

# **NOTICE OF FUNDING AVAILABILITY**

Community Development Block Grant Program

**General Allocation with Focus on Public Works**

2006-07



**STATE OF CALIFORNIA**  
**Department of Housing and Community Development**  
**Division of Financial Assistance**  
**State Community Development Block Grant Section**  
**1800 3<sup>rd</sup> Street, Suite 330**  
**Sacramento, CA 95814**

**Telephone: (916) 552-9399**  
**Website: <http://www.hcd.ca.gov/fa/cdbq/>**

STATE OF CALIFORNIA

**ARNOLD SCHWARZENEGGER, GOVERNOR**

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

**SUNNE WRIGHT MCPEAK, SECRETARY**

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

**Lynn L. Jacobs, Director**

Division of Financial Assistance

**Rich Friedman, Deputy Director**

Community Development Section

**Linda Nichols, Section Chief**

Community Development Block Grant Program  
General Allocations

**Allen Jones, Program Manager**

Program Staff

Leticia Cortez

Harry Faris

JoAnn Nash-Jacobs

Liz Fitzgerald

Diane Maroni

Conant Radcliffe

Patrick Talbott

Marta Valero

# **NOTICE OF FUNDING AVAILABILITY**

## **STATE OF CALIFORNIA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

General Allocation *for* 2006/2007 with Focus on Public Works

August 2006

### **TABLE OF CONTENTS**

<b>INTRODUCTION</b>		Page Number
1.	Notice of Funding Availability	1
2.	Changes for This Year	1
3.	Application Timelines	2
<b>FUNDING GUIDELINES</b>		
4.	Funding Limits	4
5.	Eligible Applicants	4
6.	Eligible Applicants Not Allowed to Apply	4
7.	Application Preparation Costs	5
8.	Grant Administration Costs	5
9.	Eligible Activities	6
<b>APPLICATION REVIEW AND SCORING</b>		
10.	Evaluation Criteria and Scoring Points	7
11.	Application Request Form	8
12.	Application Training Workshops	8
13.	Application Review Process	9

## **AWARD ANNOUNCEMENTS AND PROCESSING**

14.	Award Announcements	10
15.	Standard Grant Agreement	10
16.	Grant Management Training Workshops	11

## **PROGRAM REQUIREMENTS**

17.	Application Threshold Requirements	12
18.	Public Hearings	14
19.	Public Records Act	15
20.	Relocation Certification and Plans	15
21.	Procurement	15
22.	Federal Debarment and Suspension	15

## **APPENDICES**

A	Eligible Jurisdictions, with Poverty Index, and CDBG Field Representatives and telephone numbers	17
B	Eligible Activities: Public Works and Infrastructure Activities	23
C	Eligible Activities: Housing New Construction Activities	25
D	Eligible Activities: Housing Acquisition Activities	30
E	Eligible Activities: Housing Rehabilitation Activities	33
F	Eligible Activities: Housing Program – Rehabilitation & Acquisition	36
G	Eligible Activities: Community Facility Activities	37
H	Eligible Activities: Public Service Activities	40
I	Application Package Request Form	43

## INTRODUCTION

### 1. NOTICE OF FUNDING AVAILABILITY

The Department of Housing and Community Development (Department) announces the availability of approximately \$10<sup>1</sup> million under the State Community Development Block Grant (CDBG) General Allocation Program for the 2006/2007 funding cycle.

**This Notice of Funding Availability (NOFA) applies only to the General Allocation, there will be a separate NOFA for the Native American and Colonia's Allocations later this year.** Typical activities funded under this allocation are: housing rehabilitation programs and projects; homebuyer assistance programs; housing acquisition projects; new construction housing projects; public works projects; community facility projects; and public service programs. There are separate Funding Notices for the Economic Development and Planning/Technical Assistance Allocations. Contact the Program Secretary for information about those Funding Notices.

**NOTE:** The Application Package for this NOFA 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 September/October 2006 (see cover memorandum).

Authorizing legislation and regulations. The Program is authorized by the Housing and Community Development Act of 1974 (the "Act") as amended<sup>2</sup>, and Subpart I of the Federal Community Development Block Grant regulations.<sup>3</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.

### 2. CHANGES FOR THIS YEAR

**The 2006/2007 funding cycle and application process will be significantly different than the 2005/2006 funding round.** Major changes are listed below.

---

<sup>1</sup> Source of funding is the State's CDBG non-entitlement allocations of 2005/2006 and 2006/2007 and roll over funding from prior year's unspent allocations.

<sup>2</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>3</sup> 24 CFR, Part 570, Subpart I.

- A. Only eligible jurisdictions for general allocation can apply, a separate NOFA for Native American and Colonia's will be issued later this year.
- B. Only public work activities will be given 50 state bonus points and no other state bonus points are available under this NOFA.
- C. Grantees who were reserved up to \$500,000 in CDBG funds for fiscal year 2006/2007 under the 2005 NOFA are only able to apply for the difference in what they were reserved (up to \$500,000) and the maximum award allowed under this NOFA.
- D. On a one-time basis, the maximum amount awarded per applicant will be increased from \$500,000 to \$1,000,000 per year.
- E. No 10 percent set-aside activities are allowed.
- F. No multi-year funding proposals will be accepted.

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 September/October 2006.

### 3. APPLICATION TIMELINES

A. Key dates:

NOFA release:	August 15, 2006
Application release:	August 25, 2006
<b>Application Training Workshops</b>	<b>September 15, 2006</b>
	<b>September 26, 2006</b>
Applications due to HCD by 5:00 p.m.:	November 3, 2006
CDBG Housing Element Compliance Requirement:	December 3, 2006
Awards announced:	January 31, 2007

B. Application Deadline: November 3, 2006. **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 in blue ink and original/certified authorizing resolutions***),  
**And,**

2. One complete copy, with all required attachments,  
**And,**

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

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

D. Mail to: Department of Housing and Community Development  
Division of Financial Assistance  
Community Development Block Grant (CDBG) Program  
P.O. Box 952054  
Sacramento, CA 94252-2054

Deliver to: Department of Housing and Community Development  
Division of Financial Assistance  
Community Development Block Grant (CDBG) Program  
1800 Third Street, Suite 330  
Sacramento, CA 95814

E. For further information

Please call a CDBG field representative or the CDBG Program Secretary at (916) 552-9398; FAX number (916) 319-8488. Please refer to Appendix A for the name and telephone number of the CDBG field representative assigned to each eligible jurisdiction.

## FUNDING GUIDELINES

### 4. FUNDING LIMITS

#### A. Maximum award limits.

A total of \$1,000,000 is available for all proposed activities. Applicants with reserved 2005 funding awards for 2006/2007 fiscal year would NOT have those funds available under this NOFA. For example, an applicant with \$300,000 in reserved funds under the 2005 funding round for fiscal year 2006/2007 can receive a maximum of \$700,000 under this NOFA.

#### B. Limited number of awards/competitive applicant pool.

The funding pool for this NOFA is much smaller than past NOFAs issued by the CDBG program. If all applicants apply for the maximum amount then there will only be 10 applications funded. Thus, it is anticipated that this allocation will be very competitive. Applicants are encouraged to bring their most competitive activities in for funding. Public work activities should be more competitive with the 50 state bonus points.

### 5. ELIGIBLE APPLICANTS

In general, incorporated cities fewer than 50,000 in population and counties with an unincorporated area population of under 200,000 persons are eligible to participate in the CDBG Program. Eligible cities and counties may apply for funds to pay for one or more eligible activities under this NOFA (see Appendices). The following exceptions apply:

- A. If a city with a population at or below 50,000 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 with a population at or below under 50,000 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.

### 6. ELIGIBLE APPLICANTS NOT ALLOWED TO APPLY

Each year the Department sends “hold out” letters to eligible applicants who have performance issues with implementation of past or current grants or program income. An eligible applicant who has received a hold out letter from the Department and not cleared the hold out status cannot apply.

“Hold out” letters are issued annually and cover performance on all CDBG

grants, Economic Development and Native American and Colonia past and current. "Hold out" letters are also issued to jurisdictions who have not conducted the proper annual single audits. Lastly, "hold out" letters are issued for violations of Department CDBG program income requirements. Hold outs are not issued regarding problems with other funding program under the Department. If you have received such a letter or are unsure of your status, contact your field representative for further guidance.

If a hold out letter has been received by an eligible jurisdiction then a written response must be submitted to the Department with documentation showing that the performance issues listed in the original hold out letter have been cleared. Once the Department has verified that the performance issues have been resolved then a formal Hold Out Waiver Letter will be issued and the eligible jurisdiction is able to apply. **The waiver letter must be dated prior to the application deadline for the jurisdiction's application to be accepted and rated and ranked.**

## 7. APPLICATION PREPARATION COSTS

An eligible applicant may use general administration funds under an open grant or local program income, "generated" upon expenditure of any program income activity funds, to pay for costs associated with developing a funding proposal under this NOFA. The general administration funds can be used to pay for jurisdiction staff or a properly procured consultant to prepare a funding application. This includes the costs of attending an application preparation workshop, conducting proper public hearings, writing and submitting the funding proposal to the Department.

## 8. GRANT ADMINISTRATION COSTS

Applicants are required to develop budgets for the grant and each proposed activity in the funding proposal. Amounts for administration costs are limited by state and federal regulations.

### 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. See the application for maximum amounts.

For all administration costs, if the proposed amounts in the application exceed the maximums allowed then, applicants must 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.

## **9. ELIGIBLE ACTIVITIES**

The major activity categories are:

- Public Works
- Housing New Construction
- Housing Acquisition
- Housing Rehabilitation
- Combination Program – Housing Rehabilitation & Housing Acquisition
- Community Facilities
- Public Services

Please refer to Appendices for detailed information about these major activities.

## APPLICATION REVIEW AND SCORING

### 10. 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. 2000 census data are used.	100 Points
<b>Targeted Income Group (TIG) 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. 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 activity and the extent to which the activity will address the identified need.	200 Points
<b>Prior Performance Operating CDBG Grants:</b> Applicants are rated on their performance in administering prior (2002, 2003 and 2004) CDBG General, Native American, and Colonias Allocation grants. Performance factors include: timeliness of grant fund expenditures, 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 <u>not</u> had a grant during the funding year 2002, 2003 and 2004 will receive full <b>standard</b> points under "Performance."	150 Points

Evaluation Criterion and Description (cont'd)	Maximum Points
<b>Capacity:</b> Applicants with grants for the funding years 2002, 2003 and 2004 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.	150 Points
<b>Leverage:</b> Points are awarded based on documented commitments of additional (non-federal or state) funding for the proposed project or program.	50 Points
<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 included in NOFA.	50 Points
TOTAL POINTS AVAILABLE	1,000 Points

**State Objectives:** For the 2006 program year, the following State Objective bonus points will be available.

**Infrastructure Project Bonus Points:                    50**

**11. APPLICATION REQUEST FORM**

See Appendix I in the back of this NOFA for an application request form. Application packages will also be available on line at the CDBG web site and at all application trainings.

**12. APPLICATION TRAINING WORKSHOPS**

The Department will present “free” one-day application training 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 for each eligible activity and general information regarding the major federal overlay requirements that may affect funded activities.

Eligible applicants attending a workshop must review this NOFA with all the directions 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 is included in the cover memorandum.

### **13. APPLICATION REVIEW PROCESS**

Upon receiving an application it will be logged into a data base. Each application received will be given a “threshold” review. Any applications not meeting one or more of the threshold requirements will be returned to the applicant without further rating and ranking review. Threshold criteria are listed in this NOFA under the section titled Program Requirements. If you have questions on the threshold review process then please contact your CDBG representative.

The Department will review, rate, and rank all eligible applications and their respective eligible activities. 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. If an application has multiple activities and one or more of the activities is found to be ineligible, then the Department will delete the ineligible activities and only rate and rank the remaining eligible activities.

Applicants are encouraged to review the application package as soon as possible and discuss their specific proposed activities with CDBG program staff prior to submitting an application.

## AWARD ANNOUNCEMENTS AND PROCESSING

### 14. AWARD ANNOUNCEMENTS

Awards will be announced on January 31, 2007. All applicants will be notified by mail as to the outcome of their application.

**NOTE: As a condition of receiving an award, each jurisdiction's Housing Element must be adopted pursuant to Government Code Section 65585, as determined by the Department by December 3, 2006. Self-certifications will no longer be allowed. No extensions will be granted beyond this date. The Department will not award funds to any applicant who does not meet this requirement.**

#### A. Unfunded Applications and Exit Interviews

After awards are announced, applicants who are not awarded funds are encouraged to schedule meetings with their CDBG representative to discuss the scoring of the application and how to improve future funding proposals.

### 15. STANDARD GRANT AGREEMENT

All funded applications will be administered under the Department's standard grant agreement. The Agreement will contain the terms and conditions of the award with activities, budget and performance information taken from the grant application.

Applicants are permitted to incur general administration costs upon receiving their award letter but may not request reimbursement from the Department until the Agreement is fully executed. Each specific activity funded must meet specific special conditions prior to any costs being expended or incurred. **Grantees MUST obtain special conditions and environmental clearance prior to beginning any CDBG funded activity. This requirement applies to both CDBG and non-CDBG funding. Beginning any program or project activity prior to obtaining clearance may cause it to be ineligible.**

All special conditions for all activities must be met within 90 days of the Agreement's execution. If all the special conditions for all the activities are not met, the Department may terminate the Agreement. If special conditions for an activity are met prior to full execution of the Agreement, then, with formal written authorization of the Department, activity costs for that one activity may be incurred. The activity costs for that one activity meeting special conditions early cannot be reimbursed until after the Agreement is fully executed.

**16. GRANT MANAGEMENT TRAINING WORKSHOPS**

All funded applicants will be invited to attend annual Grant Management Training Workshops conducted throughout the State during the summer/fall. 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 current CDBG Grant Management Manual located on our web site.

## PROGRAM REQUIREMENTS

### 17. APPLICATION THRESHOLD REQUIREMENTS

The CDBG Program is a federally-funded program that is administered the Department for the benefit of California's small cities and counties. Within federal and state statutes and regulations are minimum requirements needed for an applicant's funding proposal to be processed under the Department's rating and ranking system. The following are a list of the minimum requirement needed for an application to be processed:

#### A. Meeting Federal National Objective

Per federal statutes, all CDBG activities must meet one of three national objectives: 1) benefit to low income households/persons; 2) elimination of slums and blight; 3) meeting an urgent need. Per state statutes, all CDBG activities under the General Allocation Program can only meet the low income national objective. The Department uses the term TIG when referring to low income persons or households. The definition of low income/TIG household or person is: one who's gross family income is 80 percent or less of the current county median income (adjusted for family size) in which they reside. In order to meet the TIG national objective, **a minimum 51 percent** of the beneficiaries of an activity must be TIG.

Direct assistance programs, like down payment assistance or housing rehabilitation assistance or payment of one time public work assessment fees are restricted benefit activities and as such all beneficiaries must be income qualified prior to receiving assistance. The beneficiary is income qualified per HUD income determination guidelines prior to receiving CDBG assistance. These "direct assistance" programs are 100 percent TIG and receive full points under this rating and ranking category.

Area benefit activities benefit a specific geographic area that contain a mix of households both low income and non low income households. For area benefit activities the applicant must use HUD low income census data to show the percentage of area benefit. If the HUD data does not work for the activity area, then an income survey can be completed to document percentage of TIG benefit. Each application must contain documentation of the exact percentage of targeted income group benefit achieved by each activity proposed. Failure to document the level of TIG benefit for any proposed activity will result in denial of the application or dropping the activity from the application's rating and ranking.

Some activities benefit specific groups which are assumed to be low income. These groups are called limited clientele. Homeless persons, farm workers, battered spouses, senior are all considered limited clientele. If a proposed activity benefits one of these groups then no further TIG documentation is needed.

B. Eligible Activities Under NOFA

The applicant must propose one of the seven eligible activities listed in this NOFA. If a different activity is proposed than listed in the NOFA's Appendices then it will be dropped and it will not be rated and ranked.

C. State Housing Assistance Requirement

Per State Statute, not less than 51 percent of the total State CDBG allocation must be used to provide or improve housing opportunities for the TIG. Public works activities are directly related to providing or improving housing opportunities for the TIG households. As such, 100 percent of the funds awarded under this NOFA will be for housing assistance related activities and the State requirement will be met.

D. State CDBG 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. If there is a question about the CDBG compliance status of your housing element, then prior to submitting an application, see the housing element status list at the Department's web site: [www.hcd.ca.gov/hpd/drc/plan/he/status.pdf](http://www.hcd.ca.gov/hpd/drc/plan/he/status.pdf). Applicants may also contact Paul McDougall of the Division of Housing Policy Development at (916) 322-7995 for further information.

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, and beginning with Section 65580.

E. 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. If there is a question about a local policy which may meet these criteria, we suggest contacting Paul McDougall at the Division of Housing Policy Development at (916) 322-7995 to find out if the local housing restrictions qualify. Please do this prior to submitting an application.

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 an adopted housing element that the Housing Policy Development 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.

F. Hold Out Status of Applicant

The Department issues letters each year to eligible applicants who will not be allowed to apply for funds in the current funding cycle because of past performance issues with grants or program income. An eligible applicant who receives a “Hold Out” letter from the Department must reply in writing and request for a waiver to the hold out status based on resolution of the performance problem in the current hold out letter. Upon receiving a written waiver of the hold out status from the Department, the applicant may submit an application.

**18. PUBLIC HEARINGS**

CDBG Regulations require that a minimum of two public hearings (program design and application submittal) be held before the jurisdiction submits an application to HCD. The hearings should be noticed at least 10 days prior to the hearing date. The program design hearing should 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 HCD. See application package 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.

## 19. 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.

## 20. RELOCATION AND ANTI-DISPLACEMENT REQUIREMENTS

The federal requirements relating to relocation and anti-displacement require grantees receiving any CDBG funds, regardless if the activity will cause displacement or not, to certify that they have made public and adopted a proper anti-displacement and relocation plan and will follow that plan. By signing the Statement of Assurance in the application package this requirement is met.

In addition, applicants who are doing activities which may or will cause the relocation and/or displacement of persons must provide a project specific relocation plan which outlines how they will manage the relocation and displacement activities to ensure proper benefits are provided. The Department will require the relocation plan to be submitted and approved as a special condition prior to release of any activity funds.

CDBG applicants are required to inform all potential persons, **prior to submitting an application for CDBG assistance**, of the potential for relocation assistance as a result of the federally-funded project and rights to relocation assistance using a proper General Information Notice (GIN) as found in HUD's relocation handbook 1378.

## 21. PROCUREMENT

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

## 22. 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, sub-recipients, etc. that are conducting business with the grantee **(including the City/County)** are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntary 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: <b>Eligible Jurisdictions</b> with Poverty Index, CDBG Field Representatives and telephone numbers	17
Appendix B: Eligible Activities: <b>Public Works</b>	23
Appendix C: Eligible Activities: <b>Housing - New Construction</b>	26
Appendix D: Eligible Activities: <b>Housing - Acquisition</b>	30
Appendix E: Eligible Activities: <b>Housing - Rehabilitation</b>	33
Appendix F: Eligible Activities: <b>Housing Program- Rehabilitation &amp; Acquisition</b>	36
Appendix G: Eligible Activities: <b>Community Facilities</b>	37
Appendix H: Eligible Activities: <b>Public Services</b>	40
Appendix I: <b>Request for Application Package</b>	43

## APPENDIX A

### Eligible Jurisdictions, Percent of Persons in Poverty and CDBG Field Representatives with Telephone Numbers (all have area code of 916)

<u>Jurisdiction</u>	<u>Persons in Poverty</u> <sup>2</sup>	<u>Field Representative</u>	<u>Telephone #</u>
ALPINE COUNTY <sup>1</sup>	19.5	Marta Valero	552-9360
AMADOR COUNTY	9.2	Marta Valero	552-9360
Amador City	22.9		
Ione	11.0		
Jackson	8.3		
Plymouth	10.4		
Sutter Creek	7.8		
BUTTE COUNTY	19.8	Liz Fitzgerald	319-8474
Biggs	17.9		
Gridley	23.3		
Oroville	33.1		
CALAVERAS COUNTY	11.8	Harry Faris	319-8444
Angels Camp	13.0		
COLUSA COUNTY	16.1	Conant Radcliffe	552-9354
Colusa	17.2		
Williams	19.2		
DEL NORTE COUNTY	20.2	Patrick Talbott	552-9361
Crescent City	34.6		
EL DORADO COUNTY	7.1	Harry Faris	319-8444
Placerville	12.1		
South Lake Tahoe	12.5		
FRESNO <sup>3</sup>		Patrick Talbott	552-9361
Firebaugh			
Fowler	21.5		
Huron	39.4		
Orange Cove	44.5		
San Joaquin	34.6		
GLENN COUNTY	18.1	Liz Fitzgerald	319-8474
Orland	19.0		
Willows	24.6		

<sup>1</sup> Figures for County entries are for unincorporated areas only.

<sup>2</sup> Data source: 2000 Census

<sup>3</sup> 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

<u>Jurisdiction</u>	<u>Persons in Poverty<sup>2</sup></u>	<u>Field Representative</u>	<u>Telephone #</u>
HUMBOLDT COUNTY	19.5	Patrick Talbott	552-9361
Arcata	32.2		
Blue Lake	11.1		
Eureka	23.7		
Ferndale	7.1		
Fortuna	17.4		
Rio Dell	23.1		
Trinidad	8.8		
IMPERIAL COUNTY	22.6	Leticia Cortez	552-9357
Brawley	26.6		
Calexico	25.7		
Calipatria	24.2		
Holtville	18.2		
Imperial	11.6		
Westmorland	27.2		
INYO COUNTY	12.6	Marta Valero	552-9360
Bishop	16.3		
KERN COUNTY <sup>3</sup>			
Delano	28.2	Patrick Talbott	552-9361
Taft	17.5		
Wasco	27.5		
KINGS COUNTY	19.5	Diane Moroni	552-9349
Avenal	30.7		
Corcoran	26.9		
Lemoore	13.4		
LAKE COUNTY	17.6	Conant Radcliffe	552-9354
Clearlake	28.6		
Lakeport	15.7		
LASSEN COUNTY	14.0	Patrick Talbott	552-9361
Susanville	14.3		
LOS ANGELES COUNTY <sup>3</sup>			
Hidden Hills	3.5	Leticia Cortez	552-9357
Industry	14.5		
Palos Verde Estates	2.2		
Vernon	0		
MADERA COUNTY	21.4	Marta Valero	552-9360
Chowchilla	19.2		
MARIPOSA COUNTY	14.8	Marta Valero	552-9360

<sup>1</sup> Figures for County entries are for unincorporated areas only

<sup>2</sup> Data source: 2000 Census

<sup>3</sup> 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.

<u>Jurisdiction</u>	<u>Persons in Poverty</u> <sup>2</sup>	<u>Field Representative</u>	<u>Telephone #</u>
MENDOCINO COUNTY	15.9	Leticia Cortez	552-9357
Fort Bragg	20.4		
Point Arena	26.0		
Ukiah	18.1		
Willits	14.5		
MERCED COUNTY	21.7	Diane Moroni	552-9349
Atwater	18.7		
Dos Palos	22.8		
Gustine	16.9		
Livingston	25.2		
Los Banos	12.1		
MODOC COUNTY	21.5	Patrick Talbott	552-9361
Alturas	27.1		
MONO COUNTY	11.5	Marta Valero	552-9360
Mammoth Lakes	14.4		
MONTEREY COUNTY	13.5	Liz Fitzgerald	319-8474
Carmel	6.5		
Del Rey Oaks	5.0		
Gonzales	20.2		
Greenfield	21.6		
King City	20.8		
Marina	13.1		
Pacific Grove	5.4		
Sand City	27.9		
Soledad	18.4		
NAPA COUNTY	8.3	Patrick Talbott	552-9361
American Canyon	8.8		
Calistoga	8.0		
St. Helena	6.4		
Yountville	7.3		
NEVADA COUNTY	8.1	Liz Fitzgerald	319-8474
Grass Valley	14.9		
Nevada City	7.9		
Truckee	4.6		
ORANGE COUNTY <sup>3</sup>			
Aliso Viejo	2.8	Leticia Cortez	552-9357
San Juan Capistrano	10.7		

<sup>1</sup> Figures for County entries are for unincorporated areas only.

<sup>2</sup> Data source: 2000 Census

<sup>3</sup> 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.

<u>Jurisdiction</u>	<u>Persons in Poverty<sup>2</sup></u>	<u>Field Representative</u>	<u>Telephone #</u>
PLACER COUNTY	5.8	Marta Valero	552-9360
Auburn	6.7		
Colfax	12.0		
Lincoln	12.4		
Loomis	3.4		
Rocklin	4.5		
PLUMAS COUNTY	13.1	Conant Radcliffe	552-9354
Portola	20.3		
RIVERSIDE COUNTY <sup>3</sup>			
Calimesa	12.2	Liz Fitzgerald	319-8474
Coachella	28.9		
Indian Wells	3.4		
Rancho Mirage	5.9		
SAN BENITO COUNTY	10.0	Diane Moroni	552-9349
Hollister	9.5		
San Juan Bautista	15.5		
SAN LUIS OBISPO COUNTY <sup>3</sup>			
Morro Bay	13.0	Harry Faris	319-8444
Pismo Beach	9.0		
SANTA BARBARA COUNTY	14.2	Harry Faris	319-8444
Buellton	8.8		
Carpinteria	10.4		
Guadalupe	25.0		
Solvang	6.7		
SANTA CRUZ COUNTY	11.9	Harry Faris	319-8444
Capitola	6.7		
Scotts Valley	2.5		
SHASTA COUNTY	15.4	Liz Fitzgerald	319-8474
Anderson	28.3		
Shasta Lake	20.1		
SIERRA COUNTY	11.3	Conant Radcliffe	552-9354
Loyalton	18.1		

<sup>1</sup> Figures for County entries are for unincorporated areas only.

<sup>2</sup> Data source: 2000 Census

<sup>3</sup> 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.

<u>Jurisdiction</u>	<u>Persons in Poverty</u> <sup>2</sup>	<u>Field Representative</u>	<u>Telephone #</u>
SISKIYOU COUNTY	18.6	Conant Radcliffe	552-9354
Dorris	19.1		
Dunsmuir	19.3		
Etna	19.7		
Fort Jones	26.0		
Montague	24.2		
Mount Shasta	19.4		
Tulelake	34.6		
Weed	23.9		
Yreka	21.2		
SOLANO COUNTY	8.3	Patrick Talbott	552-9361
Benicia	4.3		
Dixon	8.1		
Rio Vista	10.2		
Suisun City	6.5		
STANISLAUS COUNTY <sup>3</sup>			
Ceres	12.9	Harry Faris	319-8444
Hughson	19.1		
Newman	13.1		
Riverbank	12.3		
Waterford	12.3		
SUTTER COUNTY	15.5	Harry Faris	319-8444
Live Oak	30.2		
TEHAMA COUNTY	17.3	Diane Moroni	552-9349
Corning	26.3		
Red Bluff	21.1		
Tehama	16.6		
TRINITY COUNTY	18.7	Harry Faris	319-8444
TULARE COUNTY	23.9	Conant Radcliffe	552-9354
Dinuba	26.2		
Exeter	19.4		
Farmersville	30.7		
Lindsay	39.9		
Woodlake	36.8		
TUOLUMNE COUNTY	11.4	Harry Faris	319-8444
Sonora	16.9		
YOLO COUNTY	18.4	Harry Faris	319-8444
West Sacramento	22.3		
Winters	5.0		

<sup>1</sup> Figures for County entries are for unincorporated areas only.

<sup>2</sup> Data source: 2000 Census

<sup>3</sup> 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.

<u>Jurisdiction</u>	<u>Persons in Poverty<sup>2</sup></u>	<u>Field Representative</u>	<u>Telephone #</u>
YUBA COUNTY	20.8	Liz Fitzgerald	319-8474
Wheatland	19.8		

---

<sup>1</sup> Figures for County entries are for unincorporated areas only.

<sup>2</sup> Data source: 2000 Census

<sup>3</sup> 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.

**APPENDIX B**  
**PUBLIC WORK AND INFRASTRUCTURE ACTIVITIES**

A. ELIGIBLE USES OF FUNDS

Eligible public works activities include: acquisition, construction, rehabilitation or installation of projects such as: water wells, treatment, filtration and distribution facilities; sewer collection, treatment and disposal facilities; electrical power generation, transmission, lighting and service; natural gas distribution and service; drainage and flooding mitigation including the covering of drainage facilities, watershed-reservoir and stream development; and payment of "special assessments" as defined in 24 CFR 570.200 (c)(1), for the above activities.

Public infrastructure projects in support of new construction housing are also eligible. In instances where CDBG funds will be spend within the first 24 months of the standard agreement but the low income or target income group benefit will not be in place until later, the standard agreement can be extended out for up to five years so the proper benefit is in place.

B. PROHIBITED USES OF FUNDS

Infrastructure improvements on private property are not typically eligible. For example, replacing a water system in a private mobile home park is not an eligible public works project BUT it is an eligible housing rehabilitation activity. Assistance can be provided to private water or utility companies. However, water or sewer lateral programs for private homeowners are not eligible. No well abandonment or septic system abandonment activities on private property are allowed. Funds can not be used to pay for equipment, tools, or supplies for ongoing operation and maintenance expenses.

C. TARGETED INCOME GROUP BENEFIT

The Department will award the full 300 points for applicants demonstrating 90 percent 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 area is extremely depressed. Activities with less than 90 percent benefit to TIG households will loose 7.69 points for every percentage point less than the 90 percent TIG benefit threshold for full points. It is recommended that the benefit calculation be done before submitting the application so it is clear what this score will be. *Note: Assessments may be paid by CDBG only if the unit is owned and occupied by a TIG household so these activities are 100 percent TIG benefit.*

Applicants can use 2000 HUD low and moderate income data by census tract and census block group to document low income benefit of the area where the infrastructure improvement will take place. Please refer to HUD low moderate income data on Department's web site. If this data is not available for your area of benefit, then the applicant can use a household income survey to document the TIG benefit for a public works activity. See application package Appendices for sample survey form and required methodology. If you are proposing to use some other source of information to document TIG benefit, then contact your state program representative to ensure it is acceptable.

#### D. ACTIVITY NEED SCORING

1. Need Indicators: The Department will assess need for proposed 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.
2. Third Party Documentation and Supplemental Information: Applicants with strong third-party documentation will be more competitive. Such documentation could include but not be limited to: having a cease and desist order, priority ranking on other agencies' funding lists, and letters of non compliance from state or local oversight agencies on not meeting health and safety standards. In rating and ranking these proposed activities, the Department will assign points based on the severity of problem.

The most competitive applications will include documentation that the scope of work proposed under the activity in the application will remove the violation or health and safety issue documented. Also, applications showing that there is sufficient revenue for long-term operation and maintenance of the system through a structured rate schedule, will be more competitive.

#### E. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

1. Other Financing: Applicants are not required to have other project financing committed at the time of application. However, all project financing must be committed 90 days after the execution of the standard agreement. For assessment district formation, applicants must show that the assessment has passed by a vote of the local residents.
2. Davis-Bacon and State Prevailing Wage Rates: If CDBG funds are used to pay for any construction costs or property assessments, then every construction contract associated with the project is subject to Davis-Bacon monitoring and State prevailing wage rates.

3. NEPA Choice Limiting Actions: If CDBG funds pay for purchase of real property or construction work on a site, then the applicant must ensure they do not take a choice limiting action, as defined under the National Environmental Policy Act (NEPA), prior to obtaining ability to incur costs on the project or full release of CDBG funds for the proposed activity. Choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract prior to receiving written release of funds from the Department.
4. 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 NEPA review having been completed and approved by HCD.

**APPENDIX C**  
**HOUSING NEW CONSTRUCTION ACTIVITIES**

A. ELIGIBLE USES OF FUNDS

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:
  2. Activity Costs: Acquisition of sites by the recipient or other public or private nonprofit entity *Reference: 24 CFR 570.201(a);*  
  
Clearance of sites *Reference: 24 CFR 570.201(d);*  
  
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);*  
  
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  
  
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
3. Soft Costs: 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);*  
  
Applications for funding *Reference: 24 CFR 570.206(g)(3);* and  
  
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.

4. Construction Costs: CDBG funds may be used for on-site construction costs of new housing only 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 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*

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*

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*

A housing construction project that has received funding through a Housing Development Grant (a HODAG) *Reference: 24 CFR 570.201(m).*

5. Other Activities: The following eligible uses of CDBG funds are evaluated as housing new construction activities:

Acquisition of permanent rental housing, the majority of which is unoccupied, including any rehabilitation *Reference: 24 CFR 570.201(a); and*

Conversion of a non-residential structure to residential (adaptive reuse) is not generally considered to constitute new construction and is eligible under Housing Rehabilitation. However, if the conversion involves construction that goes beyond the envelope of the non-residential structure, the project may be a New Construction activity. If this is the case, please consult with your CDBG Representative. *Reference: 24 CFR 570.202(e).*

## B. PROHIBITED USES OF FUNDS

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. TARGETED INCOME GROUP BENEFIT

The applicant must provide documentation of TIG benefit for the proposed project. If the new construction project is for single family housing units then there must be at least 51 percent benefit. Non-senior mixed income rental housing projects are allowed when at least 20 percent of the units are TIG and the percentage of CDBG funds invested does not exceed the TIG percentage. These types of activities require restricting a number of the new units to low income households.

## D. ACTIVITY NEED SCORING

1. Need Indicators: The Department uses the following need indicators, as follows:
  - 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; and
  - Percentage of renters who are overpaying based on the 2000 census; and
  - Rate of overcrowding based on the 2000 census; and
  - 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.
2. Third Party Documentation and 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.

## E. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

1. Site Acquisition Costs: Applicants are not required to have site control at the time of application (option to purchase). 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: Current CDBG policy 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 24 months of the contract.**
3. Other Financing. Applicants are not required to have other project financing committed at the time of application. However, the timing of the financing will be a specified condition of releasing any project funds. All project financing must be committed 90 days prior to the date construction will begin, as stated in the original application.
4. Displacement: Federal law requires that displacement due to CDBG activities be minimized. Applicants must design their housing programs with this objective in mind. If any temporary or permanent displacement may happen as the result of investment of CDBG funds, then persons who may be affected must be given the proper General Information Notice (GIN) relocation notice prior to submitting the application. As part of the application, relocation activities must be addressed as they relate to completing the proposed activity.
5. Davis-Bacon and State Prevailing Wage Rates. If CDBG funds are used to pay for any new construction costs, in a project of more than eight units, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates.
6. NEPA Choice Limiting Actions. If CDBG funds pay to purchase or do construction work on a site, then the applicant must ensure they do not take a choice limiting action, as defined under the NEPA, prior to obtaining release of CDBG funds for the proposed activity. Choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract prior to state release of funds.

## APPENDIX D HOUSING ACQUISITION ACTIVITIES

### A. ELIGIBLE USES OF FUNDS

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 Programs: Financial 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. Mobile Home Park Purchase: Resident-purchase of mobile home parks. *Reference: 24 CFR 570.201(n)*

### B. PROHIBITED USES OF FUNDS

Using CDBG funds to purchase existing rental property then also building new units on the same property 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." Housing acquisition activities cannot be used to develop new housing units.

### C. TARGETED INCOME GROUP BENEFIT

The applicant must provide documentation of TIG benefit for the proposed project or program. Housing acquisition programs involve providing secondary mortgage financing to homebuyers to assist them in purchasing a home. Because these programs are direct assistance, all households who receive assistance must be income qualified and documented as eligible.

If the activity is for purchase of a multi family project then documentation must be provided that at least 51 percent of the units are or will be rented to low income households. benefit.

### D. ACTIVITY NEED SCORING

1. Need Indicators: The Department will assess the need for this activity based on the following indicators:
  - Jurisdiction’s rental vacancy rate from the 2000 census (or a local

survey) or the homeownership rate from the 2000 census, as applicable for the type of project proposed; and

- Percentage of renters who are overpaying based on the 2000 census; and
- Rate of overcrowding, based on the 2000 census.

2. Third Party Documentation and 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.

#### E. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

1. Displacement: Federal law requires that displacement due to CDBG activities be minimized. Applicants must design their housing programs with this objective in mind. If any temporary or permanent displacement may happen as the result of investment of CDBG funds, then persons who may be affected must be given the proper General Information Notice (GIN) relocation notice prior to submitting the application. As part of the application, relocation activities must be addressed as they relate to completing the proposed activity. Homebuyer assistance programs typically exclude assistance for tenant occupied units so permanent displacement is avoided.
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 units, then the entire construction contract is subject to Davis-Bacon and State prevailing wage rates.
1. NEPA Choice Limiting Actions: If CDBG funds pay to purchase or do construction work on a site, then the applicant must ensure they do not take a choice limiting action, as defined under the NEPA, prior to obtaining release of CDBG funds for the proposed activity. Choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract prior to state release of funds.
2. Program Design and Other Financing: Applicants are encouraged to use the Department's sample homebuyer assistance guidelines when doing a homebuyer assistance program. However, the rates and terms of the assistance loans and maximum loan and grant amounts are determined by the applicant. The program should be designed to meet the needs of local low income families within the local housing market.

For housing acquisition projects, full financing does not need to be committed at the time of application. However, the timing of the financing will be a specified condition of release of project funds. All project financing must be committed 90 days prior to the date construction will begin, as stated in the original application.

**APPENDIX E**  
**HOUSING REHABILITATION PROJECT AND PROGRAM ACTIVITIES**

**A. ELIGIBLE USES OF FUNDS**

CDBG funds may be used to finance the costs of repairs and improvements to owner- and renter- occupied units. The proposed activity can be for single family residences, which HUD defines as one to four unit dwellings, or for larger multi-family rental housing projects. Scope of work for rehabilitation can be from simple weatherization of structures to substantial repairs and even demolition and reconstruction if it is cost effective. Rehab activities can also take place on mobile home units. Installation or replacement of water or sewer laterals or septic systems are considered rehabilitation when they are located on private property. Applicants may convert commercial properties into housing units.

Conversion of a non-residential structure to residential (adaptive reuse) is eligible under Housing Rehabilitation. However, if the conversion involves construction that goes beyond the envelope of the non-residential structure, the project may be a New Construction activity. If this is the case, please consult with your CDBG Representative. *Reference: 24 CFR 570.202(e).*

**B. PROHIBITED USES OF FUNDS**

Rehabilitation does **not** include construction of new units on the property (convert garage into rental unit). Rehab programs cannot install luxury items, such as a swimming pool. Costs of equipment, furnishings, or other personal property not integral to the structural such as a window air conditioner; or a washer or dryer (but a stove or refrigerator is allowed). CDBG funds cannot be paid to an owner builder even if they are licensed contractor.

**C. TARGET INCOME GROUP BENEFIT**

Direct assistance housing rehabilitation programs are restricted benefit activities and as such all beneficiaries must be income qualified prior to receiving assistance. The beneficiary is income qualified per HUD income determination guidelines prior to receiving CDBG assistance. These “direct assistance” programs are 100 percent TIG and receive full points under this rating and ranking category.

Multi family rental projects being rehabilitated with CDBG funds can be mixed income but CDBG funds can not be used to repair non TIG household units. Shared repair items like roofs must have prorated costs.

**D. ACTIVITY NEED SCORING**

1. Need Indicators: The Department will assess the need for this activity based on the following indicators:
  - Percentage of units within jurisdiction or target area that are in need of rehabilitation, as shown in the most recently adopted

housing element or a target area survey is allowed if less than five years old; and

- Percentage of housing units over 50 years old, as shown in the 2000 census data; if the applicant is proposing to work in a specific target area, the Department will accept 2000 census data at the Census Block Group level for the target area(s); and
- Percentage units which are overcrowded, as shown in the 2000 census data; if the applicant is proposing to work in a specific target area, the Department will accept 2000 census data at the Census Block Group level for the target area(s).

2. Third Party Documentation and 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.

#### E. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

1. Relocation or Displacement: Federal law requires that displacement due to CDBG activities be minimized so activities must have this objective in mind. Typically, displacement is limited to temporary relocation for rehabilitation programs so applicants need to have an approved a temporary relocation plan for their program.
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.
3. NEPA Compliance and Choice Limiting Actions: For rehab programs the NEPA is done in two parts. The first part is the Rehabilitation Environmental Review process which is done prior to release of activity funds. The second part is the project specific review process done once activity is started. All single family rehab projects must have an Appendix A form completed prior to loan approval.

If CDBG funds pay for construction work on a rehabilitation project with other funding besides CDBG, then the applicant must ensure they do not take a choice limiting action, as defined under the NEPA, prior to obtaining release of CDBG funds for the project. Choice limiting actions include executing a construction contract for a project prior to state release of CDBG funds.

4. Program Design and Other Financing: Applicants are encouraged to use the Department's sample housing rehabilitation guidelines when doing a housing rehabilitation. However, the rates and terms of the assistance loans and maximum loan and grant amounts are determined by the applicant. The program should be designed to meet the needs of local low income families within the local housing market so that it can be successfully implemented.

For housing acquisition projects, full financing does not need to be committed at the time of application. However, the timing of the financing will be a specified condition of release of project funds. All project financing must be committed 90 days prior to the date construction will begin, as stated in the original application.

**APPENDIX F  
COMBINATION HOUSING PROGRAM ACTIVITIES**

A. ELIGIBLE USES OF FUNDS

This activity combines Housing Rehabilitation and Housing Acquisition activities together. This activity will allow grantees to move CDBG funds back and forth between the two programs without having to do a formal contract agreement amendment. Grantees will need to inform the Department in writing each time funds are moved but no formal authorization is needed.

CDBG funds may be used to finance the costs of these two programs as stated above in Appendix D and Appendix E.

B. PROHIBITED ACTIVITIES

CDBG funds may **NOT** be used to finance the costs of these two programs as stated above in Appendix D and Appendix E.

C. TARGET INCOME GROUP BENEFIT

Both of these programs are direct assistance and are as such restricted to TIG beneficiaries. All beneficiaries must be income qualified prior to receiving assistance.

D. ACTIVITY NEED SCORING

1. Need Indicators: The Department will use the same needed indicators as stated above in Appendix D and Appendix E. These two sets of needs scores will be blended together to determine a final need score.
2. Third Party Documentation and Supplemental Information: The Department will use the same types of supplemental data as stated above in Appendix D and Appendix E.

E. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

1. No Target Area Programs Allowed: If an applicant wishes to use the combination housing program then the two programs must both be jurisdiction wide. No target areas are allowed. All the activity needs scores will be based on jurisdiction wide data. It is the belief of the Department that by combining the two programs together that they become more competitive and no target areas are needed.
2. Other Considerations: See Appendix D and Appendix E above for other considerations for these two programs.

## APPENDIX G COMMUNITY FACILITY ACTIVITIES

### A. ELIGIBLE USES OF FUNDS

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.

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, and 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.

### B. PROHIBITED USES OF FUNDS

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. TARGETED INCOME GROUP BENEFIT

The Department will award full points for applicants demonstrating 90 percent 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.

1. Methods for Determining Area TIG Benefit: Applicants can use 2000 HUD low and moderate income data by census tract and census block group to document low income benefit of the area where the community facility will provide services. See Appendices in the application package for link to Department's web site with this information. If this data is not available for your area of benefit, then the applicant can use a household income

survey to document the TIG benefit for a public works activity. See Appendices in the application package for sample survey form and required methodology. If you are proposing to use some other source of information to document TIG benefit, then contact your state program representative to ensure it is acceptable.

2. Community Facility Beneficiaries with Presumed 100 percent TIG Benefit:

Limited clientele: *Abused children*  
*Homeless persons*  
*Illiterate adults*  
*Persons living with AIDS*  
*Battered spouses*  
*Migrant farm workers*  
*Severely disabled adults (per census definition)*  
*Seniors (over 65 years old) Scores as only 51 percent*

TIG

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 quantitative 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.

D. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

1. Acquisition Costs: Applicants are not required to have site control at the time of application (lease agreement or option to purchase). 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 project financing committed at the time of application. However, the timing of the financing will be a specified condition of releasing any project funds. All project financing must be committed 90 days prior to date construction will begin, as stated in the original application.

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.
6. Displacement: Federal law requires that displacement due to CDBG activities be minimized. Applicants must design their housing programs with this objective in mind. If any temporary or permanent displacement may happen as the result of investment of CDBG funds, then persons who may be affected must be given the proper GIN relocation notice prior to submitting the application. As part of the application, relocation activities must be addressed as they relate to completing the proposed activity.
7. NEPA Choice Limiting Actions: If CDBG funds pay for purchase of real property or construction work on a site, then the applicant must ensure they do not take a choice limiting action, as defined under the NEPA, prior to obtaining release of CDBG funds for the proposed activity. Choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract using CDBG funds.

**APPENDIX H  
PUBLIC SERVICE ACTIVITIES**

**A. ELIGIBLE USES OF FUNDS**

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

**B. PROHIBITED USES OF FUNDS**

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. TARGETED INCOME GROUP BENEFIT

The Department will award full points for applicants demonstrating 90 percent 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.

1. Methods for Determining Area TIG Benefit: Applicants can use 2000 HUD low and moderate income data by census tract and census block group to document low income benefit of the area where the public service will take place. Please refer to Appendix B, 2004 income limits, in the 2005 application, for link the to the HUD web site with this information. If this data is not available for your area of benefit, then the applicant can use a household income survey to document the TIG benefit for a public works activity. See Appendix A in the 2005 application for sample survey form and methodology. If you are proposing to use some other source of information to document TIG benefit, then contact your state program representative to ensure it is acceptable.

2. Beneficiaries with Presumed 100 percent TIG Benefit:

Limited clientele:

- Abused children*
- Homeless persons*
- Illiterate adults*
- Persons living with AIDS*
- Battered spouses*
- Migrant farm workers*
- Severely disabled adults (Per census definition)*
- Seniors (over 65 years old) Scores as only 51 percent*

TIG

## 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 quantitative 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. The services proposed are not located in the community or are being eliminated. Demand for the service must be well documented with waiting lists of persons in need or a large number of persons not being served in the community.

#### E. CONSIDERATIONS WHEN IMPLEMENTING ACTIVITY

Public service programs have the least amount of federal overlay requirements. The NEPA review process is very simple as the activity is exempt. The procurement process is typically done under “small purchase” for equipment and supplies for the service, so it is not difficult or time consuming. The service provider is provided the CDBG funds through a Subrecipient agreement.

The most difficult part of administering a public service program with a non-profit is providing support for the service provider and ensuring the provider has the financial and reporting systems in place for generating the required CDBG reports required by the Department. Often the small non-profit agencies administering these activities have small amounts of staff, staff time and little experience in administering CDBG activities. Applicants must make sure the jurisdiction’s staff overseeing the grant activities provide sufficient over site of the non-profit or hire a consultant to oversee the non-profit and provide support so the services are done properly and grant and fiscal records are maintained.

**APPENDIX I  
APPLICATION PACKAGE REQUEST FORM  
FOR 2006/2007 GENERAL ALLOCATION NOFA**

**Mail or fax this Request Form  
to:**

CDBG Program Secretary  
Department of Housing and Community Development  
Division of Financial Assistance  
Community Development Block Grant (CDBG) Program  
P.O. Box 952054, MS 330  
Sacramento, CA 94525-2054  
FAX (916) 327-8823

___	YES. Please send the <b>2006/2007 CDBG General Application Package as follows:</b>	
___	___	Mail a CD copy
___	___	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 have questions regarding this process or you do not receive a mailing within two weeks of your request, please call the CDBG Program Secretary at (916) 552-9399. If you have problems working with the application documents then call Leticia Cortez at (916) 552-9357.