBG allocation must be used to provide or improve housing opportunities for the Targeted Income Group. Construction of infrastructure directly related to providing or improving housing opportunities for the Targeted Income Group will meet this requirement.

**Note: This requirement may cause lower scoring housing-related applications to be funded ahead of higher scoring non-housing-related applications.**

e. Housing Element Compliance

At the initial stage of application, 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.

The requirements for award of grant funds are in Section 7056(b)(1) of the Program's Regulations. Housing element compliance requirements are in the Government Code, Title 7, Division 1, Chapter 3, Article 10.6, beginning with Section 65580.

f. 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 which directly limits, by number, the building permits that may be issued for residential construction, or the building lots which may be developed for residential purposes. 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

2) A city or county which has a housing element that the Department has found to be adequate pursuant to subdivision (c) of Section 65585 or Section 65586 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.

g. Performance Criteria

The Program will evaluate performance with prior grants to ensure that the beneficiaries realize the intended benefits from these funds.

Note: Beginning with the 1/1/01 through 3/31/01 reporting period, grantees will be required to report actual expenditures for all activities, including housing rehabilitation.

h. Serious Need

The Program seeks to ensure that the most serious community development needs in the State are addressed.

## 15. PUBLIC HEARINGS

CDBG Regulations require that two public hearings be held before the jurisdiction submits an application to HCD. The hearings should be noticed at least 10 days prior to the hearing. The program design hearing should be held at least 30 days prior to the application submittal hearing. The second must be held before the application is sent to HCD. See Appendix J for sample public notices for project design and application submittal hearings. The program will monitor all funded applications for this requirement, including the commitment shown to citizen participation.

## 16. PUBLIC RECORDS ACT

Applications and grant agreements are public information and are available for review by the public. Applicants are advised that information submitted to the State may have to be made available to the public under the State 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.

## 17. RELOCATION NOTICE

The federal requirements relating to acquisition and relocation assistance are a major consideration for eligible CDBG applicants. Jurisdictions who receive federal funds in the form of a CDBG grant are required to inform all potential program recipients, **prior to program recipients' submitting an application for assistance from CDBG funds**, of the potential for relocation as a result of the federally-funded project, and of the potential recipients' rights to relocation assistance in the event relocation is triggered by the funded activity. Applicants may wish to seek legal counsel and consult the Code of Federal Regulations, 24 CFR 570.496a and 49 CFR, Part 24 (Uniform Relocation Act) for applicable laws. If any jurisdiction has a specific project in mind that may involve acquisition and/or relocation, contact a CDBG field representative for further guidance prior to submitting the CDBG application.

## 18. PROCUREMENT

The Department will monitor for procurement of goods and services and will seek to assure that equal opportunity provisions have been included in all procurement procedures.

## 19. FEDERAL DEBARMENT AND SUSPENSION

As required by 24 Code of Federal Regulations, Part 24, all CDBG grantees are required to verify that any/all persons, contractors, consultants, businesses, etc. that are conducting business with the grantee (**including the City/County**) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Grantees must check the Excluded Parties Listing System (website: [epls.arnet.gov](http://epls.arnet.gov)) and maintain evidence of the search results.

## APPENDICES

	<u>Page Number</u>
Appendix A: Eligible Jurisdictions with Poverty Index, CDBG Field Representatives and telephone numbers	18
Appendix B: Eligible Native American Areas	23
Appendix C: Eligible Colonias/Jurisdictions	25
Appendix D: Eligible Activities: Housing - New Construction	26
Appendix E: Eligible Activities: Housing - Acquisition	29
Appendix F: Eligible Activities: Housing - Rehabilitation	30
Appendix G: Eligible Activities: Community Facilities	32
Appendix H: Eligible Activities: Public Works	34
Appendix I: Eligible Activities: Public Services	35
Appendix J: Eligible Activities: Planning (for Colonias Only)	37
Appendix K: Sample Public Notices	38

**APPENDIX A:**

**Eligible Jurisdictions with Poverty Index, CDBG Field Representatives,  
and Telephone Numbers**

<u>Jurisdiction</u>	<u>Persons in Poverty<sup>2</sup></u>	<u>Field Representative</u>	<u>Telephone #</u>
ALPINE COUNTY <sup>1</sup>	18.1	David Nelson	263-0476
AMADOR COUNTY	7.9	David Nelson	263-0476
Amador City	12.0	David Nelson	263-0476
Ione	9.7	David Nelson	263-0476
Jackson	9.2	David Nelson	263-0476
Plymouth	9.0	David Nelson	263-0476
Sutter Creek	9.3	David Nelson	263-0476
BUTTE COUNTY	19.6	Liz Fitzgerald	263-0470
Biggs	18.1	Liz Fitzgerald	263-0470
Gridley	17.3	Liz Fitzgerald	263-0470
Oroville	27.9	Liz Fitzgerald	263-0470
CALAVERAS COUNTY	10.1	Harry Faris	263-0469
Angels Camp	10.6	Harry Faris	263-0469
COLUSA COUNTY	10.9	Liz Fitzgerald	263-0470
Colusa	10.7	Liz Fitzgerald	263-0470
Williams	15.9	Liz Fitzgerald	263-0470
CONTRA COSTA COUNTY <sup>3</sup>			
Oakley	5.7	Harry Faris	263-0469
DEL NORTE COUNTY	14.0	Patrick Talbott	263-0482
Crescent City	22.5	Patrick Talbott	263-0482
EL DORADO COUNTY	6.2	Harry Faris	263-0469
Placerville	11.9	Harry Faris	263-0469
South Lake Tahoe	12.8	Harry Faris	263-0469
FRESNO <sup>3</sup>			
Fowler	15.9	David Nelson	263-0476
Huron	44.5	David Nelson	263-0476
Mendota	39.1	David Nelson	263-0476
Orange Cove	46.9	David Nelson	263-0476
San Joaquin	36.1	David Nelson	263-0476
GLENN COUNTY	14.3	Liz Fitzgerald	263-0470
Orland	20.5	Liz Fitzgerald	263-0470
Willows	22.2	Liz Fitzgerald	263-0470

1. Figures for County entries are for unincorporated areas only.

2. Data source: 1990 Census

3. Indicates counties that participate in the HUD CDBG Entitlement Program, and are not eligible to compete for funding under the State CDBG Small Cities Program. Only the cities listed under the asterisked counties are eligible to compete for State CDBG funding.

HUMBOLDT COUNTY	15.8	Patrick Talbott	263-0482
Arcata	28.1	Patrick Talbott	263-0482
Blue Lake	14.3	Patrick Talbott	263-0482
Eureka	18.7	Patrick Talbott	263-0482
Ferndale	7.6	Patrick Talbott	263-0482
Fortuna	12.0	Patrick Talbott	263-0482
Rio Dell	20.5	Patrick Talbott	263-0482
Trinidad	4.4	Patrick Talbott	263-0482
IMPERIAL COUNTY	28.5	Leticia Cortez	263-0478
Brawley	24.3	Leticia Cortez	263-0478
Calexico	32.3	Leticia Cortez	263-0478
Calipatria	28.8	Leticia Cortez	263-0478
El Centro	23.3	Leticia Cortez	263-0478
Holtville	20.9	Leticia Cortez	263-0478
Imperial	13.7	Leticia Cortez	263-0478
Westmorland	26.3	Leticia Cortez	263-0478
INYO COUNTY	11.1	David Nelson	263-0476
Bishop	15.3	David Nelson	263-0476
KERN COUNTY <sup>3</sup>			
Delano	23.7	Sue Wade	263-0475
Taft	8.7	Sue Wade	263-0475
Wasco	27.2	Sue Wade	263-0475
KINGS COUNTY	19.2	Patrick Talbott	263-0482
Avenal	28.6	Patrick Talbott	263-0482
Corcoran	24.2	Patrick Talbott	263-0482
Hanford	15.7	Patrick Talbott	263-0482
Lemoore	13.9	Patrick Talbott	263-0482
LAKE COUNTY	13.5	Sally Verdin	263-0461
Clearlake	22.1	Sally Verdin	263-0461
Lakeport	10.9	Sally Verdin	263-0461
LASSEN COUNTY	11.1	David Nelson	263-0476
Susanville	18.2	David Nelson	263-0476
LOS ANGELES COUNTY <sup>3</sup>			
Bradbury	16.9	Sue Wade	263-0475
Hidden Hills	3.7	Sue Wade	263-0475
Industry	13.8	Sue Wade	263-0475
Palos Verde Estates	2.3	Sue Wade	263-0475
Vernon	30.8	Sue Wade	263-0475
MADERA COUNTY	12.2	Sally Verdin	263-0461
Chowchilla	18.0	Sally Verdin	263-0461
MARIPOSA COUNTY	12.7	Sally Verdin	263-0461

MENDOCINO COUNTY	14.3	Sue Wade	263-0475
Fort Bragg	12.3	Sue Wade	263-0475
Point Arena	19.1	Sue Wade	263-0475
Ukiah	13.3	Sue Wade	263-0475
Willits	16.9	Sue Wade	263-0475
MERCED COUNTY	18.4	David Nelson	263-0476
Atwater	12.6	David Nelson	263-0476
Dos Palos	22.3	David Nelson	263-0476
Gustine	11.4	David Nelson	263-0476
Livingston	21.6	David Nelson	263-0476
Los Banos	19.4	David Nelson	263-0476
MODOC COUNTY	15.6	David Nelson	263-0476
Alturas	13.9	David Nelson	263-0476
MONO COUNTY	11.2	David Nelson	263-0476
Mammoth Lakes	8.5	David Nelson	263-0476
MONTEREY COUNTY	9.6	Sue Wade	263-0475
Carmel	4.1	Sue Wade	263-0475
Del Rey Oaks	1.8	Sue Wade	263-0475
Gonzales	25.2	Sue Wade	263-0475
Greenfield	15.9	Sue Wade	263-0475
King City	14.3	Sue Wade	263-0475
Marina	9.7	Sue Wade	263-0475
Pacific Grove	6.3	Sue Wade	263-0475
Sand City	10.5	Sue Wade	263-0475
Soledad	15.2	Sue Wade	263-0475
NAPA COUNTY	5.3	Patrick Talbott	263-0482
American Canyon	4.6	Patrick Talbott	263-0482
Calistoga	8.8	Patrick Talbott	263-0482
St. Helena	6.6	Patrick Talbott	263-0482
Yountville	3.1	Patrick Talbott	263-0482
NEVADA COUNTY	7.5	Liz Fitzgerald	263-0470
Grass Valley	13.8	Liz Fitzgerald	263-0470
Nevada City	10.8	Liz Fitzgerald	263-0470
Truckee	10.8	Liz Fitzgerald	263-0470
ORANGE COUNTY <sup>3</sup>			
San Juan Capistrano	7.2	Mimi Bettencourt	263-0465
PLACER COUNTY	7.4	David Nelson	263-0476
Auburn	8.2	David Nelson	263-0476
Colfax	10.2	David Nelson	263-0476
Lincoln	8.9	David Nelson	263-0476
Loomis	5.0	David Nelson	263-0476
Rocklin	5.6	David Nelson	263-0476
PLUMAS COUNTY	11.1	Sally Verdin	263-0461
Portola	18.7	Sally Verdin	263-0461

<b>RIVERSIDE COUNTY<sup>3</sup></b>			
Coachella	24.4	Leticia Cortez	263-0478
Indian Wells	7.6	Leticia Cortez	263-0478
Rancho Mirage	4.0	Leticia Cortez	263-0478
<b>SACRAMENTO COUNTY<sup>3</sup></b>			
Elk Grove	5.6	Harry Faris	263-0469
<b>SAN BENITO COUNTY</b>			
Hollister	6.2	Sue Wade	263-0475
	11.7	Sue Wade	263-0475
San Juan Bautista	16.2	Sue Wade	263-0475
<b>SAN LUIS OBISPO COUNTY<sup>3</sup></b>			
Morro Bay	10.2	Harry Faris	263-0469
Pismo Beach	7.5	Harry Faris	263-0469
<b>SANTA BARBARA COUNTY</b>			
Buellton	11.0	Harry Faris	263-0469
	11.1	Harry Faris	263-0469
Carpinteria	5.9	Harry Faris	263-0469
Goleta	TBA	Harry Faris	
Guadalupe	24.0	Harry Faris	263-0469
Solvang	9.4	Harry Faris	263-0469
<b>SANTA CRUZ COUNTY</b>			
Capitola	8.3	Harry Faris	263-0469
	10.0	Harry Faris	263-0469
Scotts Valley	3.8	Harry Faris	263-0469
<b>SHASTA COUNTY</b>			
Anderson	12.7	Liz Fitzgerald	263-0470
	18.5	Liz Fitzgerald	263-0470
Shasta Lake	13.4	Liz Fitzgerald	263-0470
<b>SIERRA COUNTY</b>			
Loyalton	10.7	Sally Verdin	263-0461
	5.4	Sally Verdin	263-0461
<b>SISKIYOU COUNTY</b>			
Dorris	11.7	Sally Verdin	263-0461
	33.6	Sally Verdin	263-0461
Dunsmuir	19.4	Sally Verdin	263-0461
Etna	22.5	Sally Verdin	263-0461
Fort Jones	18.1	Sally Verdin	263-0461
Montague	18.1	Sally Verdin	263-0461
Mount Shasta	15.1	Sally Verdin	263-0461
Tulelake	24.5	Sally Verdin	263-0461
Weed	23.0	Sally Verdin	263-0461
Yreka	9.3	Sally Verdin	263-0461
<b>SOLANO COUNTY</b>			
Benicia	7.8	William Strong	263-0481
	5.4	William Strong	263-0481
Dixon	6.6	William Strong	263-0481
Rio Vista	8.3	William Strong	263-0481
Suisun City	9.4	William Strong	263-0481

STANISLAUS COUNTY <sup>3</sup>			
Ceres	15.5	Harry Faris	263-0469
Hughson	12.2	Harry Faris	263-0469
Newman	19.9	Harry Faris	263-0469
Riverbank	14.4	Harry Faris	263-0469
Waterford	17.3	Harry Faris	263-0469
SUTTER COUNTY			
Live Oak	11.1	Liz Fitzgerald	263-0470
	29.1	Liz Fitzgerald	263-0470
TEHAMA COUNTY			
Corning	12.6	William Strong	263-0481
Red Bluff	20.0	William Strong	263-0481
Tehama	20.4	William Strong	263-0481
	10.5	William Strong	263-0481
TRINITY COUNTY			
	18.5	Sally Verdin	263-0461
TULARE COUNTY			
Dinuba	23.9	William Strong	263-0481
Exeter	22.6	William Strong	263-0481
Farmersville	21.8	William Strong	263-0481
Lindsay	35.4	William Strong	263-0481
Woodlake	23.9	William Strong	263-0481
	28.1	William Strong	263-0481
TUOLUMNE COUNTY			
Sonora	8.8	Harry Faris	263-0469
	11.9	Harry Faris	263-0469
YOLO COUNTY			
West Sacramento	14.7	Mimi Bettencourt	263-0465
Winters	18.5	Mimi Bettencourt	263-0465
	11.0	Mimi Bettencourt	263-0465
YUBA COUNTY			
Marysville	20.4	Mimi Bettencourt	263-0465
Wheatland	16.4	Mimi Bettencourt	263-0465
	16.3	Mimi Bettencourt	263-0465

## APPENDIX B

### ELIGIBLE NATIVE AMERICAN AREAS

**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:	Taylorville
Siskiyou County:	Ruffeys
Tulare County:	Strathmore
Yolo County:	Cache Creek
Yuba County:	Strawberry Valley

**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  
Antelope Valley Paiute Tribe  
Antelope Valley Indian Community  
Big Meadows Lodge Tribe  
Calaveras County Band of Miwok  
Carmel Mission Band  
Chuckchansi Tribe  
Coastal Band of Chumash Indians  
Dunlap Band of Mono Indians  
Hayfork Band of Nor-Rel-Muk Wintu Indians  
Honey Lake Maidu (AKA Wadatjuta) (Lassen County)  
Independence 14 (Miranda Allotment) (Kern County)  
Indian Canyon Costanoan Tribe  
Konkow Valley Band of Maidu (Butte)  
Maidu Nation  
Mono Lake Indian Community  
North Fork Band of Mono Indians  
Northern Maidu Tribe  
Northern Paiute Tribe of Honey Lake (Lassen)  
Plumas County Indians, Inc.  
Salinan Nation (Monterey County)  
Shasta Nation  
South Fork Hupa  
Colfax Todds Valley Consolidated Tribes  
Tolowa Nation  
Toyon Wintu Center (Shasta County)

United Maidu Nation  
Winnemem Band of Wintun  
Wintu Indians of Central Valley  
Wintu Tribe of Northern California (Shasta County)  
Wukchamni Tribe  
Yokayo Tribe

**Please Note:** This list is not exclusive of other tribal groups that may qualify for the CDBG Native American Allocation.

**APPENDIX C**

**ELIGIBLE COLONIAS/JURISDICTIONS  
(As of 10/11/02)**

<b><u>Colonia Name</u></b>	<b><u>Jurisdiction</u></b>
Brawley County Water District Colonia	City of Brawley
Kloke Tract Colonia	City of Calexico
C.N. Perry Colonia	City of Calexico
El Dorado Colonia	City of El Centro
East Colonia	City of Imperial
South Colonia	City of Imperial
Bombay Beach Colonia	County of Imperial
Heber Colonia	County of Imperial
Niland Colonia	County of Imperial
Ocotillo Colonia	County of Imperial
Palo Verde Colonia	County of Imperial
Poe Colonia	County of Imperial
Salton Sea Beach Colonia	County of Imperial
Seeley Colonia (designation in process)	County of Imperial
Winterhaven Colonia	County of Imperial

## APPENDIX D

### ELIGIBLE ACTIVITIES: HOUSING NEW CONSTRUCTION

#### A. ELIGIBLE USES

1. Support Costs: CDBG funds can be used in support of housing new construction projects. CDBG funds can be used for actual construction costs in certain specific cases (see 2., below). The following are eligible uses of CDBG funds in conjunction with the actual construction of new permanent housing:

##### a. Activity Costs:

- (1) Acquisition of sites by the recipient or other public or private nonprofit entity  
*Reference: 24 CFR 570.201(a);*
- (2) Clearance of sites *Reference: 24 CFR 570.201(d);*
- (3) 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 *Reference: 24 CFR 570.201(c);*
- (4) Off-site improvements such as utilities, streets, curbs and gutters, sidewalks, parks, and recreation facilities, only where specifically required as condition of project approval *Reference: 24 CFR 570.201(c); and*
- (5) Actual construction costs or site improvements under limited circumstances (see 2., below) *References: 24 CFR 570.201 (c) and Section 105 (a)(15) of Title 1 of the HCD Act of 1974; and*

##### b. Soft Costs:

- (1) Site and utility plans, narrative descriptions of the proposed construction, preliminary cost estimates, urban design documentation, and “sketch drawings,” but excluding architectural, engineering, and other details ordinarily required for construction purposes *Reference: 24 CFR 570.206(g)(2);*
- (2) Applications for funding *Reference: 24 CFR 570.206(g)(3); and*
- (3) Application processing fees for specified programs *Reference: 24 CFR 570.206(g)(4).*

Note: These soft costs can be paid for as a part of the cost of the new construction itself if they are incurred in support of new housing construction activities in accordance with A.2., below; otherwise, they are considered administrative costs.

2. Construction Costs: CDBG funds may be used for on-site construction costs of new housing only under the following limited circumstances:
  - a. 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 24 CFR Part 42, Subpart I. A plan documenting all efforts to relocate individuals must be submitted with the application if last resort housing or displacement is part of a new construction proposal *Reference: 24 CFR 570.207(b)(3)(i)*; or
  - b. Housing construction, which is part of a “neighborhood revitalization project” *Reference 24 CFR 570.204(a)(1)*, carried out by a “Community Based Development Organization” *Reference: 24 CFR 570.204(c)*; or
  - c. A housing construction project which is assistance to a neighborhood-based nonprofit organization, local development corporation, or nonprofit organization serving the development needs of a community in a non-entitlement area. *Reference: Section 105(a)(15) of Title 1 of the HCD Act of 1974*; or
  - d. A housing construction project that has received funding through a Housing Development Grant (a HODAG) *Reference: 24 CFR 570.201(m)*.
3. Other Activities: The following eligible uses of CDBG funds are evaluated as housing new construction activities:
  - a. Acquisition of permanent rental housing, the majority of which is unoccupied, including any rehabilitation *Reference: 24 CFR 570.201(a)*; and
  - b. Conversion of other types of buildings to housing units (adaptive reuse) *Reference: 24 CFR 570.202(e)*.

## B. PROHIBITED ACTIVITIES

With the exception of activities 2.a. through d., above, the construction of new housing with State CDBG funds is generally not eligible. The basis for this is in HUD Regulations (24 CFR Part 570.207(b)(3)): "Block grants may not be used for the construction of new permanent residential structures or any program to subsidize or finance new construction." Generally, CDBG money is used in support of new housing construction projects.

## C. ADDITIONAL CONSIDERATIONS

1. Site Acquisition Costs. Applicants are not required to have site control at the time of application. However, site control will be a special condition of a grant award and will need to be obtained within the first 90 days of the grant. Jurisdictions will not be able to use CDBG funds to repay any acquisition costs (for example, bridge loans) incurred prior to the date the state contract is executed and all special conditions have been met.
2. Project Completion. Construction of the housing must be completed and the housing must be occupied prior to expiration of the CDBG Grant Agreement. **Note the recent change in CDBG policy which allows for grant agreements to be for 60 months for this type of activity in order to allow for TIG benefit, however all CDBG funds must be spent within the first 30 months of the contract.**
3. Displacement. Federal law requires that displacement due to CDBG activities be minimized. Applicants must design their housing programs with this objective in mind.
4. Other Financing. Applicants are not required to have other financing committed at the time of application. However, the timing of financing will be a specified condition of a grant award. The applicant must apply for necessary financing in the next funding round of the financing. All other financing must be obtained within one year following the CDBG contract execution.
5. Davis-Bacon and State Prevailing Wage Rates. If CDBG funds are used to pay for any construction costs, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates.

## D. COMMUNITY NEED SCORING

The Department uses several need indicators, as follows:

- Need for new units, based on the jurisdiction's vacancy rate for the tenancy type proposed, taken from the 1990 census or a local survey;
- Percentage of renters who are overpaying based on the 1990 census;
- Rate of overcrowding based on the 1990 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 council of government (COG) regional share data, as a percentage of the current number of units in the jurisdiction.

### Supplemental Information:

If the applicant has extraordinary local circumstances related to housing conditions that are not documented by the census data, then the applicant may provide supplemental information in brief narrative format with any back up information in an appendix. For example, a recently conducted housing survey, which refutes the census data would work or documentation of a recent disaster that created a higher need for the proposed program.

## APPENDIX E

### ELIGIBLE ACTIVITIES: HOUSING ACQUISITION

#### A. ELIGIBLE ACTIVITIES

The purchase of existing permanent housing, including the costs of any rehabilitation, to be occupied by owners or renters, including the following activities:

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: 24 CFR 570.201(a) and 24 CFR 570.208(a)(3)*;
2. Homebuyer assistance programs that provide direct assistance to targeted income group homebuyers for the acquisition of existing or new units *Reference: 24 CFR 570.201(n.)*.
3. Resident-purchase of mobilehome parks. *Reference: 24 CFR 570.201(n)*

#### B. ADDITIONAL CONSIDERATIONS

1. Displacement: Federal law requires that displacement due to CDBG activities be minimized. Applicants must design their housing programs with this objective in mind.
2. Davis-Bacon and State Prevailing Wage Rates. If CDBG funds are used to pay for any construction (rehabilitation) costs, in a project of more than eight rental units, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates

#### C. COMMUNITY NEED SCORING

The Department will assess the need for this activity based on the following indicators:

- Jurisdiction’s rental vacancy rate from the 1990 census (or a local survey) or the homeownership rate from the 1990 census, as applicable for the type of project proposed;
- Percentage of renters who are overpaying based on the 1990 census; and
- Rate of overcrowding, based on the 1990 census.

#### Supplemental Information:

If the applicant has extraordinary local circumstances related to housing conditions that are not documented by the census data, then the applicant may provide supplemental information in brief narrative format with any back up information in an appendix. For example, a recently conducted housing survey, which refutes the census data would work or documentation of a recent disaster that created a higher need for the proposed program.

## APPENDIX F

### ELIGIBLE ACTIVITIES: HOUSING REHABILITATION

#### A. ELIGIBLE ACTIVITIES

CDBG funds may be used to finance the costs of repairs and improvements to owner- and renter- occupied units, including repair or replacement of principal fixtures and components of existing structures (e.g., the heating system). Under certain circumstances, rehabilitation can also include the demolition and reconstruction of dwelling units. Water or sewer laterals are considered rehabilitation when they are located on private property. The work is typically done by a licensed contractor, but the program will allow the use of sweat equity or an owner acting as a general contractor.

#### B. PROHIBITED ACTIVITIES

Rehabilitation does **not** include;

- 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. a window air conditioner; or
  - B. a washer or dryer (but a stove or refrigerator is allowed); or
- Labor costs for homeowners to rehabilitate their own property.

#### C. ADDITIONAL CONSIDERATIONS

1. Displacement. Federal law requires that displacement due to CDBG activities be minimized. Applicants must design their housing programs with this objective in mind.
2. Davis-Bacon and State Prevailing Wage Rates. If CDBG funds are used to pay for any construction (rehabilitation) costs, in a project of more than eight rental units, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates

#### D. COMMUNITY NEED SCORING

The Department will use several need indicators:

- Age of housing stock (pre-1960) based on 1990 census data;
- Percentage of overcrowding based on 1990 census data;
- Percentage of units needing rehabilitation based on data in the jurisdiction's adopted housing element. If proposing activity in a target area, a local survey of the target area is acceptable if the data are more recent than the housing element data and less than five years old.

Supplemental Information:

If the applicant has extraordinary local circumstances related to housing stock condition that are not documented by the local housing element or census data sources, the applicant may provide supplemental information in brief narrative format with any back up information. For example, a recently conducted housing survey which has not been incorporated into a housing element yet or which refutes the census data would work. Documentation of a recent disaster that created a higher need for the proposed program would also work. Also, if the applicant is proposing to work in a specific target area, the Department will accept 1990 census data at the Census Block Group level for the target area(s).

## APPENDIX G

### ELIGIBLE ACTIVITIES: COMMUNITY FACILITIES

#### A. ELIGIBLE ACTIVITIES

- Eligible Activities. This activity generally refers to the 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 community facility, housing related activities must be designed for use in providing 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 farmworkers.

Targeted Income Group Benefit: The Department will award full points for applicants demonstrating 90% or more 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 community 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 any activity with less than 90 percent benefit to TIG households is likely to be at a competitive disadvantage against other activities.

#### B. INELIGIBLE ACTIVITIES

- **Buildings used for the general operation of local government are not eligible** as community facilities, except that the removal of architectural barriers from such buildings is an eligible activity.
- **The costs of maintaining or operating a community facility are not eligible** as a community facility activity but may be eligible as a public service activity.
- **Refinancing loans on existing community 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 is not eligible.**

#### C. ADDITIONAL CONSIDERATIONS FOR COMMUNITY FACILITIES

1. Acquisition Costs. Applicants are not required to have site control at the time of application. However, site control will be a special condition of a grant award and will need to be obtained within the first 90 days of the grant. Jurisdictions will not be able to use CDBG funds to repay any acquisition costs (for example, bridge loans) incurred prior to the date the state contract is executed and all special conditions have been met.

2. Other Financing. Applicants are not required to have other financing committed at the time of application. However, the timing of the financing will be a specified condition of any grant award. All financing must be committed within one year following the CDBG contract execution.
3. Davis-Bacon and State Prevailing Wage Rates. If CDBG funds are used to pay for any construction costs, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates.
4. Use Limitation Agreement: A use limitation agreement will be required, to be in effect until five years after expiration of the CDBG contract.
5. Section 504 Compliance: Obtain certificate of compliance from the architect documenting that the facility meets Section 504 accessibility requirements.

#### D. COMMUNITY NEED SCORING

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

- the severity of the problem being addressed, and
- the extent to which the proposed action will solve the problem.

Applicants with strong third-party documentation of the problem will 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 among all applications. The most competitive applications will address a serious threat to the health, safety or well-being of the proposed beneficiaries.

## APPENDIX H

### ELIGIBLE ACTIVITIES: PUBLIC WORKS

#### A. ELIGIBLE ACTIVITIES

Eligible activities. Eligible activities include the costs of acquisition, construction, or installation of the public works project and site or other improvements, including water and sewer facilities, flooding and drainage facilities, utilities, and flood control.

Targeted Income Group Benefit: The Department will award full points for applicants demonstrating 90% or more TIG benefit. When addressing a neighborhood or community-wide public works problem, benefit is generally provided to all the occupants of a geographic area or all users of the 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 any activity with less than 90 percent benefit to TIG households is likely to be at a competitive disadvantage with other activities. *Note: Assessments may be paid by CDBG only if the unit is owned and occupied by a TIG household.*

#### B. OTHER CONSIDERATIONS

1. Site Acquisition Costs: Jurisdictions will not be able to use CDBG funds to repay any acquisition costs (for example, bridge loans) incurred prior to the date the state contract is executed and all special conditions have been met.
2. Davis-Bacon and State Prevailing Wage Rates. If CDBG funds are used to pay for any construction costs or property assessments, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates.

#### C. COMMUNITY NEED SCORING

The Department will assess 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 strong third-party documentation will be more competitive. Such documentation could include but not be limited to ranking on other agencies' 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.

## APPENDIX I

### ELIGIBLE ACTIVITIES: PUBLIC SERVICES

#### A. ELIGIBLE ACTIVITIES

Eligible Activities. Under this category, CDBG funds may be used to provide public services including labor, supplies, materials, and other costs. Paying the cost of operating and maintaining that portion of a facility in which the service is located also falls under this category. Public services include, but are not limited to:

- child care
- health care
- job training
- recreation programs
- education
- public safety
- services for senior citizens
- services for homeless persons
- drug and alcohol abuse counseling and testing
- transportation services
- nutrition services

Targeted Income Group Benefit: The Department will award full points for applicants demonstrating 90% or more 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 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 any activity with less than 90 percent benefit to TIG households is likely to be at a competitive disadvantage against other activities.

#### B. RESTRICTIONS ON THE USE OF CDBG FUNDS FOR PUBLIC SERVICES ACTIVITIES

Federal regulations establish these restrictions on the use of CDBG funds for public services:

1. The service must be new in that it has never been provided or has been discontinued more than 12 months prior to the date the application is filed with the Department. Public services currently funded with CDBG grant funds are eligible activities; or
2. The 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 be caused by local governmental action.

3. Additionally, the State CDBG allocation for public services cannot exceed 15 percent of the total award to the State in that year.
4. 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.

#### C. COMMUNITY NEED SCORING

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

- the severity of the problem being addressed; and
- the extent to which the proposed action will solve the problem.

Applicants with strong third-party documentation of the problem will 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 among all applications. The most competitive applications will address a serious threat to the health, safety or well-being of the proposed beneficiaries.

## **APPENDIX J**

### **ELIGIBLE ACTIVITIES: PLANNING ACTIVITIES (for Colonias Only)**

#### **A. ELIGIBLE ACTIVITIES**

Under the Colonias Allocation, planning activities are also eligible. For the purposes of this NOFA, planning activities, such as site suitability studies or market suitability studies, are those that precede a community's decision to proceed with a project.

#### **B. ADDITIONAL CONSIDERATIONS**

A study funded with CDBG funds must be directed towards the planning of a project which, if brought to completion, would meet the CDBG objectives set forth in State and Federal law as contained in the Program Requirements section of this NOFA. There is no requirement, however, that CDBG funds be used to complete the project. The project planned or assisted through the use of these Colonia funds, may be completed through the use of private funds or other public funding sources.

#### **C. COMMUNITY NEED SCORING**

The Department will assess the need for these activities based on the narrative description of the activity that is being planned and the potential for meeting CDBG objectives set forth in State and Federal law as contained in the Program Requirements section of this NOFA. Describe the need for the planning activity by completing the Planning activity description form.

## APPENDIX K

*(Notice should be at least 10 days prior to the hearing. Project design hearing should be at least 30 days prior to the project submittal hearing.)*

### **SAMPLE NOTICE FOR THE PUBLIC HEARING HELD AT THE PROJECT DESIGN PHASE**

#### **NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City of \_\_\_\_\_ will conduct a public hearing by the City Council on Wednesday, January 8, 2003, at 6:00 p.m. at the City Hall Conference Room, \_\_\_\_\_ Street, to discuss the Fiscal Year 2003 Community Development Block Grant program and to solicit citizen input.

Maximum award limits include a total of \$800,000 per year from the General and Economic Development Components combined. Up to \$500,000 per application per year may be awarded from the General and Economic Development Components. Grants up to \$35,000 per year from the General Planning and Technical Assistance allocation and \$35,000 per year for Economic Development Planning and Technical Assistance allocation may be awarded and do not count toward the \$800,000 cap.

The Native American allocation is available for eligible activities in areas with concentrations of Native American Indians not federally recognized as an Indian tribe or rancheria. The amount of Native American funds available varies each year, and a grant from this allocation does not count toward the \$870,000 cap under the General, Economic Development, and Planning and Technical Assistance allocations of the CDBG Program.

The amount of Colonias Allocation funds available varies each year, and a grant from this allocation does not count toward the \$870,000 cap under the General, Economic Development, and Planning and Technical Assistance allocations of the CDBG Program.

The major activity categories are Housing-New Construction, Housing-Acquisition, Housing-Rehabilitation, Community Facilities, Public Services, Public Works, and Planning (for Colonias only) Activities. Projects funded with CDBG General, Native American, and/or Colonias Allocations must meet the National Objective of Benefit to Targeted Income Group (TIG) persons. The Economic Development Allocation can meet any of the three National Objectives, Benefit to Targeted Income Group (TIG) persons, elimination of slums and light, and meeting urgent community development needs.

The Community Development/Housing Department on behalf of the City of \_\_\_\_\_ anticipates applying for the maximum grant amount of \$800,000 under the General and Economic Development Components for housing rehabilitation and Reservation of Funds for small business loans as well as the maximum grant amount of \$70,000 from the General and Economic Development Planning and Technical Assistance Components.

The purpose of the public hearing will be to give citizens an opportunity to make their comments known. If you are unable to attend the public hearing, you may direct written comments to the City of \_\_\_\_\_, Community Development/Housing Department, \_\_\_\_\_ Street, \_\_\_\_\_, CA 9\_\_\_\_ or you may telephone \_\_\_\_\_. In addition, a public information is available for review at the above address between the hours of 8:00 a.m. and 5:00 p.m. on weekdays.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, please contact \_\_\_\_\_ at \_\_\_\_\_ to arrange for those accommodations to be made.

The City/County promotes fair housing and makes all programs available to low and moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or handicap.

**(Publish at least 10 days prior to hearing)**

**SAMPLE NOTICE FOR PUBLIC HEARING HELD  
AT THE APPLICATION SUBMITTAL PHASE**

**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City of \_\_\_\_\_ will conduct a public hearing by the City Council on Tuesday, February 11, 2003, at 6:00 p.m. at the City Hall Conference Room, \_\_\_\_\_ Street to discuss the Fiscal Year 2003 Community Development Block Grant application and to solicit citizen input.

The Community Development/Housing Department on behalf of the City of \_\_\_\_\_ is applying for the maximum grant amount \$500,000 under the \_\_\_\_\_ Allocation for \_\_\_\_\_ (identify activity) in the \_\_\_\_\_ (identify city/county/neighborhood/colonia)

The purpose of the public hearing will be to give citizens an opportunity to make their comments known. If you are unable to attend the public hearing, you may direct written comments to the City of \_\_\_\_\_, Community Development/Housing Department, \_\_\_\_\_ Street, \_\_\_\_\_, CA 9\_\_\_\_ or you may telephone \_\_\_\_\_. In addition, a public information file is available for review at the above address between the hours of 8:00 a.m. and 5:00 p.m. on weekdays.

If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, please contact \_\_\_\_\_ at \_\_\_\_\_ to arrange for those accommodations to be made.

The City/County promotes fair housing and makes all programs available to low and moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or handicap.

**STATE CDBG PROGRAM  
APPLICATION PACKAGE REQUEST FORM *for***

- **2003 General Allocation**
- **2003 Native American Allocation**
- **2002 and 2003 Colonias Allocation**

<b>Mail or fax this Request Form to:</b>
--

Joan Ruggirello, Program Secretary  
 State Community Development Block Grant Program  
 California Department of Housing and Community Development  
 2710 Gateway Oaks Drive  
 North Building, Suite 190  
 Sacramento, CA 95833  
 FAX (916) 263-0489

<input type="checkbox"/>	YES. Please send the <b>2003 CDBG G/NA, &amp; Colonias Application Package as follows:</b>	
<input type="checkbox"/>	<input type="checkbox"/>	Mail a hard copy (paper)
<input type="checkbox"/>	<input type="checkbox"/>	Mail a diskette copy
<input type="checkbox"/>	<input type="checkbox"/>	E-Mail: My E-Mail address is: _____

<b>Name:</b>	
<b>Organization:</b>	
<b>Address:</b>	
<b>City/State/Zip Code</b>	
<b>Telephone:</b>	
<b>FAX #:</b>	

**NOTE:** If you return this form and do not receive a mailing within two weeks of your request, please call the CDBG Program Secretary at (916) 263-0485.