

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS**

1800 Third Street, Suite 390
P. O. Box 952054
Sacramento, CA 94252-2054
(916) 445-6000
FAX (916) 323-6016

**CDBG****MANAGEMENT MEMORANDUM****Community Development Block Grant Program****Memorandum Number 05-2****TO: All CDBG Eligible Jurisdictions and CDBG Interested Parties****DATE: March 14, 2005****SUBJECT: Fiscal Year 2005 CDBG General/Native American/Colonias Allocation Application Training Questions and Answers****Purpose of this Memo:**

To notify all eligible jurisdictions and interested parties of the answers to questions posed but not answered at the 2005/2006 General/Native American/Colonias Allocation Training Workshops held in February and March 2005.

Application on CD/Web

- Q. Are there any precautions which need to be taken when using the application files found on the CD Rom handed out at the training or downloaded off the CDBG web site? Do we need to leave in the directions for each activity section as part of our final application?
- A. Yes, some of these files are rather large and contain macros for the checkboxes so they can be a challenge to work with. Some applicants have found that their "Word" programs have difficulty working with these macros. If you are having problems working with these files, then we suggest you close every program on the desktop and only work with one CDBG application file at a time. You may also find it helpful to move to another computer if your Word program is too slow or does not let you exit design mode. We encourage applicants to remove the instruction sections from files and not submit them with their completed application. Lastly, it was noted that the file, **1.b Part B — Forms**, contains both Part B and Part C sections so there is no need to open and complete file, **1.c Part C-Forms**. In your final application you will need to make sure the page numbers are changed to reflect the final format of your funding proposal and tabs for each section are appreciated.

10% Set-Aside

- Q. If a jurisdiction wants to apply for 10% set aside funds for code enforcement activities under the new Slums and Blight elimination national objective, can they supplant the local funds currently used to fund the local code enforcement activity?

- A. No, code enforcement is an eligible CDBG activity but it is a public services activity and as such federal regulations do not allow CDBG funds to replace local funds, unless the local funding for the activity was terminated twelve or more months earlier.
- Q. If a jurisdiction is using 10% set aside funds for code enforcement activities under the new Slums and Blight elimination national objective, can they use those funds to remove abandon cars and debris from properties?
- A. No, CDBG code enforcement programs are seen as public services which provides funds to have buildings inspected and “red tagged” if they are substandard. If you wish to use CDBG funds to pay for hauling off debris from private property, then that would be a separate activity, a “neighborhood clean up” public service and HUD requires that the collection be limited to once a year.

Just in Time Funding

- Q. How will the “just in time” funding work for projects proposed in this year’s application which will require future allocation funds early?
- A. State CDBG staff will compare all funded projects under the 2005 allocation. Those that need over \$500,000 during the funding allocation year will get their future allocation funds from disencumbered/unawarded funds of past allocations.

Canceling Multi Year Projects

- Q. If a jurisdiction applies for the full one and a half million dollars and after one year they decide that the project is not feasible, can they disencumber funds and apply the next year for something else.
- A: If any jurisdiction does receive an award for a future allocation and disencumbers all or part of it, then they will be eligible to apply in future funding rounds but they may have performance consequences for this non performance.

51% Housing Requirement

- Q. What happens if there are not enough funding requests “housing” activities?
- A. State CDBG Statute requires that at least fifty one percent (51%) of general allocation funds be used for housing activities. Our staff includes nearly all public works projects as part of the housing activities we fund. By combining the public works and housing activities this threshold has never been reached. If this threshold or the fifteen percent (15%) cap on public services is reached, then it would be required of staff to eliminate these non-housing funding proposals and fund less competitive housing activities in their stead.

Community Facilities

- Q. What is the maximum time a person or family can stay in a community facility before it is viewed a permanent housing?
- A. HUD suggests that a person or family can stay in a community facility up to 24 months. Exceptions have been made; please contact your CDBG rep if your facility has different needs.

Conversion of a Commercial Building

- Q. What are the limits to converting a commercial building into housing using a housing rehabilitation loan?
- A. HUD established this rule for conversions of schools and other public building into affordable housing. If you have a non conventional commercial building which you wish to convert into housing then it would be best to contact your CDBG program representative to get a final answer to your specific project.

Procurement

- Q. Is a grantee still limited to hiring a consultant for three years or can a consultant contract span the 48 month term of the grant? What is the minimum number of proposals which need to be received?
- A. A grantee may procure a consultant for administering a single activity for three years, for example administering all housing rehabilitation programs for three years, or for the term of a CDBG contract. The activity and length is required to be in the RFP.
As for the question about obtaining a proper number of proposals, grantees are encouraged to get three or more proposals when doing procurement to ensure competitiveness

Labor Standards

- Q. Can laterals for connecting private residences to water or sewer lines go from the private property out into the street in the public right of way without triggering labor standards?
- A. The public right of way is not a trigger for invoking labor standards. To determine if a project invokes labor standards you would need to determine if the project was part of a housing rehab project, the number of units in the project and the cost of the project. There are a number of exemptions so please contact you field rep.

Public Services

- Q. Can CDBG funds pay for a police car?

- A. Yes, a police car can be purchased as long as it is a new service and it is used in an area with at least fifty one percent (51%) of the residents being below eighty percent (80%) median income for the county. The eligibility of all public services is limited by the 15% cap HUD puts on public services. The 15% cap is determined at the time of funding.
- Q. Can CDBG funds pay for a truck for an animal control officer as a public service?
- A. Yes, an animal control vehicle can be purchased as long as it is a new service and it is used in an area with at least fifty one percent (51%) of the residents being below eighty percent (80%) median income for the county. The eligibility of all public services is limited by the 15% cap HUD puts on public services. The 15% cap is determined at the time of funding.
- Q. Can CDBG funds pay for a Juvenal detention community facility?
- A. Yes, CDBG funds could be used to fund this type of community facility. Jails and other detention facilities are considered to benefit the entire community served by the community. Low income benefit must be based on the service area of the facility. The jurisdiction wide TIG benefit level must be at least fifty one percent (51%).
- Q. Can CDBG funds pay for a community facility to house an after school tutoring program on an existing school site? Can that class room be used for normal class room activities during normal school hours?
- A. Yes, a community facility for after school programs can be funded with CDBG funds. If the after school program is open to all residents in the community, then the jurisdiction wide TIG benefit level must be at least fifty one percent (51%). The after school program can also be restricted to TIG households such that the number of beneficiaries is at least fifty one percent. It can only be used as a class room if the jurisdiction wide benefit is at least fifty one percent (51%). If the primary use of the facility is as classrooms then the eligibility of the facility will be based on that activity not as an after school programs
- Q. Is a fire truck and equipment a community facility or a public service?
- A. A fire truck and equipment is a public service activity.
- Q. How do you separate costs when you are paying for a construction training public service program to pay for a housing rehabilitation program?
- A. An applicant must be very careful when they try to combine activities together and should have a clear understanding of what costs are allowable under each activity. For example, under the public service activity staff time of the trainers and equipment and training materials for the program would be eligible costs. However, payment of trainees for construction work they are doing is not eligible

and you could not pay for the specific project construction materials required for the rehabilitation.

Minimum funding amounts

- Q. Is there a minimum amount of CDBG funds you must request for an activity in funding year 2005, in order to apply for future allocation years funding and meet the “anchor” rule of the state? For example, can a city apply for a minimum amount of funding under the 2005 allocation for a child care project and ask for \$500,000 under both 2006 and 2007.
- A. There is no minimum requirement established. The intent of the multi year funding is to allow those applicants with projects or programs applied for in the most current year to complete those projects. It is not the intent to allow placeholders for potential future projects. Applicants should not come in for a minimum of funds for a competitive activity, as opposed to the 10% set aside. We suggest that each activity that is being funded over multi years have at least 10% of the funds allocated to that activity in each of the years. If the CDBG program receives applications with activities with minimal amounts, the program will have to review the process of multi year funding and possibly add restrictions to multi year funding.

Environmental

- Q. Does the new supplemental funding rule for NEPA apply to programs?
- A. The supplemental funding rule for NEPA states that if you have a HUD clearance for a project and you invest additional funds after that clearance then it is exempt and no continuation statement or publication is needed. Programs need to get release of funds for each funding award. So if an application was made for one funding allocation year then the NEPA review for that activity is good for the 24 month term of the contract. If an applicant applies for three allocation years, then the NEPA for that program will be good for the 48 month term of that grant award contract.

Lead Based Paint Training

- Q. When will the next lead based paint training be offered?
- A. A new specialist has just been hired. Once the specialist has enough knowledge to conduct training then a series will be scheduled.

Housing Rehabilitation

- Q. When rehabilitating a mobile home unit in an old mobile home park, can the old mobile home unit be replaced with a new manufactured unit and can the new unit be placed in another park?

- A. Rehabilitation of an existing mobile home can be done by replacing the existing unit with a “used” manufactured unit (used means it has been lived in for a period of time). A new manufactured unit can replace an older mobile home if it passes the reconstruction checklist test in the rehabilitation chapter of the current grant management manual. The state does require that the new unit be placed in the original mobile home park

Homebuyer Assistance

- Q. When conducting a homebuyer assistance program, can CDBG assistance be given to help a family purchase a piece of property with more than one dwelling unit, for example, a duplex or a house with a second detached unit in the back?
- A. Homebuyer assistance programs are restricted to “single family” properties. HUD’s definition of a single family property is a property with one to four dwelling units on it. Program guidelines may be used to restrict the type of property further and limit the number of units on an assisted property. Of special note, if a property has more than one unit then projected income from the additional unit(s) must be calculated into the household’s income before approving the assistance to the homebuyer.

Public Notices and Resolutions

- Q. Will the application approval public notice and resolution for the 2005 application look significantly different than the examples given in the NOFA if a multi-year funding proposal is submitted?
- A. Yes, the samples given in the NOFA are based on applications which are only requesting funds under one allocation. If an applicant wishes to apply for multiple funding allocations, then they must list all the activities and the amounts requested for those activities in the public notice and in the formal resolution. Program income committed to activities under each funding allocation must also be listed out by funding year. Applicants can use the application summary pages on pages 30-32 in the application as a model on how to list out the application funding information in the public hearing and resolution. All funding, grant funds requested and program income, must be properly listed in the public hearing and resolution.