

# **NOTICE OF FUNDING AVAILABILITY**

State Community Development Block Grant Program

## **2007/2008 Planning and Technical Assistance Allocations**



STATE OF CALIFORNIA

Department of Housing and Community Development  
Division of Financial Assistance  
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## SECTION A: 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). The Department sets aside part of each annual funding allocation received from HUD for Planning and Technical Assistance (PTA) grants. The Department divides the PTA funds into two allocations, the General allocation and the Economic Development (ED) allocation. One NOFA is used for both the General and ED allocations.

In issuing this NOFA, the Department is announcing the availability of funding under the 2007-08 CDBG PTA allocations. The Department will make \$1,164,059 available under the General PTA allocation and \$1,600,000 under the ED PTA allocation. The PTA allocations provide 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.

### **Note about reading NOFA and Application**

This year's NOFA and application documents have been revised. Recent revisions are listed starting on the next page. Make sure the NOFA document and application package are read in their entirety, including the application forms and attachments, to become familiarized with this newest version prior to completing and submitting an application to the Department.

## SECTION B: RECENT CHANGES TO NOFA

### **Increase in Project Specific Maximum Grant Amounts**

Under this year's NOFA, applicants can request up to \$70,000 for project specific planning activities under the General allocation. Applicants can also apply for up to \$70,000 under the ED allocation for project specific planning activities. In addition, under the ED allocation, an applicant can apply for up to \$70,000 for preparation of one or more Over-the-Counter funding applications or applications for Enterprise Zone designation. In no instance will an ED or General planning grant application request exceed \$70,000.

If an applicant does not request a full \$70,000 in planning funds for a project specific activity, then just like last year's NOFA, the applicant may request up to \$35,000 in funds for one or more proposed studies not directly focused on development of a specific project (non-project specific activity). Examples of non-project specific activities are: housing conditions survey, housing element update, Geographic Information System (GIS) base-mapping or any "program development" planning activity.

Call your program representative with any questions about determining if a proposed activity is project specific or not. See Attachment 4 in the 2007 planning grant application for a sample list of project specific and non-project specific activities.

### **Using Local Program Income Funds for Project Implementation**

Traditionally, CDBG funds under planning grants were not allowed to be used for project "implementation" activities. The furthest a project could be developed with PTA funds was "preliminary" engineering or architectural activities. Final plans and specifications and construction costs were not allowed under previous planning grants. Under this NOFA, project implementation costs can be paid **BUT** only with local program income or other local non-CDBG funding source.

No State CDBG planning grant dollars or local match funds can be used for project implementation costs. Planning grant and match funds must be used for non-implementation/pre-development costs. If a grantee wishes to fund the implementation of a project, then local program income funds must be properly committed to the project activity and the project must be completed within the term of the 24-month grant term.

Committing program income to a grant activity can occur at the application approval stage or after the PTA funding award is announced. In either case, the proper public hearing process must be conducted with formal public noticing and requests for public comments as well as a formal resolution passed by the governing body as part of the public hearing.

In addition, when project implementation is proposed, the final project completion is required so that documentation of meeting a CDBG national objective is achieved. If the project is not completed and no national objective is achieved then the Department may request CDBG program income funds used for implementation costs be repaid back to the grantee's CDBG program income reuse plan.

Because of the short timeframe of the PTA grant agreement, only smaller projects with shorter timeframes or projects that have all their funding in place and are ready to develop will be feasible for implementation. Larger projects can be studied as in past planning grants, up to but not including final plans and specifications.

Please talk to the ED or General representative about any implementation activities proposed under a PTA grant prior to submitting an application or committing local program income for implementation costs.

**ED and General Applications Must be Submitted Separately**

Under past PTA NOFAs, the Department has allowed grantees to submit a single application that contained both a General allocation planning activities AND an ED allocation planning activities. This type of combined application is no longer acceptable. If a jurisdiction wishes to submit proposals under the General allocation and ED allocation for PTA activities, then two separate applications must be submitted, one set to the General allocation staff for review and one set to the ED allocation staff for review.

Only one public hearing for approving the submittal of both General allocation and ED allocation PTA funding proposals is needed as long as the hearing notice for approving the applications describes all the planning activities proposed in both applications.

**Project Specific and Non-project Specific PTA Activities**

There are two types of planning activities that can be applied for under the General and ED PTA allocation. First, up to \$70,000 in PTA funds can be applied for to do one or more project specific study(s). See discussion above for more information on activities, which can qualify for \$70,000 maximum.

Second, up to \$35,000 in PTA funds can be applied for to do a non-project specific activity. Examples of non-project specific activities are: housing element updates; community-wide housing condition surveys; Geographic Information System (GIS) mapping; downtown revitalization study; general community-wide needs assessments related to day care, homeless or senior services; and any type of program design. See Attachment 4 of the application package for a list of General and ED project specific and non-project specific activities.

Through the two types of planning activities, under the General and ED allocations (project specific and non-project specific), applicants can request up to \$70,000 for project specific activities and up to \$35,000 for non-project specific activities. In no case shall an application under the General or ED allocation request more than \$70,000. If an applicant requests a maximum under each allocation, then they could be awarded \$140,000 in PTA funds under this NOFA.

Applicants are also reminded that under the two different types of PTA activities, project specific and non-project specific, multiple studies can be done. For example, an applicant may have two affordable housing projects, which are being developed and as such they could propose two project specific studies under the General allocation as long as the total for both studies does not exceed \$70,000. A separate set of activity forms must be submitted in the application, one for each proposed study.

## SECTION C: PLANNING GRANT GENERAL INFORMATION

### **First Come First Served Basis and Threshold Review**

The planning grant application process is not competitive. Applications are not rated and ranked against each other. Applications will be accepted as of the release date of the PTA grant NOFA. Applications received by our office will be date stamped and reviewed for threshold compliance in the order of the date and time received.

Applications that do not meet threshold requirements will be returned and may be resubmitted once the threshold item has been corrected. The final date for submission of an eligible application by an eligible applicant is March 24, 2008. It is anticipated that all funds under this NOFA will be awarded well before this date.

### **Cash Match Requirement**

Commitment of cash match must be included in the authorizing resolution as part of approving submittal of a planning grant application. Required cash match percentages are included in Attachment 2 of the application document. In-kind staff time by jurisdictional staff should not be stated in the resolution. Local program income can be used for cash match. Cash match must be spent first prior to requesting CDBG funds from the Department.

### **HUD National Objectives**

Activities being studied must meet a HUD national objective. General PTA studies are restricted to meeting only the national objective of low-income benefit. See below. ED PTA studies can meet either low-income benefit or elimination of slums and blight:

1. Low-Income Benefit (to persons or households). HUD low-income benefit is also referred to as Targeted Income Group (TIG) benefit by the Department. In order to meet this national objective, at least 51 percent of the households or persons who would benefit from the activity being studied, if the activity were implemented, must be at or below 80 percent of the county median income. See Attachment 5 in the PTA application for a detailed description of how this TIG benefit is established for different planning studies.

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.

2. Elimination or Prevention of Slums or Blight. This means aiding in the prevention or elimination of slums and blight on an area or spot basis. The applicant must submit proper documentation for the Department to determine that the proposed planning activity would result in the elimination or prevention of a slum or blighted condition.

**Federal  
Overlay  
Requirements  
For Planning  
Studies**

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 on National Objectives and Overlay Requirements, see the PTA application attachments and the most recent Grant Management Manual.

**Federal  
Overlays for  
Project  
Implementation**

As stated above, under “Using Program Income for Project Implementation,” program income may be used to pay for actual project implementation costs. However, before incurring project-specific implementation costs, a grantee must meet all federal overlay requirements for that project activity and receive a written release of funds from the Department.

**Authorizing  
Legislation  
and  
Regulations**

Federal Statute: The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

Federal Regulations: Code of Federal Regulations, 24 CFR Section 570.480 et seq.

State Statute: California Health and Safety Code Section 50833 (Chapter 1144, Statutes of 1988)

State Regulations: 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            \$1,164,059

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 \$70,000 for one or more project specific studies, General or ED.
  - Up to \$35,000 for one or more non-project specific studies, General or ED.
  - No more than two grant awards per fiscal year.

Based on the above limits, if all applicants apply for the maximum of \$70,000, then 17 grant awards will be made under the General allocation and 22 grant awards will be made under the ED allocation.

## SECTION D: FUNDING PROPOSAL 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](http://www.hcd.ca.gov/ca/cdbg/funds); or it is available by e-mail by contacting JoAnn Jacobs at [jjacobs@hcd.ca.gov](mailto:jjacobs@hcd.ca.gov) or by calling (916) 552-9358.

**Application Submittal** Submit one complete, original application (for General or ED allocation) in a binder. Submit a separate binder with one complete copy, and all required additional Section copies as stated below.

Include the following document in the front pocket of the copy binder set: One additional copy of Sections 1.a through 11 of the Application Summary Form

**Continuous Funding Round** – Applications will be accepted from July 24, 2007, through March 24, 2008, on a continuous basis. Jurisdictions will be notified when all PTA funds have been awarded.

**Threshold Review** 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 correction of deficiencies. See Attachment 1 in the application package for Threshold Review criteria.

**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 the 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 an 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 populations of less than 50,000, or
- Counties with populations of less than 200,000.

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. See Attachment 2 of the application package for list of eligible jurisdictions.

**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.

**ELIGIBLE APPLICANTS “HELD OUT” FROM APPLYING**

**Reasons Applicants are Held Out from Applying**

Three main reasons why an applicant might be held out from applying:

- 1. Unresolved adverse performance or audit findings on prior CDBG grants or on the administration of CDBG program income, which resulted in the applicant receiving a hold out letter from CDBG.
- 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 hold-out status.

**Reasons to Waive Hold Out Status**

Waiver of performance issue is possible if:

- 1. A formal written request for a waiver of hold-out status has been submitted along with documentation that the performance problem is resolved.
- 2. The Department will review status, and if approved issue a formal written waiver.
- 3. Housing Policy staff confirms housing element or growth control is acceptable. See Attachment 3 of the application package.

**ELIGIBLE USES OF FUNDS**

**Types of Projects**

The General allocation focuses on: housing; public works; community facilities; public services; and local planning issues.

The ED allocation focuses on business development and job creation through assisting micro-enterprise businesses and larger businesses locate or expand within the applicant’s jurisdiction.

See Attachment 4 of the application package for sample list of eligible types of activities. Call your CDBG representative if there are any eligibility questions.

## INELIGIBLE USES OF FUNDS

**Ineligible Activities** The list below gives examples of activities that are ineligible and their exceptions. CDBG encourages applicants to contact a General or ED representative if there are any eligibility questions.

Ineligible Activity	Exception
<p>Housing element preparation for jurisdictions in which fewer than 51 percent of residents are TIG as documented by the federal census.</p>	<p>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.</p>
<p>Day-to-day operations of local government or private or public organizations serving the community or region.</p>	
<p>Comprehensive, general or long range planning.</p> <ul style="list-style-type: none"> <li>• <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.</li> <li>• <i>General</i> means the documents include summaries of broad policies or proposals that are not site specific.</li> <li>• <i>Long-range</i> means the time-frames for the policies and proposals are five years or more.</li> </ul>	<p>Comprehensive planning is allowed if the planning is carried out in a geographic area in which 51 percent or more of the residents are TIG as documented by the federal census or income survey completed within the last five years, and the applicant can document that the comprehensive plan will primarily benefit TIG persons.</p>

## SECTION E: AFTER A GRANT IS AWARDED

### STATE CONTRACT PROCESS

<b>State Contract</b>	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.
<b>Contract Term</b>	The term of the contract will be twenty-four (24) months.
<b>Implementing the Contract</b>	<p><u>Receiving grant funds:</u> Grantees can incur costs prior to contract execution upon receiving written approval from Department. Grantee must spend 100 percent of cash match prior to requesting CDBG funds.</p> <p><u>Reporting requirements:</u> Grantees must submit a Financial and Accomplishment Report (FAR) every six (6) months starting at the execution date of the grant contract. Grantees must submit a Funds Requests Form quarterly and can request funds monthly, if needed.</p> <p><u>Implementation of Projects:</u> Grantees who use program income funds to develop a project through construction must submit annual grantee performance reports to document beneficiaries of the project.</p> <p><u>Managing the grant:</u> The Department publishes a Grant Management Manual to help grantees understand the program requirements. The Grant Management Manual can be found on the CDBG website: <a href="http://www.hcd.ca.gov/ca/cdbg/gmm/">http://www.hcd.ca.gov/ca/cdbg/gmm/</a></p>
<b>Completing the Contract</b>	<p><u>Closeout package:</u> At the end of the contract, grantees must submit documents to close out the grant. These documents are described in the Grant Management Manual (GMM), Chapter 13.</p> <p><u>Final product:</u> By end of the contract term, grantees must submit a Final Product for each of the activity performed.</p> <p><u>Procurement process:</u> At contract expiration, grantees must submit procurement compliance documentation per GMM Chapter 8.</p> <p><u>CDBG compliance review:</u> At the end of the contract term, CDBG performs a desk compliance review of the study activities and closeout documentation. Project implementation activities will be monitored on site by Department staff using Chapter 12 of GMM.</p> <p><u>10 percent retention:</u> CDBG will retain 10 percent of the grant award pending receipt of all approved final product(s).</p> <p><u>Notice of Public Hearing:</u> At the end of the grant, the jurisdiction must hold a public hearing to notify the public about accomplishments of the grant, and accept the final product.</p>

**Contract  
Changes or  
Amendments**

Grantees may request revisions to the contract from the Department. All requests must be in writing from the grantee. In no instance shall a budget change result in grant administration funds increasing over the five-percent cap.

Budget Adjustments: A grantee may ask for a budget adjustment of less than 10 percent of the grant amount. The request must be in writing from the grantee. Department staff will respond in writing to approve or not approve the request for a budget adjustment. Only one adjustment is given per contract.

Budget Amendments: A grantee may request a budget amendment in writing when a budget change of more than 10 percent of the total grant amount is needed. This will require formal contract amendment process. This process takes at least 90 days so grantees should make this type of request at least 90 days or more **prior to** the expiration of the grant agreement.

Change in Activities: Activities under the grant may not be added or changed. For example, if a planning study is proposed for a senior housing project it cannot be changed to a child-care facility study. Grantees may ask the Department to drop activities from the grant and disencumber funds if the activity to be studied is deemed to be non-feasible prior to or during the study. For example, a study of a homeless facility may not proceed if no sites are found in the jurisdiction.

Time Extension: Under certain circumstances, grantees may request the contract be extended. The request for extension must be in writing and documentation discussing why the time extension is necessary. If a time extension is required for a non-project specific activity, the grantee may be placed on the CDBG hold-out list and not be eligible to submit future applications until the extended grant is closed out.

Grantees may request extensions for project specific activities involving implementation activities. Requests for time extensions are reviewed on a case by case basis and may be approved for the amount of time needed to complete project so that a National Objective is achieved.

If approved, time extensions will require a formal contract amendment process. This process takes at least 90 days so grantees should make this type of request at least 90 days or more **prior to** the expiration of the grant agreement.

Committing Local Program Income: Grantees may commit program income to the PTA by using the proper public hearing process. The Grantee will submit the proper resolution document for review and approval. This is not a formal contract amendment.

## SECTION F: HOW TO REACH US FOR ASSISTANCE

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 State Community Development Block Grant Program  
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