

NOTICE OF FUNDING AVAILABILITY

State Community Development Block Grant Program
Planning and Technical Assistance Allocation

Fiscal Year July 1, 2006 through June 30, 2007



STATE OF CALIFORNIA

Department of Housing and Community Development
Division of Financial Assistance
State Community Development Block Grant Program (CDBG)

P.O. Box 94252-2054
Sacramento, CA 94252-2054

OR

1800 3rd Street, Suite 330
Sacramento, CA 95814

Telephone: (916) 552-9398
Website: www.hcd.ca.gov/ca/cdbg

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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

Richard Friedman, Deputy Director

Community Development Section

Linda Nichols, Section Chief

CDBG Program, General Allocation

Allen Jones, Program Manager

Leticia Cortez

Harry Faris

JoAnn Jacobs

Liz Rios-Fitzgerald

Diane Phillips-Moroni

Conant Radcliffe

Patrick Talbot

Marta Valero

CDBG Program, Economic Development Allocation

Mimi Bettencourt, Program Manager

Jim Miwa

Stacy Tyhurst

Financial and Information Analysis Unit

Jacqueline R. Wilson, Manager

Veronica Jefferson, Program Secretary

Robert Lim

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SECTION A: NOTICE OF FUNDING AVAILABILITY

ABOUT THE NOTICE OF FUNDING AVAILABILITY (NOFA)

Notice of Funding Availability

The State of California, Department of Housing and Community Development (Department), administers a Federal program known as the State Community Development Block Grant Program (CDBG) or (State CDBG).

The Department receives funds annually from the Federal Department of Housing and Urban Development (HUD). Part of each annual allocation received from HUD is set aside by CDBG as the Planning and Technical Assistance Allocation (PTA). CDBG then divides these funds into two allocations: The General Allocation and the Economic Development (ED) Allocation.

The Department announces the availability of funding under the 2006-2007 CDBG PTA Allocation. The Department will make approximately \$1,250,165 available under the General PTA Allocation and approximately \$1,600,000 under the ED PTA Allocation. The PTA Allocation provides funding in the form of grants to small cities and counties for planning and feasibility studies related to CDBG eligible activities and project-specific activities such as housing, public works, community facilities, and economic development.

SECTION B: GENERAL INFORMATION

ABOUT THE PTA ALLOCATION

HUD National Objectives Activities must meet a HUD national objective. General PTA studies are restricted to meeting only the first national objective, below. ED PTA studies can meet either of the following two national objectives:

Federal Overlay requirements

1. Targeted Income Group (TIG) Benefit. This means that if the PTA study were implemented, at least 51 percent of the persons who benefit from the implementation earn less than 80 percent of the area median income. If the ED application's objective is to benefit TIG, then the planning activity must be reasonably related to an economic development activity which could result in the creation or retention of permanent, private sector jobs that will be principally (51 percent) filled by TIG persons;

CDBG publishes annual income limits by county. These are in the Attachment 15 of the Application Package and are also available on the Department's website at:

http://www.hcd.ca.gov/hpd/hrc/rep/state/cdbg_home06.pdf

2. Preventing slums and blight. This means aiding in the prevention or elimination of slum and blight. The State CDBG program must make the determination that the proposed planning activity is reasonably related to an economic development project that would result in the elimination or prevention of a slum or blighted condition.

PTA grants are subject to various HUD overlay requirements. These include but are not limited to:

- Citizen participation
- Environmental review
- Procurement of services
- Section 504 of the Rehabilitation Act of 1973

For additional information, see the Attachments section of the Application Package

Authorizing legislation and regulations	<u>Federal Statute:</u>	The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; <u>42 U.S.C.-5301</u> et seq.
	<u>Federal Regulations:</u>	Code of Federal Regulations, 24 CFR Section 570.480 et seq.
	<u>State Statute:</u>	California Health and Safety Code Section 50833 (Chapter 1144, Statutes of 1988)
	<u>State Regulations:</u>	California Code of Regulations Section, Title 25, 7050 et seq. The PTA Component has been part of State CDBG since 1989.

FUNDING ALLOCATIONS AND AVAILABILITY

Two Allocations PTA funds are divided into two separate allocations: The General Allocation and ED Allocation.

General Allocation \$1,250,165

Economic Development Allocation \$1,600,000

Limitations on grant amount

- Maximum of \$140,000 per Jurisdiction. \$70,000 for General and \$70,000 for ED.
- Up to \$35,000 per project specific activity, General or ED.
- Up to \$35,000 per planning study, General or ED.
- No more than two grants per FY for each allocation.

SECTION C: FUNDING ESSENTIALS

APPLICATION PROCESS

Application forms The application may be obtained by using the Internet, at the Department's website: www.hcd.ca.gov/ca/cdbg/funds or is available by e-mail by contacting Veronica Jefferson at: vjeffers@hcd.ca.gov or by calling at (916) 552-9398.

Application Submittal Submit one complete original application per allocation (with original signatures), and one complete copy, with all required attachments for the application.

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

1. One additional copy of Sections 1.a through 11 of the Application Summary Form

Continuous Funding Round – Applications will be accepted from September 1, 2006 thru March 1, 2007 on a continuous basis.

Threshold requirements The application must meet threshold requirements to be accepted for review. If any of the required components are missing, CDBG will return the application to the applicant for resubmittal after correction of deficiencies.

Application review and award process CDBG Review: Following the receipt of the application, CDBG reviews the application within approximately six weeks of receipt and notifies applicant of approval or denial within approximately eight weeks of receipt.

Grant Award: Successful applicants receive an award letter; unsuccessful applicants receive a denial letter and invitation to resubmit the application. The jurisdiction's state and federal legislators are also notified of awards.

State Contract: Successful applicants will enter into a contract (also known as a Standard Agreement) with the Department.

ELIGIBLE APPLICANTS

Eligible applicants

Eligible applicants are generally:

- Cities with less than 50,000 residents
- Counties with an unincorporated area of less than 200,000 residents

Cities and counties may apply on behalf of other local entities, such as water districts, economic development corporations, and other non-profit community development organizations.

Exceptions to eligible applicants

If a city has entered into a three-year urban county cooperation agreement, it cannot participate in the State CDBG program unless that agreement expires.

If a city has been declared the central city of a Metropolitan Statistical Area (an Entitlement City), it is entitled to receive CDBG funds directly from HUD and cannot participate in the State CDBG program.

Joint Applications

Applicants considering “on behalf of” or joint applications with one or more other eligible jurisdictions may apply for up to the maximum grant limitation per eligible jurisdiction for each allocation annually. Such joint applicants are advised to contact the General or ED Representative assigned to the jurisdiction to discuss their proposal before submitting it to CDBG. If CDBG determines that an application is inconsistent with HUD’s joint application or grant benefit policies, it will return the application to the applicants.

If applicants are submitting joint applications with one or more other eligible jurisdictions the application must include a joint powers agreement that complies with Section 6500 et seq. of the Government Code.

INELIGIBLE APPLICANTS

Reasons applicants are ineligible

Three main reasons why an applicant might be ineligible to apply for funds:

1. Unresolved adverse performance or audit findings on prior CDBG grants or on the administration of CDBG program income. Applicants must have a good performance record on any prior administration of CDBG funds to be considered for funding.
2. Growth control measure is in effect at the local level.

3. Housing element is not in procedural compliance with State law.

Contact the General or ED Representative assigned to your jurisdiction if you are unsure of your status.

Reasons to waive ineligibility due to adverse performance

Waiver of performance issue is possible if:

- the findings result in no obligation to return funds to the State CDBG; or
- satisfactory repayment or performance arrangements have been made with the State CDBG; or
- Formal action has already been taken to resolve the problem.

ELIGIBLE USES OF FUNDS

Types of projects

The General Allocation focuses on housing, public works, and community facilities such as day care centers, food banks, senior centers, homeless shelters, and medical clinics.

The ED Allocation focuses on job creation and retention through business expansion and retention projects.

Project specific activities for both allocations focus on projects funded to prepare for readiness or implementation, or preparation of pre-applications (OTC) and applications specifically prepared for potential grant proposals.

INELIGIBLE USES OF FUNDS

Ineligible activities

The list that follows is examples only. CDBG encourages applicants to contact your General or ED Representative if you are unsure of your status.

Ineligible Activity	Exception
Housing element preparation for Jurisdictions in which fewer than 51% of residents are TIG as documented by the Federal Census.	Costs incurred for the preparation of that portion of the element in which affordable housing is addressed is eligible. See also below under comprehensive planning.
Day-to-day operations of local government or private or public organizations serving the community or region.	

<p>Comprehensive, general or long range planning.</p> <ul style="list-style-type: none"> • <i>Comprehensive</i> means the study was conducted for more than half of the geographic area in the jurisdiction, and includes two or more topics regarding the physical development of the jurisdiction. • <i>General</i> means the documents include summaries of broad policies or proposals that are not site specific. • <i>Long-range</i> means the time-frames for the policies and proposals are five years or more. 	<p>Comprehensive planning is allowed if the planning is carried out in a geographic area in which 51% or more of the residents are TIG as documented by the federal census or income survey completed within the last 5 years, and the applicant can document that the comprehensive plan will primarily benefit TIG persons.</p>

SECTION D: AFTER A GRANT IS AWARDED

STATE CONTRACT PROCESS

Contract Successful applicants will enter into a contract with the Department. The contract contains all the relevant State and federal requirements, as well as specific information about the grant award and the work to be performed.

Contract term The term of the contract will be **twenty-four (24)** months. Requests for extensions to the contract will not be considered.

Implementing the contract Receiving grant funds: Grantees must spend 100% of the required cash match prior to spending CDBG funds.

CDBG's cash request system allows grantees to request funds on a monthly basis after the contract has been fully executed. Funds are mailed out generally four weeks from the time CDBG receives the funds request.

Reporting requirements: Grantees have minimal reporting requirements—a Financial and Accomplishment Report every six (6) months.

Managing the grant: CDBG publishes a Grant Management Manual to help grantees understand the program requirements. The Grant Management Manual can be found on the CDBG website: <http://www.hcd.ca.gov/ca/cdbg/gmm/>

Completing the contract Closeout package: At the end of the contract, grantees must submit documents to close out the grant. These documents are described in the Grant Management Manual.

Final product: By end of the contract term, grantees must submit the Final Product describing the work performed.

Procurement process: At the end of the contract, grantees must submit documentation of the selection of any outside service providers paid with CDBG funds.

**Completing
the contract,
Continued**

Implementation plan: At the end of the contract, if the planning activity requires follow-up implementation, the grantee must submit an "Implementation Plan." This plan will:

- identify the persons or entity who will be responsible for implementation;
- describe the tasks needed to implement the activity;
- document the capacity to implement (staffing, funding resources);
- document the grantees commitment to help out with implementation (a resolution from the governing body or a letter from the chief executive officer).

CDBG compliance review. At the end of the contract term, CDBG performs a compliance review of the PTA activities and closeout documentation.

10 percent retention. CDBG will retain 10 percent of the grant award pending receipt and approval of the final product and the implementation plan, and any other documentation that may be required as a condition of the contract.

Notice of Public Hearing. At the end of the grant, the jurisdiction must hold a public hearing to notify the public about accomplishments funded by the grant, and will submit a copy of the Notice of Public Hearing to the CDBG Program.

SECTION E: HOW TO REACH US FOR ASSISTANCE

State of California
 Department of Housing and Community Development
 State Community Development Block Grant Program
 (916) 552-9398

By Email P. O. Box 952054
 Sacramento, CA 94252-2054

**By Delivery/
 Express Mail** 1800 3rd Street, Room 330
 Sacramento, CA 95814

By fax (916) 319-8488

**By E-mail
 and
 Telephone**

		<u>E-mail</u>	<u>Telephone</u>
Community Development Section	Linda Nichols – Section Chief	LNichols@hcd.ca.gov	(916) 319-8410
General Allocation Staff	Allen Jones– Program Manager	ajones@hcd.ca.gov	(916) 319-8402
	Leticia Cortez	lcortez@hcd.ca.gov	(916) 552-9357
	Harry Faris	hfaris@hcd.ca.gov	(916) 319-8444
	JoAnn Jacobs	jajacobs@hcd.ca.gov	(916) 552-9358
	Liz Rios-Fitzgerald	lrios@hcd.ca.gov	(916) 319-8474
	Diane Phillips-Moroni	dmoroni@hcd.ca.gov	(916) 552-9349
	Conant Radcliffe	cradclif@hcd.ca.gov	(916) 552-9354
	Patrick Talbot	ptalbot@hcd.ca.gov	(916) 552-9361
	Marta Valero	mvalero@hcd.ca.gov	(916) 552-9360
ED Allocation Staff	Mimi Bettencourt- Program Manager	mbettenc@hcd.ca.gov	(916) 319-8400
	Jim Miwa	jmiwa@hcd.ca.gov	(916) 319-8483
	Stacy Tyhurst	styhurst@hcd.ca.gov	(916) 552-9355