

2015 CDBG NOFA WORKSHOP

**California Department Of Housing And
Community Development**

Presenters:

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HOUSEKEEPING

- ✧ **Today's Schedule – 8:30 a.m. - 4:30 p.m.**
- ✧ **Cell Phones – Vibrate Mode**
- ✧ **Rest Rooms**
- ✧ **Parking**
- ✧ **Questions are good**
- ✧ **Handouts in Folder**





INTRODUCTION

✧ WORKSHOP PRESENTER(S)

✧ CDBG STAFF

✧ AUDIENCE

- Your Name.
- Where you're from.
- What you do.
- How many years of CDBG experience.
- What you hope to learn from this workshop.



TODAY'S WORKSHOP

- ✧ **NOFA Basics**
- ✧ **What's new in 2015 NOFA?**
- ✧ **Who can apply?**
- ✧ **Threshold Requirements**
- ✧ **National Objectives**
- ✧ **Eligible Activities**
- ✧ **Federal Overlays**
- ✧ **NOFA Summary Application**



NOFA BASICS

Required Allocations and Set Asides

- ✧ 51% Housing and Housing Related
- ✧ 30% Economic Development
- ✧ 5% Colonia Set Aside
- ✧ 1.25% Native American Set Aside
- ✧ No More than 15% for Public Services



NOFA BASICS

Available 2015 CDBG Fund = approximately \$25 million in Federal Allocation

- Community Development = approximately \$15 million
- Economic Development = approximately \$7 million
- Colonia Set Aside = approximately \$1.3 million
- Native American Set Aside = approximately \$300K
- Planning & Technical Assistance (PTA) = approximately \$1.2 million



NOFA BASICS

Application Timelines:

NOFA and Application Release	January 5, 2015
ED Over-the-Counter (OTC) Open Date	January 5, 2015
NOFA Application Workshops to February 12, 2015	January 27, 2015
Application Due Date by 5 P.M. Friday,	April 10, 2015
Awards Announced	July-Aug 2015
ED OTC Close date	April 29, 2016



What's New in 2015 NOFA

- **New NOFA Application Submittal Process**
- **Program Income (PI)**
- **Supplemental Activities**
- **HUD LMISD/ACS 2014 Data**
- **New Application & Instructions for Code Enforcement (CE)**
- **New Application Process & Funding Amounts for Economic Development Over-the-Counter (ED OTC)**
- **State Objective Points Changes**
- **Income Surveys**
- **Activity Delivery (AD) Amounts for projects**
- **Slums & Blight**



What's New in 2015 NOFA

New NOFA Application Submittal Process

✧ No In-Person drop off or Walk-In of NOFA Application

✧ Applications must be received by the Department
no later than 5:00 PM, Friday, April 10, 2015

✧ Applications must have date and time delivery verification by USPS, FedEx, UPS, or other Courier Service



What's New in 2015 NOFA

Program Income

Management Memo 14-05

- ✧ Funds on hand determined to be PI must be used prior to drawing down any awarded grant funds.
- ✧ PI Reuse Agreement and Waivers
- ✧ PI used for **Supplemental Activities**
- ✧ PI Reporting Changes



What's New in 2015 NOFA

Supplemental Activities

- ✧ Must be included in the 2015 NOFA Application
- ✧ No \$ amount needed at application stage
- ✧ Use New Supplemental Tab on Application
- ✧ Use Supplemental Activity Form
- ✧ Limitations on Supplemental Activities
 1. Three maximum per application
 2. No Public Services/No Planning
 3. Not needed for the same awarded Activity



What's New in 2015 NOFA

Supplemental Activities

a. Not Needed if Grantee intends to expend program income funds on the same *Program Activities* that is **awarded** (i.e., Housing Rehabilitation).

b. Not Needed if Grantee intends to expend program income funds on the same **awarded** Public Service (with Department approval).

c. Not Needed if Grantee intends to expend program income funds on the same **awarded** Projects (up to the NOFA maximum for the project), with Department approval.



What's New in 2015 NOFA

HUD LMISD/ACS 2014 Data

✧ HCD Management Memo 14-07

(Based on HUD CPD Notice 14-10)

The New HUD LMISD/ACS data has resulted in significant changes to applicants' Low/Mod percentages, as shown in Appendix A of the 2015 NOFA.

✧ 7 Jurisdictions that went above 51% LMI

✧ 19 Jurisdictions that went below 51% LMI

See Low/Mod Data Changes Handout



What's New in 2015 NOFA

Income Surveys

Income Surveys are usually completed when a jurisdiction wants to do a CDBG activity which requires Area Benefit National Objective and the Service Area does not conform to the jurisdiction's boundaries. (i.e., the Service Area is greater than or less than the jurisdiction boundaries.)

- ✧ See Management Memo 14-08 State CDBG Income Survey Requirements
- ✧ See HUD CPD Notice 14-013 Guidelines for Conducting Income Surveys



What's New in 2015 NOFA

Income Surveys continued

Per HUD CPD Notice 14-013, the LMISD “must be used to the fullest extent feasible unless a grantee believes that the data are not current or do not provide enough information regarding income levels in the entire service area.”



What's New in 2015 NOFA

Income Surveys continued

Applicant must conduct the Income Survey in compliance with the Department's Instructions.

<http://www.hcd.ca.gov/fa/cdbg/other.html>

- ✧ All Income Surveys must be methodologically sound and all steps must be documented.
- ✧ All Income Surveys must accompany the funding application, (i.e., it must be submitted with the NOFA).
- ✧ Income Surveys that are jurisdiction wide will be reviewed based on the Department's instructions above.



What's New in 2015 NOFA

New Application & Instructions for Code Enforcement (CE)

- ✧ See Management Memo 15-02 - State CDBG Program's Guidance on Code Enforcement Activities
- ✧ **Now** stand-alone Public Service Activity
- ✧ Code Enforcement Activity Forms – now found in Application section of the NOFA webpage

Reminder: CE cannot be jurisdiction wide



What's New in 2015 NOFA

New Application Process for ED

- ✧ Economic Development – Over-the-Counter (OTC) process revised this year (***See Flow Chart Handout***).
- ✧ New Project Inquiry Form will start tracking of each application.
- ✧ Eligibility Threshold before invitation to submit a full ED OTC application (*No Pre-application*).
- ✧ Three sets of Activity Forms available for different types of projects.
- ✧ ED OTC Tab is now on Application Summary Form.
- ✧ Eligible complete applications are presented to the Department's Internal Loan Committee (ILC) for funding approval.



What's New in 2015 NOFA

New Funding Amounts for ED OTC

✧ Economic Development – Over-the-Counter (OTC)

Maximum grant amount = **\$5,000,000**

✧ Applicant may submit more than one project proposal

✧ Two-Year Awards were eliminated



What's New in 2015 NOFA

State Objective Points Changes

- ✧ Eligible applications (2014) and eligible activities meeting required National Objective(s) **but not funded** will receive 25 points.
- ✧ Public Improvement activities for drought-related projects will receive 75 points.
- ✧ **No State Objective points will be awarded for public service 05H Employment Training.**



What's New in 2015 NOFA

Activity Delivery (AD) For Projects

- ✧ AD for Public Improvement and Public Facility projects is now included in the activity amount. Please select 0% AD when completing the Application Summary.
- ✧ AD will be reviewed/monitored to the Cost Reasonableness Standard (pursuant to OMB).



What's New in 2015 NOFA

Activity Delivery (AD) for Projects continued

- ✧ New AD amount for ED OTC – up to 15% or \$50,000 whichever is less.
- ✧ New AD amount for Housing Rehab Projects (5 or more units) – up to 15% or \$50,000 whichever is less.



What's New in 2015 NOFA

Slums and Blight

✧ The Department will not allow the Slums & Blight National Objective to be used on an Area Basis for any CDBG Activity within the 2015 NOFA due to regulation issues.



Who Can Apply?

Non-Entitlement Jurisdictions

- ✧ Cities with populations under 50,000.
- ✧ Counties with populations under 200,000.
- ✧ Not currently a party to an Urban Party Agreement.
- ✧ Not eligible to participate in the HUD Administered CDBG Entitlement Program.

See Appendix A for list of non-entitlement jurisdictions. (Currently 161 Jurisdictions).



Who Can Apply?

Native American Set-Aside Applicants

- ✧ Non-entitlement jurisdictions may apply to assist non-federally recognized Native American communities.
- ✧ Must be in identifiable geographic areas comprised of no less than 51% Native Americans not recognized as an Indian Tribe by the Act.
- ✧ The eligible applicant is where the non-federally recognized community is located (or where the geographical area is).
- ✧ For Housing and Housing Related Activities only.



Who Can Apply?

Colonia Set-Aside Applicants

- ✧ Eligible jurisdictions which contain Colonia communities, as defined by the National Affordable Housing Act of 1990.
- ✧ State has set-aside 5% of the allocation in this NOFA to Colonia communities located in Imperial County.
- ✧ See HUD's CPD Notice 12-008 (eligible activities include only *potable water, adequate sewage and decent housing*).



Threshold Requirements

50% RULE

Applicant is ineligible for additional CDBG funds unless at least 50% of all funds awarded in 2012 and later *have been expended*.

- ✧ One or more open CDBG contracts executed in 2012 (as a result of the 2012 NOFA) or later;
- ✧ Expenditure deadline established in the contract(s) has not yet passed. (Different than Contract Expiration date.)

Except: ED OTC, Disaster Recovery Initiative (DRI), Drought Housing Rental Subsidies Program



Threshold Requirements

50% RULE continued

“Expended” means:

By the NOFA due date:

- 1) The work is complete;
- 2) The cost has been paid by the applicant; and,
- 3) Funds Request Form has been received by HCD.

The Department may require evidence of the above to confirm compliance with the 50% Rule.



Threshold Requirements

50% Rule – Examples of “Expended”

- ✧ Escrow has closed on a homebuyer assistance application ***and the applicant has the final HUD-1.***
- ✧ The invoice(s) for a single family rehabilitation project has been inspected by the applicant, the applicant and homeowner have approved the work as completed, ***and the invoice(s) has been paid by the applicant.***

In both cases the Funds Request for these expenditures have been received by the CDBG Program.



Threshold Requirements

Application Submittal

- ✧ A complete application must be on the forms provided with all required *attachments*; and
- ✧ Original signed application forms plus one copy with all attachments must be submitted by the deadline;
- ✧ Application must be received by HCD via USPS, FedEx, UPS, or other Courier Service with a date & time delivery verification of **no later than 5:00 P.M.) on Friday, April 10, 2015.**



Threshold Requirements

Threshold Requirements continued

- ✧ Must have complied with HCD Housing Element requirements (Appendix C);
- ✧ Must be in compliance with OMB Circular A-133 by NOFA deadline date (based on SCO determination).
- ✧ Must provide a copy of the governing resolution specific to the 2015 NOFA application (must include supplemental activities) (Appendix E).



Threshold Requirements

- ✧ Applicant must not be debarred, suspended, or declared ineligible to participate in federal programs.
- ✧ Statement of Assurances must be completed, signed & certified to be true and correct.
- ✧ Must be in compliance with CDBG Citizen Participation regulations (Appendix D)



NATIONAL OBJECTIVES

Three National Objectives

- ✧ See Appendix G (*IDIS Matrix handout*)
- ✧ Must meet one of three National Objectives

Documentation of National Objective:

If an eligible activity is not documented in the application as meeting one of the allowable CDBG National Objectives, the activity will be deemed ineligible for funding.



NATIONAL OBJECTIVES

Three National Objectives

1. Benefit to Low-and Moderate Income Persons
 - Four Low/Mod Subcategories
2. Prevention or Elimination of Slums or Blight
 - Two Slums or Blight Subcategories
3. Urgent Need
 - Not eligible under this NOFA
 - Handled when need is caused by urgent and immediate threat (i.e. earthquake, flood, fire)



NATIONAL OBJECTIVES

Benefit Low/Mod Income Persons

Four Low/Mod Subcategories:

1. Low/Mod Income Area (LMA)
2. Low/Mod Income Limited Clientele (LMC)
 - a.) Presumed
 - b.) Self-Certification Low Mod Clientele
3. Low/Mod Income Housing (LMH)
4. Low/Mod Income Jobs (LMJ)

See Appendix A for Low/Mod Percentage based on LMISD/ACS data.



NATIONAL OBJECTIVES

Slum and Blight

Two Slums or Blight Subcategories

1. Area Basis (SBA) - Department will not allow.
2. Spot Basis (SBS) – Outside of a slum or blighted area.
 - Documentation that project site meets HUD's definition of blighted.
 - Documentation that CDBG funds will pay to eliminate the project's blighted conditions.



NATIONAL OBJECTIVES

Urgent Need

Existing conditions posing serious and immediate threat to the health and welfare of the community, are of recent origin or recently became urgent (became critical within 18 months) and other sources of funding are not available.

- ✧ **Not used under this NOFA**
- ✧ **Available upon formal determination by the Department.**



ELIGIBLE ACTIVITIES

Funding Limits and Eligible Activities

- ✧ Refer to Funding Limits and Eligible Activities Chart
(*See Handout*)

http://www.hcd.ca.gov/fa/cdbg/docs/2015_NOFAs/2015_Funding_Limits_Eligible_Activities_Chart.pdf

- ✧ May apply for up to three (3) activities in one application.
 - **Note:** *ED OTC activities, Colonia activities, and Native American activities are separate and not counted in the three activity maximum or application maximum of \$2,000,000.*



ELIGIBLE ACTIVITIES

Economic Development

- ✧ ED Over-the-Counter (OTC) - Project
 - Separate Application/Time Frame/Application Process
 - Maximum of \$5,000,000/Minimum \$300,000
- ✧ Enterprise Fund – Programs with Guidelines
 - Business Assistance (BA) Loans
 - Microenterprise (ME) Assistance
 - Maximum of \$300,000 single activity
 - Maximum of \$500,000 for combination of both



ELIGIBLE ACTIVITIES

Economic Development continued

✧ BA Loan Program Overview

- Project must create/retain jobs for Low/Mod Persons
- Restricted to eligible costs
- Area Benefit can be used only with Department's prior approval
- Applicant must have capacity for BA Loan Underwriting
- BA Chapter (**Coming Soon**)



ELIGIBLE ACTIVITIES

Economic Development continued

✧ ME Program Overview

- Must be eligible ME Program Participants: Income eligible, and Maximum of 5 employees (including owners)
- Micro-financial assistance requires Part 5 Income Determination
- Eligible ME can get technical assistance services, support services, and financial assistance (loan or grant)
- Applicant must have capacity for providing technical assistance, and financial lending



ELIGIBLE ACTIVITIES

Housing Related

- ✧ Real Property Acquisition (housing-related)
- ✧ Multi-Family Housing Acquisition, or Acquisition & Rehabilitation Project
- ✧ Multi-Family Housing Rehabilitation only Project (5 or more units)
- ✧ Homeownership Assistance Program
- ✧ Single-Family Housing Rehab Program (1-4 units)
- ✧ Housing COMBO (Homebuyer Assistance and Single-Family Housing Rehab) Program
- ✧ No New Housing Construction Costs



ELIGIBLE ACTIVITIES

Housing Related continued

✧ **Real Property Acquisition**

- Multi-Family Development (5 or more units)
 - up to \$600,000 for vacant land
 - Up to \$1,000,000 for Multi-Family Housing (MFH) rental project
- Limited to one Project per application

✧ **Multi-Family Housing Rehabilitation or Acquisition/Rehabilitation Project**

- Up to \$1,000,000

✧ **No New Housing Construction Costs**



ELIGIBLE ACTIVITIES

Housing Related continued

✧ **Single Family Homes Program**

- Homeownership Assistance (HA)
- Housing Rehabilitation (HR) (1-4 units)
- ✧ Maximum Award - \$600,000 for HA or HR
- ✧ Maximum Award - \$1,000,000 for HA & HR
- ✧ 25 State Objective Points for Applicants that apply for HA only



ELIGIBLE ACTIVITIES

Public Improvements

- ✧ Up to \$1,500,000 maximum award
 - ✧ Must be located in & serve predominantly residential area
 - ✧ Assessments are eligible
 - ✧ Limited to One Infrastructure Project
 - **Example #1** - Water/Sewer System Expansion
 - **Example #2** - Infrastructure In-Support-Of Housing New Construction – (PIHNC)
 - PIHNC – Only if a Condition of Housing Project Approval
- Maintenance is not allowed. Maintenance is defined as, routine protective and preventive measures designed to extend the life of a given structure or improvement. Examples: cleaning, painting, sealing/stripping of roads, etc.***





ELIGIBLE ACTIVITIES

Public Facilities (PF)

- ✧ Up to \$1,500,000 maximum award
- ✧ Limited to One Project
- ✧ Must support eligible CDBG Public Service activity
 - Example - Acquisition, rehabilitation or new construction of buildings and grounds used for public purposes such as Food Bank, Homeless Shelter, Library or Fire Station.



Maintenance is not allowed. Maintenance is defined as, routine protective and preventive measures designed to extend the life of a given structure or improvement. Examples: cleaning, painting, sealing/stripping of roads, etc.



ELIGIBLE ACTIVITIES

Public Services (PS)

- ✧ Up to \$500,000 maximum award
- ✧ No more than three (3) PS activities
 - Employment Training \$250,000
 - Food Bank \$150,000
 - Homeless Shelter \$100,000
 - \$500,000**



ELIGIBLE ACTIVITIES

Planning & Technical Assistance (PTA)

- ✧ Up to \$100,000 maximum award
- ✧ Maximum of two studies per grant
- ✧ May be CD, ED or one of each
- ✧ Requires cash match of 5% of total funding (See Appendix J)



ELIGIBLE ACTIVITIES

Supplemental Activities (SA)

- ✧ Maximum of three (3) Supplemental Activities.
- ✧ Must meet National Objective.
- ✧ Cannot be for the same activity applied for in the NOFA (*unnecessary*).
- ✧ Must be completed by end of expenditure period of contract.
- ✧ Cannot be Public Services or PTAs.
- ✧ Not allowed for ED OTC applications.



FEDERAL OVERLAYS

Federal Requirements

- ✧ National Environmental Policy Act (NEPA) Compliance
 - ✧ URA - Relocation/Anti-Displacement Review
 - ✧ Labor Standards/Prevailing Wage (i.e. Davis Bacon)
 - ✧ Removal of Architectural Barriers
 - ✧ Nondiscrimination Laws
 - ✧ Federal Procurement Compliance
 - ✧ Debarment and Suspension
- See Application Summary - Statement of Assurances Tab*



FEDERAL OVERLAYS

NEPA COMPLIANCE

CDBG Activities must have NEPA clearance
(even General Admin).

Grantee must:

- Review NEPA timing for EACH activity proposed.
- Aggregate scope of work for each proposed activity.
- Determine level of review required for each activity based on scope of work.
- Assign proper person for NEPA review.





FEDERAL OVERLAYS

NEPA COMPLIANCE continued

- ✧ Beware of Choice-Limiting Actions! Do not commit CDBG and non-CDBG funds to a project prior to release of funds authorization.

- ✧ The closer you are to signing a contract prior to NEPA review, the closer you are to choice-limiting action.



FEDERAL OVERLAYS

NEPA COMPLIANCE continued

Examples of choice-limiting actions prior to NEPA:

- ✧ Site Grading Clearance or Demolition
- ✧ Signed Purchase or Lease Agreement (Option Agreement is generally ok.)
- ✧ Signed Construction Agreement
- ✧ Loan Closing



FEDERAL OVERLAYS

URA - Relocation/Anti-Displacement

- ✧ All CDBG activities are subject to relocation laws.
- ✧ Review relocation impacts for each activity proposed prior to application submittal.
- ✧ Review initial actions for activities with relocation (pre-application General Information Notice (GIN)).
- ✧ Plan and budget for relocation actions as part of activity implementation.



FEDERAL OVERLAYS

Labor Standards Requirements

- ✧ Comply with Prevailing Wage;
- ✧ Applies to CDBG funded construction activities;
 - \$2,000 trigger for Public Improvement and Public Facilities
 - 8 project units for the same site for housing

- ✧ Review activity for compliance prior to application submittal (take cost into account);
- ✧ Plan for proper wage monitoring in activity design and execution;
- ✧ Work with CDBG staff to ensure compliance.



FEDERAL OVERLAYS

Nondiscrimination Laws

- ✧ Fair Housing
- ✧ Equal Opportunity and Non-discrimination
- ✧ Limited English Proficiency (LEP) Guidelines
- ✧ ADA Compliance



FEDERAL OVERLAYS

Federal Procurement Compliance

Refer to 24 CFR 85.36 Procurement & Management Memo 13-05 and 14-06

- ✧ 4 Methods of Procurement
 - Small Purchase
 - Sealed Bids
 - Competitive Proposals
 - Non-Competitive (Sole Source)
- ✧ Conflict of Interest
- ✧ Documentation of procurement history



NOFA APPLICATION

Application Summary Worksheet

Please fill out the
evaluation form



**Due by 5 p.m.
on April 10, 2015**

