



CDBG Redesign

Method of Distribution and other Program Changes

Department of Housing and
Community Development

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Background

- Two-year effort to re-tool the CDBG program to address critical issues
 - Poor expenditure rate
 - Overly complicated program procedures
 - State regulations that conflict with federal regulations
 - Burdensome regulations
 - Inconsistent program administration
- Redesign Working Group
 - key stakeholders across the state participating in regular meetings and document design.



Redesign Focus

- **Economic Development**
 - How to increase program utilization and improve overall performance
- **Program Income and Revolving Loan Funds**
 - How to eliminate overly restrictive requirements and help move funds more quickly
- **Expenditure Rate**
 - How to increase our expenditure rate while maintaining compliance with federal regulations



Redesign Outcomes...so far

- **New CDBG Program Guidelines pending final adoption**
 - The guidelines will replace the state regulations and are aligned with federal regulations
- **New Program Income Policy**
 - To be discussed in the next class
- **New Proposed Method of Distribution**
 - Included in the Consolidated Plan as the means by which CDBG funds will be awarded to successful program applicants



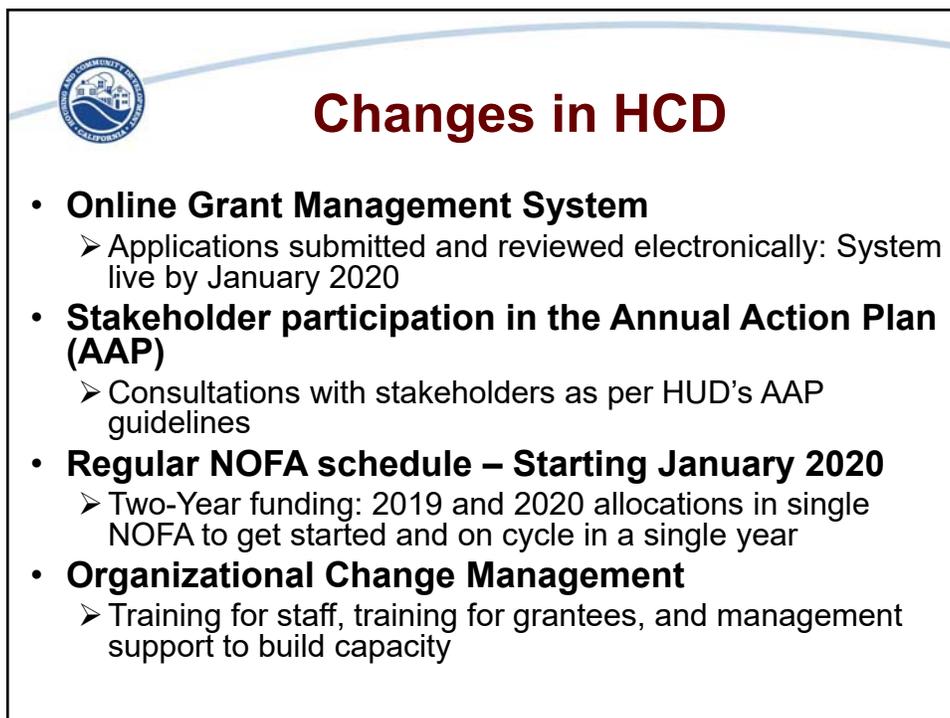
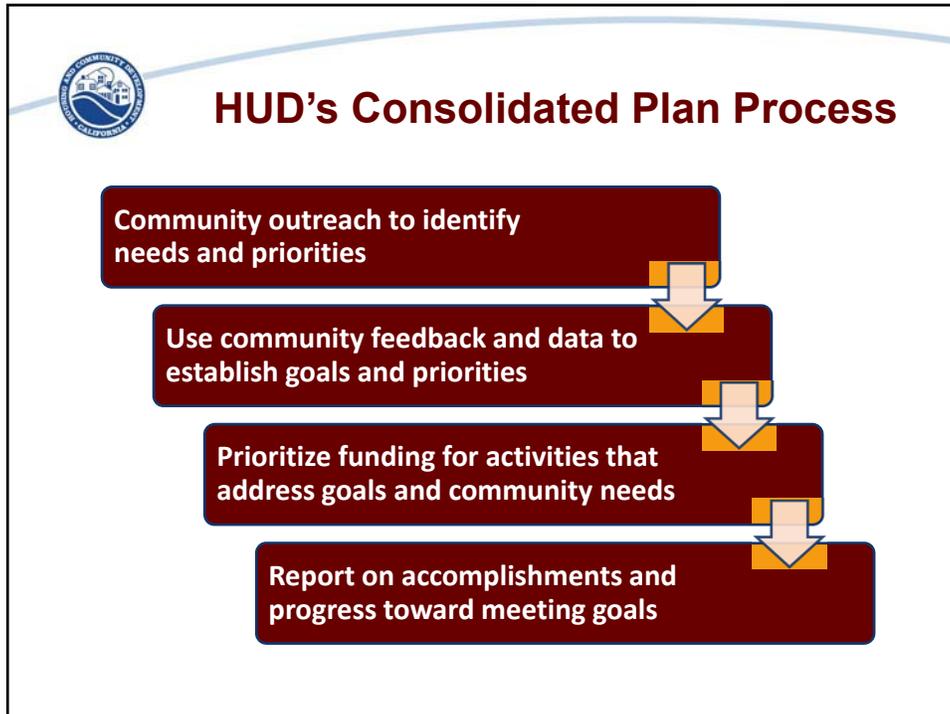
Guideline Highlights

- Program changes include:
 - Over-the-Counter (OTC) options for Community Development (CD) and Economic Development (ED) projects
 - Project and program differentiation – capital projects are OTC, programs, public services, and planning are competitive in the NOFA and application process
 - 50% rule – projects are exempt and in programs the rule only applies to like activities (ED programs to ED programs and CD programs to CD programs)



Redesign Changes

- HUD's Consolidated Plan Process
- Changes in HCD
- Federal Cross-Cutting Thresholds
- State Overlay Thresholds
- Competitive Readiness, Rate, and Rank
- Capital Projects, OTC, and Readiness
- Performance Expectations





Federal Cross-Cutting Thresholds

Federal Cross-Cutting Thresholds for All HUD Funded Programs

Debarment Check – Federal Excluded Parties List through System for Award Management (SAM.gov)

Statement of Assurances – Signed by Chief Executive Officer

2 CFR Part 200 Compliance – Signed Certification

Citizen Participation – Public Hearings, meetings, and noticing per Citizen Participation Plan

Single Audit and/or Monitoring Compliance – All open findings resolved (Federal and State)



State Overlay Thresholds

State Overlay Thresholds for All HCD Funded Programs

Growth Control – Residential construction limitations in compliance

Resolution of the Governing Body – Application, Certifying Officer, Signing Authority

50% Rule – Expend 50% of open grants to apply for same type of activity (only applies to competitive programs)

Non-Compliance – Repayment or repayment agreement for ineligible expenditures

Reporting – All reports submitted and on time

Program Income – Compliance with Program Income Policy



The slide, titled "Competitive Readiness Examples", lists the following requirements:

- Currently program – must be active
- Market conditions assessment: supply and feasibility
- Economic market study: supply and demand
- Housing market study: supply and demand
- Unmet infrastructure or facility need analysis
- Public services needs assessment
- Internal capacity evaluation: staffing, contractors, consultants
- Program guideline development and adoption
- Marketing plan specific to activity and area
- Environmental Review is complete
- Procurement is complete
- State Objectives – Fair Housing and Disaster Resiliency

Q! Does consultant/contractor experience count as readiness?
 A! Do you have a procured and signed contract at application? Yes = Yes

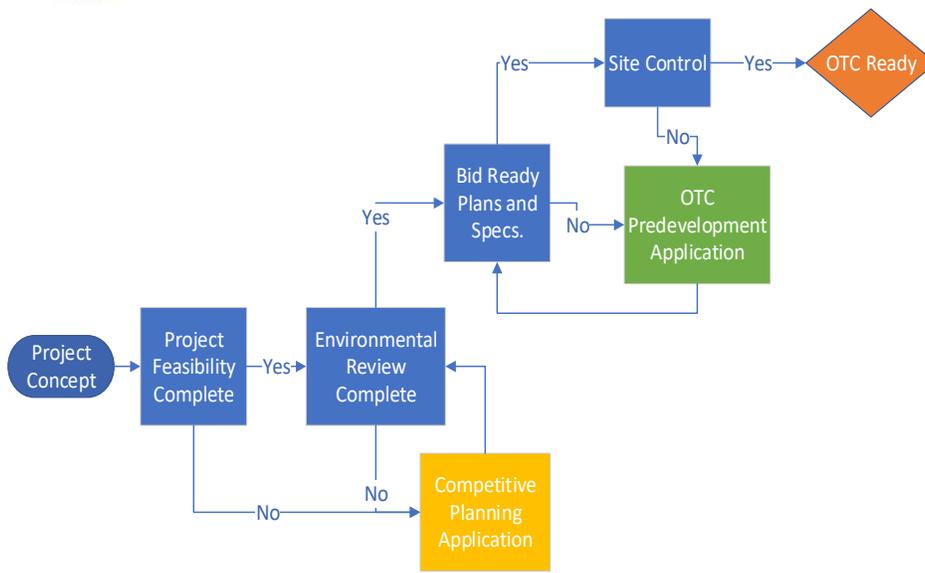


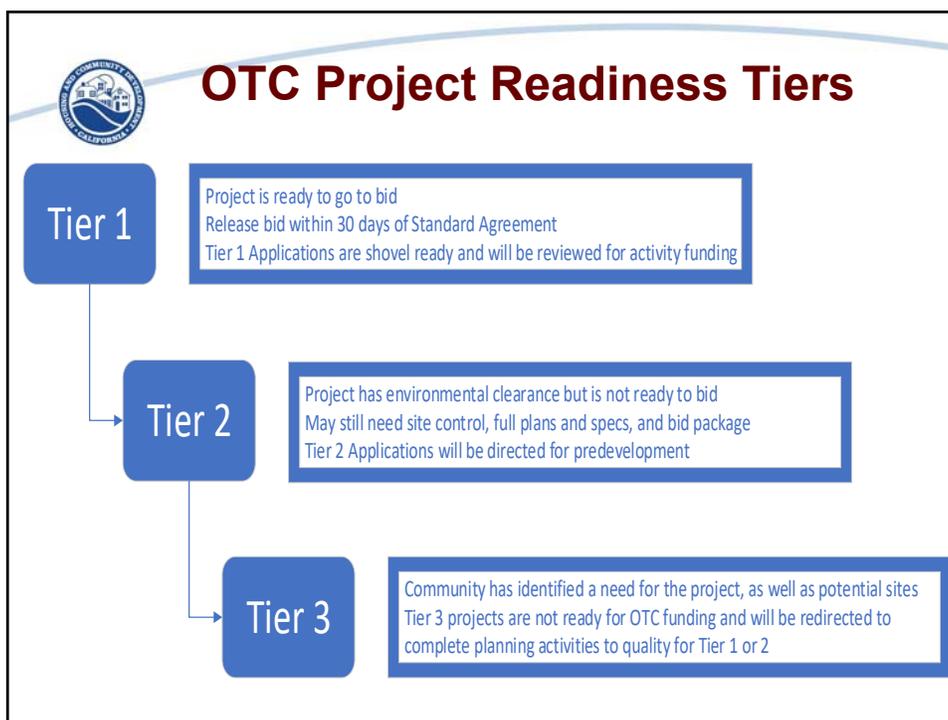
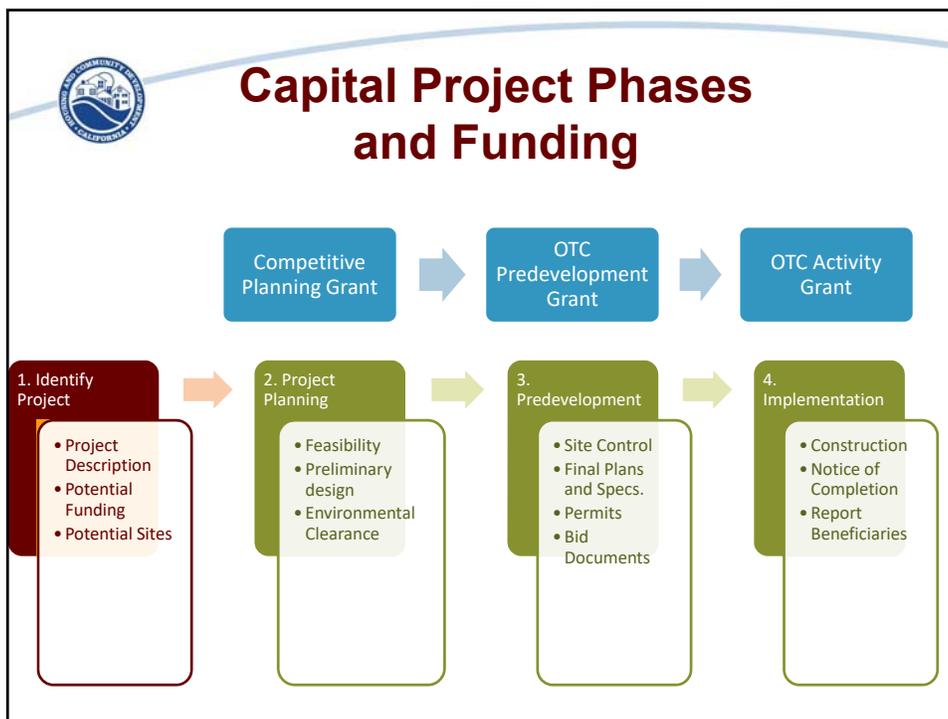
Competitive Rate and Rank

- Eliminate as much subjectivity as possible
- Readiness as activity application threshold
- Align need points with standardized data
- Use data that reduces need for surveys
- Align benefits with HUD required data
- Prior program performance (soft roll-out)
 - Reports submitted on time
 - Milestones met
 - Budget management



Capital Projects







OTC Application Processing

- Only project that meet project readiness requirements will be able to apply OTC
- Applications reviewed first-come first-served during the open OTC period
- Unfunded OTC applications will be waitlisted during the open OTC period
- OTC Predevelopment projects will jump to the front of the line for OTC activity funds
- At the end of the open OTC period applications on the waitlist can be updated and re-submitted as soon as the next NOFA is released in January



Performance Expectations

- Milestones will be required in the application
 - Applicants set their own milestones
 - Missed milestones will result in lost points
 - OTC applicants with missed milestones will lose readiness eligibility
 - Milestones can be adjusted, but must be changed BEFORE they are missed
 - HCD commits to set turn-around times for standard documentation to prevent missed milestones
- Application documents feed directly into the Standard Agreement



Budget Expectations

- Budgets will be required in the application
 - Additive and subtractive budgeting to include current and future program income
 - Line-Item budgets must identify all funding
 - Budget adjustments must be approved BEFORE they are completed
 - Budgets will directly relate to requests for funds
 - All project funding will be included in the project application budget
 - Projects that come in way over budget will negatively impact future applications
- Application documents feed directly into the Standard Agreement



Next Steps

- MOD will be part of the Consolidated Plan with opportunities for public comment
- Grant Management System designed to simplify application process
- Grant Management System training
- HUD Cross-cutting requirement training
- Readiness criteria training



Questions and Conclusions

Thank You!