

# **NOTICE OF FUNDING AVAILABILITY**

Community Development Block Grant Program  
Economic Development Allocation

**OVER-THE-COUNTER COMPONENT**  
**2006-07**



**STATE OF CALIFORNIA**  
**Department of Housing and Community Development**  
**Division of Financial Assistance**  
**State Enterprise and Economic Development Section**  
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**STATE OF CALIFORNIA**

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BUSINESS, TRANSPORTATION AND HOUSING AGENCY

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STATE OF CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

ECONOMIC DEVELOPMENT ALLOCATION  
**OVER-THE-COUNTER COMPONENT**  
2006-07

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## 1. FUNDING NOTICE

The Department of Housing and Community Development (Department) announces the availability of approximately \$7 million for the 2006-07 funding cycle of the Over-The-Counter (OTC) Program Component of the State Community Development Block Grant (CDBG) Program's Economic Development Allocation. There is a separate funding notice for the Economic Development (ED) Allocation's California Community Economic Enterprise Fund (Enterprise Fund) Component. Other funding notices are issued for the General\Native American Allocation and the Planning/Technical Assistance Allocation. Contact the Program Secretary for information about other notices.

### 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 CDBG 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.

This Notice of Funding Availability (NOFA) summarizes portions of the regulations that are likely to be of greatest interest or that require further explanation. In the interest of brevity, the NOFA does not cover many regulatory provisions that apply and may be important to a particular applicant or that are necessary for proper completion of the application. Potential applicants are urged to review the regulations and the application-training manual, to attend the application preparation workshop and to contact Program staff with additional questions.

### Application Package

**The Application contains the required forms for application submittal, as well as instructions for completing those forms and detailed descriptions of the requirements. IF YOU ARE INTERESTED IN APPLYING FOR FUNDING, YOU MUST REQUEST THE APPLICATION FROM THE CDBG PROGRAM.**

To download a copy of the application package over the internet, please go to our website at:  
<http://www.hcd.ca.gov/ca/cdbg/funds/>

or you may call your Economic Development Representative or contact the Program Secretary at [vjeffers@hcd.ca.gov](mailto:vjeffers@hcd.ca.gov), at the CDBG Main line, (916) 552-9398.

## 2. CHANGES FOR THIS YEAR

The 2006-07 application submittal, review and funding procedures have been revised to reflect the following changes:

- 1) Self Certifications of Housing element status will not be required with the application. Housing element status will be confirmed with the Housing Policy Division. Jurisdictions not in compliance will not be eligible to be awarded funds.
  
- 2) The maximum amount of funds available for the OTC component is \$2 million dollars per applicant, per program funding year.
  
- 3) In the past, infrastructure projects designed to overcapacity were required to report job creation for one year past completion of construction of the improvements in the public right of way, in order to attempt to reach a \$10,000/job threshold. A closer reading of the CFR24 Part 570.483(b)(4)(vi)(F)(1) and (2) indicates that this requirement applies only to job creation under benefit to the targeted income group, and not the projects meeting the eradication of slums and blight national objective. Therefore, a project designed to overcapacity and meeting the eradication of slums and blight national objective is not required to meet other than the \$35,000 per job public benefit test and the U.S. Department of Housing and Urban Development (HUD) eligibility guidelines at 570.482(e)(2)(i)-(vi)

### 3. USES OF FUNDS

Under the OTC Program, the Department provides grant funds to eligible cities and counties for the following purposes:

- to make loans to employers for an identified CDBG-eligible activity which will result in the creation or retention of permanent jobs; or
- to construct infrastructure improvements which are necessary to accommodate the creation, expansion or retention of a business that will create or retain jobs.

### 4. APPLICATION DATES AND DETAILS

a. Key dates:

NOFA release:	August 2006
Application release:	August 2006
Applications accepted at the Department:	Continuously, Upon Invitation
Final Application Due Date	March 16, 2007

b. Number of copies: **Original and one (1) copy, both with all required attachments.**

c. Mail to or Deliver to: State Community Development Block Grant Program  
California Dept. of Housing and Community Development  
**1800 3<sup>rd</sup> Street, Suite 330, Sacramento, CA 95814**

Telephone: (916) 552-9398 (Program Secretary)  
Email: [vjeffers@hcd.ca.gov](mailto:vjeffers@hcd.ca.gov)  
Fax: (916) 319-8488

d. Application workshops

The Department will present informational workshops throughout the State. The dates and locations of these workshops are posted at our website at:

<http://www.hcd.ca.gov/ca/cdbg/>

The workshops will include a brief overview of the OTC Program, a discussion of the application and evaluation criteria, and the requirements for deal structuring, application preparation and submission. Eligible applicants who intend to apply for OTC funding or who are interested in identifying potential OTC projects in their jurisdiction during this funding cycle should attend the workshop in their area. Eligible applicants should review this NOFA and the Application Package and come prepared with questions and ideas for preparing an application.

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

e. Application review process

1. Pre-Application

The purpose of the pre-application is to allow State CDBG program staff to provide technical assistance early in the application development stage. The jurisdiction is STRONGLY ENCOURAGED to submit a pre-application to the Department with the scope, eligible use of funds, timeframe, gap, job creation commitment, available funding resources and financing structure outlined. CDBG staff will review the pre-application prior to meeting with the project's principals. At this time, the applicant may also contact their CDBG-ED Representative to request an on-site meeting. As an addendum to the pre-application, the private business or developer will also be asked to provide financial information to the Department electronically that demonstrates the viability of the project, the identified financing gap, and capacity to create (or need to retain) the jobs required to make it an eligible CDBG OTC project.

2. Pre-Application Meeting

Once the pre-application has been received and reviewed by the CDBG-ED Representative an on-site meeting will be scheduled to discuss the scope of the proposed project. Attendees at the site meeting should include a representative of the jurisdiction submitting the application, the developer or business owner receiving assistance, the program's financial consultant and their CDBG-ED Representative. The private developer or business will be advised to bring all pertinent financial information to this meeting sufficient to represent an eligible project.

3. Invitation to Submit an Application

When staff has determined that the project is ready to move forward in the process, the jurisdiction will be invited to submit a full application to the Department.

4. Application Submittal

Invitations to submit an application will be made on a continuous basis until all funds are committed. Upon receipt of an application, the Department will review the application under a three-stage process. The application will first be reviewed for completeness. If the application is incomplete, the application will be returned to the applicant within **Thirty (30) days** of receipt of the application with a written explanation of any deficiencies that must be corrected prior to resubmission.

If the application is determined to be complete, the application will then be evaluated using the application rating factors to determine if the application meets minimum threshold criteria. If the application fails to meet the minimum threshold criteria, the application will be returned to the applicant with a written explanation of any deficiencies that must be corrected prior to resubmission.

If the application is complete and the minimum threshold criteria are met, the application will be financially underwritten using HUD underwriting guidelines. The application will be further reviewed to ensure at least a minimum level of public benefit and compliance with other factors specified in state regulations. Applications that are found to be feasible and meet all program requirements will be summarized in a staff report that is presented to the Economic Development Advisory Committee at a public meeting held approximately **forty-five (45) days** from the receipt of a complete application.

The staff report summarizes the project and recommends approval or denial of the application. The Advisory Committee reviews the report, and either accepts, rejects or modifies the staff recommendation. The Advisory Committee then votes on a funding recommendation to be provided to the Director of the Department who has final approval authority. The Director's funding decision is made **approximately sixty (60) days** from the receipt of a complete application.

f. Awards processing

All funded applications are processed through a Standard Agreement (Agreement). The Agreement contains information about the terms and special conditions of the award. Special conditions must be met within **ninety (90) days** of the State's execution of the Agreement (stamped approval date). If the conditions are not met, the Department may terminate the Agreement.

After the Grant Agreement is executed by the Department, you may spend General Administration funds to satisfy special conditions. However, costs for program-related activities may not be incurred until written approval is received from the Department that all Agreement conditions for the activity have been satisfied. Any grant costs you incur prior to this Agreement's execution by the Department will be at your own risk and may not be eligible for reimbursement. Information about processing times and authorization requirements will be provided at the time the Agreement is sent to the grantee.

g. Whom to contact for further information

For further information, please call your CDBG Economic Development Representative or the CDBG Program Secretary at (916) **552-9398**.

## 5. FUNDING LIMITS

### Maximum award limits

- \$2 Million per application, per program year for the OTC component

## 6. ELIGIBLE APPLICANTS

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

- a. If a city under 50,000 population has entered into a three-year urban county Cooperation Agreement with HUD, 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 HUD.

**In addition, all applicants must meet the following criteria to be considered for funding:**

a. No unresolved audit findings or performance problems

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 there are unresolved findings from monitoring of prior CDBG grants or the jurisdiction has excessive program income on hand. If you are unsure of your status, contact your Economic Development Representative for guidance.

b. Housing Element compliance

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

c. Growth Control

Pursuant to Health and Safety Code Section 50830, no city or county is eligible to receive CDBG funds if the city or county has adopted a general plan, ordinance, or other measure 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 which does any of the following:
  - 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;
  - creates agricultural preserves under Chapter 7 (commencing with Section 51200) of Part 2 of Division 1 of Title 5 of the Government Code; or
  - was adopted pursuant to a specific requirement of a State or multi-State board, agency, department, or commission; or
- 2) 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 proposal is scheduled to be taken before the Economic Development Advisory Committee, 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.

## 7. ELIGIBLE ACTIVITIES

Local governments apply to the Department on behalf of an identified business or developer. The Department does not make direct loans or grants to the business or developer. The CDBG grant award is made to the City or County. CDBG funds are considered gap financing and are designed to leverage the maximum feasible amount of private and or other public financing. CDBG is typically not the sole source of financing.

Typical eligible activities are:

- a. construction loans (business/developer);
- b. equipment purchase loans (business/developer);
- c. working capital loans (business/developer);
- d. land acquisition loans (business/developer);
- e. loans for privately owned on-site improvements (business/developer);
- f. loans for business start-ups (business);
- g. loan guaranties (business/developer);
- h. grants for publicly owned infrastructure/off-site improvements (city/county);
- i. grants or loans for small business incubators (city/county); and

Other funding activities may also be eligible. Contact your Economic Development Representative prior to submitting an application for an activity not listed above.

**Note:** Not all costs are eligible for CDBG purposes. The timing of expenditure of project activity funds can also affect the eligibility of costs for reimbursement. In general, only costs incurred after execution of the Standard Agreement can be paid for with CDBG funds. In addition, only project costs incurred after the completion of the National Environmental Policies Act environmental review are eligible for reimbursement. Applicants are advised to contact their Economic Development Specialist in advance for confirmation of the allowable uses of funds.

## 8. PROGRAM REQUIREMENTS

Funded activities must meet State and Federal CDBG program requirements, including meeting a national objective, ensuring sufficient public benefit, and meeting HUD underwriting guidelines.

### a. National Objective Requirement

Each activity must meet at least one of three national objectives:

- 1) **Benefit to the Targeted Income Group (TIG).** At least 51 percent of the jobs created or retained by an activity must benefit the Targeted Income Group (TIG). TIG includes "lowest targeted income group (LTIG)" and is based on a county's median income limit adjusted for family size as provided annually by HUD. A TIG

household has a combined family income at 80 percent or below of the adjusted county median family income. A LTIG household has a combined family income of 50 percent or below of the adjusted county median family income.

- 2) **Aid in the prevention or elimination of slums or blight.**
- 3) Meet a community development need having a particular **urgency.**

b. Public Benefit

All projects must achieve a minimum level of public benefit from the expenditure of CDBG funds. Minimum standards for public benefit are as follows:

- 1) The project must lead to the creation or retention of at least one full-time equivalent job per \$35,000 of CDBG funds used; or
- 2) The project provide goods and services to residents of an area, such that the number of TIG persons residing in the areas served by the assisted business amounts to at least one TIG persons per \$350 of CDBG funds used.

**Note: New jobs must be generated within the term of the grant agreement.**

c. HUD and State Underwriting Guidelines and Project Review Criteria

Prior to award, the Department will underwrite to ensure projects are financially viable and will make the most effective use of the CDBG funds. The objectives of the underwriting guidelines are to ensure that:

- 1) Project costs are reasonable;
- 2) Sources of project financing are committed;
- 3) CDBG funds are not substituted for other available funds;
- 4) The project is financially feasible;
- 5) **That to the extent practicable, the return on the owner's equity investment will not be unreasonably high;** and
- 6) CDBG funds are disbursed on a pro rata basis with financing provided to the project.

The State review criteria evaluate the project under additional factors, such as intrastate relocation.

**9. APPLICATION EVALUATION CRITERIA AND POINT SCORING**

Each application will undergo a three-stage review process. If the application is determined to be deficient during any stage of the review process, the applicant can correct the identified deficiencies and resubmit the application to begin the review process again.

**Stage 1 - Completeness**

The first stage of review determines if the application contains sufficient information to allow the Department to determine the project's feasibility and eligibility under CDBG State and Federal regulations.

**Stage 2 - Program Threshold Criteria**

The second stage of the review process utilizes objective data to evaluate whether the application sufficiently promotes CDBG program objectives. This review rates the application according to five factors by allocating points to each rating factor. Points are assigned according to criteria in the State CDBG Regulations, Sections 7062.1 (c) (7). The application must attain at least 50 points of the 80 total points to be eligible to pass on to the third review stage.

<b>Factor</b>	<b>Maximum # of Points</b>
Percent of county-wide unemployment relative to the statewide average	25
Ratio of CDBG funds per unit of public benefit - maximum of \$35,000 per job created or retained or \$350 per TIG person served.	15
Ratio of private funds to CDBG funds	15
Quality of applicant's past performance of CDBG ED grants	15
Percent of funds allocated to applicant's general administrative costs	10
<b>TOTAL POINTS</b>	<b>80</b>

### **Stage 3 - Feasibility**

At this evaluation stage, the Department will review the project for compliance with national objectives, public benefit, and HUD underwriting guidelines (See Section 8. Program Requirements). Additionally, the project will be reviewed using factors specified in State CDBG regulations, including:

1. Extent of applicant's need for CDBG funds, including the market feasibility of the proposed activity given the local economic development need.
2. Effect of local and other regulatory requirements on the proposed project;
3. Status of the ownership or control of any real estate needed for the proposed activities;
4. Financial feasibility of the proposed activity including the appropriateness of terms and commitment of other financing;
5. Project and grant management capacity, proposed job creation/retention and public benefit
6. Extent to which the proposed activities involve intrastate relocation of jobs or businesses, and
7. Extent of recruitment, training, and promotional opportunities for targeted income groups.

### **10. GENERAL ADMINISTRATION COSTS**

Grantees are limited to 7.5 percent of the total grant amount for General Administration expenses. In addition, grantees are allowed up to 8 percent of the Activity Budget (application amount less the general administration amount) for Activity Delivery costs, not to exceed \$40,000 unless approved in advance by the Department.

### **11. PUBLIC HEARINGS**

CDBG Regulations require that two public hearings be held before the jurisdiction submits an application to the Department. The first hearing must be held during the program design stage. The second must be held before the application is sent to HCD.

See Appendix B for more information about the public hearings requirement.

## 12. STATEMENT OF ASSURANCES

### a. Applicable laws and regulations/applicant certification

Federal and State statutes, regulations, and Executive Orders apply to the CDBG program. Some pertain to all local CDBG activities such as audits and procurement standards. Other are specific to certain activities, such as relocation law and labor standards.

By State regulation, 25 California Code of Regulations Section 7070 (c)(3), applicants must submit a certification signed by the Chief Executive Officer. This certification must provide assurances that the jurisdiction and all sub-recipients will comply with all State and federal requirements.

The Statement of Assurances must be signed by the jurisdiction's Chief Executive Officer, regardless of any signatory designation in the governing body's resolution authorizing submission of the application.

### b. Responsibility for compliance

Grantees are responsible for complying with State, Federal, and applicable local laws and regulations that apply to the expenditure of State CDBG funds.

## 13. 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.

**APPENDIX A**

**CURRENT ECONOMIC DEVELOPMENT STAFF ASSIGNMENTS**

**Economic Development Staff**

Mimi Bettencourt, Program Manager (916) 319-8400  
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Jim Miwa (916) 319-8483  
[jimiwa@hcd.ca.gov](mailto:jimiwa@hcd.ca.gov)

## STAFF ASSIGNMENTS BY JURISDICTION

ALPINE COUNTY	Jim Miwa
AMADOR COUNTY Amador City Ione Jackson Plymouth Sutter Creek	Jim Miwa
BUTTE COUNTY  Biggs Gridley Oroville	Stacy Tyhurst
CALAVERAS COUNTY Angels Camp	Jim Miwa
COLUSA COUNTY Colusa Williams	Stacy Tyhurst
DEL NORTE COUNTY Crescent City	Stacy Tyhurst
EL DORADO COUNTY Placerville South Lake Tahoe	Stacy Tyhurst
*FRESNO Firebaugh Fowler Huron Orange Cove San Joaquin	Stacy Tyhurst
GLENN COUNTY Orland Willows	Stacy Tyhurst

- The asterisk 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.

## STAFF ASSIGNMENTS BY JURISDICTION

### HUMBOLDT COUNTY

Jim Miwa

Arcata  
Blue Lake  
Eureka  
Ferndale  
Fortuna  
Rio Dell  
Trinidad

### IMPERIAL COUNTY

Jim Miwa

Brawley  
Calexico  
Calipatria  
Holtville  
Imperial  
Westmorland

### INYO COUNTY

Jim Miwa

Bishop

### \*KERN COUNTY

Jim Miwa

Delano  
Taft  
Wasco

### KINGS COUNTY

Jim Miwa

Avenal  
Corcoran  
Hanford  
Lemoore

### LAKE COUNTY

Stacy Tyhurst

Clearlake  
Lakeport

### LASSEN COUNTY

Stacy Tyhurst

Susanville

## STAFF ASSIGNMENTS BY JURISDICTION

*LOS ANGELES COUNTY Hidden Hills Industry Palos Verde Estates Vernon	Stacy Tyhurst
MADERA COUNTY Chowchilla	Stacy Tyhurst
MARIPOSA COUNTY	Stacy Tyhurst
MENDOCINO COUNTY Fort Bragg Point Arena Ukiah Willits	Jim Miwa
MERCED COUNTY Atwater Dos Palos Gustine Livingston Los Banos	Jim Miwa
MODOC COUNTY Alturas	Stacy Tyhurst
MONO COUNTY Mammoth Lakes	Jim Miwa
MONTEREY COUNTY Carmel Del Rey Oaks Gonzales Greenfield King City Marina Pacific Grove Sand City Soledad	Jim Miwa

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NAPA COUNTY American Canyon Calistoga St. Helena Yountville	Stacy Tyhurst
NEVADA COUNTY Grass Valley Nevada City Truckee	Stacy Tyhurst
ORANGE COUNTY Aliso Viejo San Juan Capistrano	Stacy Tyhurst
PLACER COUNTY Auburn Colfax Lincoln Loomis Rocklin	Stacy Tyhurst
PLUMAS COUNTY Portola	Stacy Tyhurst
*RIVERSIDE COUNTY Calimesa Rancho Mirage Indian Wells Coachella	Jim Miwa
SAN BENITO COUNTY Hollister San Juan Bautista	Jim Miwa
*SAN LUIS OBISPO COUNTY Morro Bay Pismo Beach	Stacy Tyhurst
SANTA BARBARA COUNTY Buellton Carpinteria Guadalupe Solvang	Stacy Tyhurst

## STAFF ASSIGNMENTS BY JURISDICTION

SANTA CRUZ COUNTY Capitola Scotts Valley	Jim Miwa
SHASTA COUNTY Anderson Shasta Lake	Stacy Tyhurst
SIERRA COUNTY Loyalton	Stacy Tyhurst
SISKIYOU COUNTY Dorris Dunsmuir Etna Fort Jones Montague Mount Shasta Tulelake Weed Yreka	Jim Miwa
SOLANO COUNTY Benicia Dixon Rio Vista Suisun City	Stacy Tyhurst
STANISLAUS COUNTY Hughson Riverbank	Jim Miwa
SUTTER COUNTY Live Oak	Stacy Tyhurst
TEHAMA COUNTY Corning Red Bluff Tehama	Stacy Tyhurst

## STAFF ASSIGNMENTS BY JURISDICTION

TRINITY COUNTY	Stacy Tyhurst
TULARE COUNTY	Jim Miwa
Dinuba	
Exeter	
Farmersville	
Lindsay	
Woodlake	
TUOLUMNE COUNTY	Stacy Tyhurst
Sonora	
YOLO COUNTY	Stacy Tyhurst
West Sacramento	
Winters	
YUBA COUNTY	Stacy Tyhurst
Wheatland	

## **APPENDIX B PUBLIC HEARINGS REQUIREMENT**

### **ABOUT PUBLIC HEARINGS**

A public hearing is a public meeting that has been publicly noticed in a local newspaper of general circulation, or noticed in a fashion which otherwise follows local procedures for formal noticing of public hearings. The only public hearing that must be held before the local governing body is the hearing prior to submitting an application for funding to CDBG. Any designated employee or agent of the city or county who is knowledgeable about the program may conduct all other public hearings. Hearings are required at the following stages of a CDBG grant:

### **Before getting a CDBG grant**

1. At project design phase
2. Before submitting an application for funding
3. The Department requires that an adequate amount of time pass between the first and second hearings to insure the public has time to review and comment on eligible activities and proposals. The Department recommends 30 days between hearing dates.

### **During the term of a CDBG contract**

1. Before making any program amendments involving more than 10 percent of the total program budget.
2. Before making any program amendments that constitute a change in policies, standards, or criteria for program implementation. Examples: changes to rehabilitation program guidelines, changes to economic development plans.
3. When adopting or revising a Program Income Re-use Plan.
4. Before spending any Program Income revolving loan fund where the expenditure has not been previously noticed to the public as part of the Program Income Re-Use Plan hearing process.
5. At the end of each program year, before submitting the annual Grantee Performance Report.

### **At the end of the CDBG contract term**

Before submitting the final Grantee Performance Report and Certificate of Completion.

## **WHAT TO COVER IN THE PREAPPLICATION HEARINGS**

It is important to fully disclose the following information to the public at the public hearings held prior to submitting the application to the Department

**At project design phase.** At least one public hearing must be held during the time when the jurisdiction is deciding for which local project(s) or activity(s) to apply for CDBG funding. Residents of the area where CDBG funds will be used should be encouraged to participate. At this hearing, the following information should be offered:

- an explanation of the CDBG program
- an opportunity for attendees to ask questions and suggest possible uses of funds
- information about the amount of funding available
- the range of possible activities that may be undertaken with CDBG funds and the opportunities for citizen involvement as the program progresses
- discussion of the national objective of benefit to Targeted Income Group (TIG) persons or other national objective
- information about plans to minimize displacement that may occur as a result of grant funding
- information that any assessments resulting from a CDBG-funded project will not be paid by members of the lowest Targeted Income Group and whether Targeted Income Group households who benefit from the project must pay any assessments
- an invitation for written comments and how to submit such comments
- information about the availability of technical assistance to groups representing TIG persons that request such assistance in developing proposals

**Before submitting an application for funding.** After the application has been prepared, and before it is submitted to the Department, the jurisdiction must hold a second hearing. At this time, the same information in the first six items listed above should be covered. In addition, the jurisdiction should:

- fully describe the proposed activity(s) in the application
- provide information about the amount of funding that is being requested
- describe where each activity will be carried out and how it will meet the national objective of benefit to TIG persons
- provide information on the estimated time schedule to accomplish the activity
- provide opportunity for attendees to comment on the program, subject to the applicant's normal rules governing public hearings.

## **NOTICING REQUIREMENTS**

All hearings should be noticed as widely as possible and held at a time and place convenient to the public, with accommodations for persons with disabilities. Where a significant number of non-English persons can reasonably be expected to participate, the notice must be in the appropriate language(s) and provision should be made for interpreters at the hearing. Public notices always should contain the following information:

- **the time and place of the hearing**
- **the availability of a public information file about the CDBG program**
- **an invitation to submit written comments and guidance on where to send such comments.**

In addition to the information above, specific public hearings require specific information in the public notice.

1. At the **project design stage**, the Public Notice should contain information about:

- **the amount of CDBG funds available**
- **the kinds of activities that are eligible for funding**

At the **application submittal phase**, the Public Notice should contain information about:

- **the application's dollar amount**
- **the activities being proposed**
- **a relocation plan, if residents will be relocated as a result of the proposed activity**

When any changes are made or actions are taken **during the term of the grant** that have not already been disclosed to the public, the notice should include:

- **information about the action being taken**

Before submitting the final Grantee Performance Report **at the end of the CDBG contract term**, the notice should include:

- **notice that the accomplishments under the grant will be disclosed**

## **RECORDKEEPING**

The applicant/grantee should keep a record of all public hearings. The record should contain copies of the Public Notices, minutes of the hearings documenting that the contents of the Notice were discussed at the hearing, and a list of attendees. Attendees are not required to sign a sign-in sheet, but the file should show that a list was made available for sign-in at the start of the hearing. If attendees were present but did not sign or if no one attended, the file should so indicate.

## **DECISIONS REGARDING APPLICATION CONTENTS/GRIEVANCES AND COMPLAINTS**

The local governing body has the sole discretion of deciding the contents of an application for funding. Any allegations made by any resident of the community that the procedural or legal requirements of the program are being violated should be thoroughly investigated. Any written complaints and grievances must receive a written response within 15 days where practicable.

