

# Community Development Block Grant

## PROPOSED 2013 Method of Distribution

(This Method of Distribution is adopted as part of Oregon Administrative Rule (OAR) 123-080-0030 (3) by reference.)



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## Introduction

### **Administration of State of Oregon CDBG Program**

The Oregon Business Development Department (OBDD) administers the state of Oregon's annual federal allocation of Community Development Block Grant (CDBG) funds for non-metropolitan cities and counties. Urban cities and counties and tribes are not included in the state's program because they receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD). Refer to Chapter 2 for more information regarding eligible applicants.

### **Primary Objective**

The primary objective of the CDBG program is the development of viable (livable) urban communities by expanding economic opportunities, providing decent housing and a suitable living environment principally for persons of low and moderate income.

### **National Objective**

Projects must meet one of three national objectives: 1) benefiting low- and moderate-income persons; 2) prevention or elimination of slums or blight; or 3) meeting other community development needs having particular urgency that pose a serious and immediate threat to the health or welfare of the community.

### **Low and Moderate Income**

“Low income” means income equal to or less than 50 percent of the area median (adjusted by family size). “Moderate income” means income equal to or less than 80 percent of the area median (adjusted by family size). Applicable income limits are determined by HUD on an annual basis for all Oregon counties and metropolitan statistical areas by HUD.

### **Agency's Mission**

#### **Goal 1:**

Help existing businesses retain jobs while growing and attracting sustainable businesses by focusing value-added services in key industries of:

- Clean Technology
- Wood & Forest Products
- High Technology
- Advanced Manufacturing
- Outdoor Gear & Active Wear

#### **Goal 2:**

Enhance Oregon's position in the global economy by assisting Oregon businesses in accessing global markets and by recruiting international companies to Oregon.

#### **Goal 3:**

Advocate on behalf of Oregon businesses to capitalize on those areas where Oregon has demonstrated a competitive advantage by making targeted strategic investments.

**Goal 4:**

Assist communities to build infrastructure capacity to address public health safety and compliance issues as well as support their ability to attract, retain and expand businesses.

**Method of Distribution (MOD)**

Oregon's 2013 CDBG program is offered to eligible cities and counties for a wide range of activities as authorized under Section 105(a) of the Housing and Community Development Act (HCDA) of 1974, as amended. The eligible activities for the 2013 program year that begins January 1, 2013, are described within this 2013 Method of Distribution.

The state expects to receive approximately \$12 million in new federal funds during 2013 for grants to non-entitlement cities and counties for eligible projects.

The CDBG funds covered by this Method of Distribution include: new 2013 funds, unobligated 2012 program year funds, program income and grant funds recaptured from projects funded in prior grant years.

In accordance with Oregon Administrative Rule (OAR) 123-080-030(3), the department will manage the competitive award and funding process for eligible projects under this 2013 Method of Distribution.

**Instructions on How to Use the Method of Distribution**

No single chapter is a stand-alone chapter. The entire Method of Distribution must be read and used in its entirety to obtain the necessary program information and requirements.

**Oregon Administrative Rule**

This Method of Distribution provides information to assist eligible entities prepare grant applications and is adopted as part of Oregon Administrative Rule (OAR) 123-080-0030 (3) by reference.

**Contact the Department**

Contact OBDD for more information at 503-986-0123.

## Chapter 1 Funding Priorities/Targets

### Consistency with Oregon's Consolidated Plan

Priorities for Community Development Block Grant (CDBG) funds must be consistent with the policies and priorities contained in the 2011-2015 State of Oregon Consolidated Plan for Housing and Community Development. The 2011-2015 Consolidated Plan was approved by the U.S. Department of Housing and Urban Development (HUD) on February 14, 2011. The 2013 Method of Distribution is the third annual update to the 2011-2015 Consolidated Plan and has been developed with participation from HUD, the OBDD Infrastructure Finance Authority and the public input received during the 30-day public comment period.

### Priorities

Section 106(d)(2)(C)(iii) of the Housing and Community Development Act (HCDA) prohibits a state from declaring certain statutorily eligible activities as ineligible for funding under the state's program, but allows a state to establish funding priorities among the types of eligible activities. The state of Oregon's funding priorities for 2013 are described within the 2013 Method of Distribution (MOD). In accordance with the HCDA the state will accept/consider applications for funding consistent with the identified funding priorities within the 2013 MOD.

There is a broad range of activities that may be assisted with CDBG funds as defined in Section 105(a) of the Housing and Community Development Act (HCDA) of 1974, as amended. States that administer a non-entitlement CDBG program are required to establish procedures for distributing the funds and identification of the activities (priorities) that will be eligible for funding under the state's program. These priorities are described within the 2013 MOD. The priorities eligible for funding under Oregon's 2013 Community Development Block Grant program are:

### Programs offered through OBDD Infrastructure Finance Authority

1. **Microenterprise Assistance Public Services:** Recruitment, screening and providing classroom training to microenterprise owners and persons developing microenterprises.
2. **Public Works:**
  - a. **Type One:** Public water and wastewater system improvements
  - b. **Type Two:** Off-Site Infrastructure for new affordable housing.
3. **Community/Public Facilities:** Community facilities that rarely produce a reliable or sufficient revenue stream to repay a loan.
4. **Community Capacity/Technical Assistance:** Grants for local capacity building.
5. **Emergency Projects:** Projects arising from bona fide emergencies.
6. **Housing Rehabilitation:**
  - a. **Type One**—Regional Housing Rehabilitation Revolving Loan Fund
  - b. **Type Two**—Regional Housing Rehabilitation Grant Fund

### Targets

The state receives an annual allocation from HUD for the CDBG program. After subtracting amounts allowed for State Administration (2% plus \$100,000) and State Technical Assistance (1%), the department intends to award available new 2013, unobligated 2012, program income and recaptured grant funds from prior year grants to projects in the categories listed below using the percentages shown.

	2012	Target %	2013 Program Income & Recaptured funds (Estimated)	2013 (Estimated)	
<b>Annual Allocation from HUD</b>	<b>\$12,003,907</b>		<b>\$530,000 (Note 3)</b>	<b>\$12,003,907 (Note 3)</b>	
State Administration 2% (The required match for these funds comes from the Special Public Works Fund (SPWF).	\$240,078	2%	\$0	\$240,078	2%
State Administration \$100,000 - no match funds	\$100,000	N/A	\$0	\$100,000	N/A
State Technical Assistance Set-Aside 1%	\$120,039	1%	\$0	\$120,039	1%
<b>Funding Available for Projects</b>	<b>\$11,543,790</b>		<b>\$530,000</b>	<b>\$11,543,790</b>	
Microenterprise Assistance	\$346,313	3%	\$15,900	\$346,313	3%
Public Works	\$5,656,457	49%	\$259,700	\$5,656,457	49%
Community/Public Facilities	\$3,001,387	26%	\$137,800	\$3,001,387	26%
Regional Housing Rehabilitation	\$2,539,633	22%	\$116,600	\$2,539,633	22%
<b>Program Income (Note 1)</b>	130,000 (Note 2)			130,000 (Note 3)	
<b>Recaptured Funds (2011 and older as of 7-30-12)</b>	<b>\$5,801,575.90</b> (Note 4)			<b>\$400,000</b> (Note 3)	

Note 1 When received, program income, is allocated to projects using the target percentages identified above, after taking 2% for state administration

Note 2 Estimated

Note 3 Estimated to be received in either 2012 or 2013, as applicable.

Note 4 Actual as of 7-30-12

The final 2013 fiscal year allocation amount will be posted on the department's Web site for access by eligible applicants and distributed to the CDBG list serve.

## Target Funding

Target funding is used to give the department investment flexibility. Targeted funding does not obligate the department to award all the funds targeted for each category. **If a sufficient number of projects are not awarded in a particular category, applications in other categories may be funded. Each calendar quarter March 31, June 30, September 30 and December 31 the department will conduct a quarterly target review and determine if funds need to be moved from one category to another to address program needs.**

## Program Year

The state of Oregon's 2013 program year (Fiscal Year) is from January 1 thru December 31, 2013.

## Funds Remaining after December 31, 2012

On January 1, 2013, any un-obligated or recaptured FY 2012 funds, earlier program year funds or program income will be applied in conformance with the proposed or HUD approved FY 2013 target percentages and will be awarded in accordance with either the proposed or HUD approved 2013 Method of Distribution.

## Funds Remaining after December 31, 2013

On January 1, 2014, any un-obligated or recaptured 2013 funds, earlier program year funds, recaptured funds or program income will be applied in conformance with the proposed or HUD approved FY 2014 target percentages and will be awarded in accordance with either the proposed or HUD approved 2014 Method of Distribution.

### **Recaptured Funds and Program Income**

The state anticipates the receipt of approximately \$400,000 of recaptured funds and \$130,000 of program income during 2013.

- **Recaptured funds** are those funds that are returned to the department through closeout of a grant, termination for cause or other means.

Recaptured funds on hand, where a grant recipient had to re-pay funds to the state, will be returned to the U.S. Treasury and recorded as such in IDIS. Once they are credited back to the State, they will be awarded/obligated in conformance with the MOD.

- **Program income** is funds received by the department from repayment of grant funds either loaned to recipients (principal and interest), proceeds from lease or disposition of real property and equipment acquired with CDBG funds, interest earned on any program income pending disposition of such income or from projects that were unable to meet the five-year change of use requirement. Refer to Chapter 4 for more information.

Program income will be disbursed before funds are requested from the U.S. Treasury.

The state has two requirements which must be met: 1) 24 CFR 570.494(b)(2) and 2) 24 CFR Part 570.494(b)(1) which requires each state to obligate and announce (excluding state administration) 100% of each annual grant within 15 months of the state signing its grant agreement with HUD to Units of General Local Government (UGLG's). To comply with the requirements OBDD prioritizes its obligation and announcement of CDBG funds as follows:

- 1) CDBG awards will be obligated and announced from the current annual grant within 15 months of the state signing the grant agreement with HUD (24 CFR Part 494(b)(1));
- 2) Any recaptured funds and program income on hand will be expeditiously obligated and announced in accordance with (24 CFR Part 570.494(b)(2)).

Any recaptured funds and program income received by the state will be tracked and disbursed to projects eligible for funding under the 2013 Method of Distribution. Funds received after December 31, 2012, will be disbursed as described above. Recaptured funds remaining after the last day of the program year will be added to the next program year's total allocation and disbursed through the regular grant award process for that year.

## Chapter 2 Eligible Applicants/Limits on Applications

### Eligible Applicants

Only non-metropolitan (non-entitlement) cities and counties in rural Oregon can apply for and receive grants. Urban (entitlement) cities (Ashland, Bend, Corvallis, Eugene, Gresham, Hillsboro, Medford, Portland, Salem and Springfield) and counties (Clackamas, Multnomah, Washington) are not included in the state's 2013 Community Development Block Grant (CDBG) program because they receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD).

Tribes are ineligible to directly apply for CDBG funds from the state's non-entitlement CDBG program since they receive their own CDBG allocation directly from HUD. In addition tribes are considered sovereign entities and as such are not considered a unit of general local government under the state's authority. An eligible non-entitlement city or county may apply for CDBG funds for projects that benefit both tribal and non-tribal members. However, state CDBG funds can only be used for the portion of the project that will benefit the non-tribal members.

Table A on pages 2-3 to 2-6 lists each city and county that may be eligible to apply for 2013 Oregon CDBG funds under the low and moderate income area wide national objective.

**NOTE:** HUD has invited the city of Albany to become a CDBG entitlement city. The state non-entitlement CDBG program cannot fund entitlement grantees with funds from the same fiscal year in which the grantee will receive an entitlement grant. Thus, if the city of Albany receives an entitlement grant in Fiscal Year (FY) 2013, the state cannot provide post FY 2013 State non-entitlement CDBG grants to the city of Albany.

### Applications on Behalf of Another Eligible Applicant

A city or county may not apply for a project where the project to be constructed will be owned and operated by another eligible applicant, a state or a federal agency.

### Facilities Owned by Other Public Bodies

Cities and counties may undertake projects to improve existing facilities owned by other public bodies such as sanitary districts and water districts, including water supply authorities, or other political subdivisions of the state and organizations operated on a not-for-profit basis such as associations and cooperatives that provide drinking water to primarily residential areas. These other public or nonprofit organizations must own the facilities to be upgraded and need to contact the appropriate city or county to discuss application sponsorship. The respective city or county where the system is located must sponsor the application for an "other public or nonprofit organization."

Counties considering applying on behalf of another government body are encouraged to enter into an intergovernmental agreement with the government body, identifying the roles and responsibilities of each to ensure the county has proper authority to achieve compliance with the federal CDBG program requirements during the project. Counties also are encouraged to request a meeting with the department for technical assistance and to explain the county's responsibilities under a CDBG grant in projects of this nature.

### Regional Projects

Two or more local governments (for example, a city and a county, or two cities) may work on an application for a regional project. In such cases, only one jurisdiction can be the applicant and act as

the responsible party under the contract with the state. Joint applications where two or more parties are equally responsible will not be accepted. Regional projects are activities that benefit more than one jurisdiction and address a common problem in a region. Some examples of regional projects include regional housing rehabilitation programs, regional water or wastewater systems and regional microenterprise assistance programs.

### **Non-Entitlement/Entitlement Boundaries**

When an eligible non-entitlement city or county applicant applies for and is awarded CDBG funds for a project that will be located within the boundaries of a CDBG entitlement city or county whose residents are also residents of the non-entitlement applicant area (for example, Lane County sponsoring a project to be physically located within the city of Eugene), eligible project costs are limited to the estimated pro rata share of the project activity beneficiaries who reside in the non-entitlement portion of the project's service area.

### **Pass Through**

Cities and counties cannot “pass through” the awarded funds to another entity to carry out the project activities. The recipient must carry out the project activities and remain fully responsible for the grant-funded project’s compliance with all federal and state requirements. In other words, the project must be under the direct control of the grant recipient at all times.

### **Project Phasing**

Projects cannot be divided into phases to obtain multiple CDBG grants for the same facility. Some examples of project phasing not allowed under the program include:

1. Separating a Public Works project into phases, such as collection system improvements in one-phase and treatment system improvements into another phase in order to apply for more than the maximum grant within a five-year period.
2. Building one portion of a Public/Community facility now, and then building the remaining portion later, in order to qualify for two grants for the same facility.

**TABLE A—Eligible Applicants Based on HUD 2011 LMISD data and other Department Approved Surveys**

County/City	Percent Low/Mod Income (2000 census or Survey)	County/City	Percent Low/Mod Income (2000 census or Survey)
<b>Oregon – Statewide</b>	<b>N/A</b>	<b>Crook County</b>	<b>37.9%</b>
<b>Baker County</b>	<b>44.4%</b>	<b>Prineville</b>	<b>48.2%</b>
Baker City	47.4%	<b>Curry County</b>	<b>44.5%</b>
Greenhorn	N/A	Brookings	44.4%
Haines	55.5%	Gold Beach	43.9%
Halfway	64.7%	Port Orford	54.4%
Huntington	53.3%	<b>Deschutes County</b>	<b>38.5%</b>
Richland	[s/2005]66.2%	Bend	39.0%
		La Pine	54.8%
Sumpter	46.5%	Redmond	48.2%
Unity	[See note below] 66.3%	Sisters	49.9%
<b>Benton County</b>	<b>36.0%</b>	<b>Douglas County</b>	<b>40.1%</b>
Adair Village	41.9%	Canyonville	54.0%
Monroe	60.1%	Drain	[s/2004]62.7%
Philomath	54.5%	Elkton	45.3%
<b>Clatsop County</b>	<b>40.0%</b>	Glendale	<b>55.7%</b>
Astoria	44.5%	Myrtle Creek	45.9%
Cannon Beach	40.1%	Oakland	47.7%
Gearhart	27.5%	Reedsport	48.9%
Seaside	46.7%	Riddle	[s/2004]64.9%
Warrenton	42.6%	Roseburg	42.8%
<b>Columbia County</b>	<b>41.8%</b>	Sutherlin	<b>48.8%</b>
Clatskanie	50.6%	Winston	47.7%
Columbia City	25.8%	Yoncalla	57.3%
Prescott	[See note below] 66.0%	<b>Gilliam County</b>	<b>37.6%</b>
Rainier	45.9%	Arlington	34.0%
Scappoose	36.5%	Condon	39.0%
St. Helens	50.5%	Lonerock	82.1%
Vernonia	[s/2003] 57.6%	<b>Grant County</b>	<b>42.1%</b>
<b>Coos County</b>	<b>42.7%</b>	Canyon City	<b>43.2%</b>
Bandon	44.5%	Dayville	37.2%
Coos Bay	41.7%	Granite	84.0%
Coquille	45.8%	John Day	46.9%
Lakeside	46.7%	Long Creek	43.4%
Myrtle Point	49.9%	Monument	49.7%
North Bend	39.0%	Mt. Vernon	51.0%
Powers	63.1%	Prairie City	42.8%
		Seneca	53.5%

County/City	Percent Low/Mod Income (2000 census or Survey)	County/City	Percent Low/Mod Income (2000 census or Survey)
<b>Harney County</b>	<b>44.0%</b>	<b>Lane County Con't</b>	
Burns	51.2%	Westfir	[s/2005] 68.7%
Hines	28.4%	<b>Lincoln County</b>	40.7%
<b>Hood River County</b>	<b>37.3%</b>	Depoe Bay	32.8%
Cascade Locks	[s/2004] 58.5%	Lincoln City	54.8%
Hood River	47.7%	Newport	41.0%
<b>Jackson County</b>	<b>38.9%</b>	Siletz	39.2%
Butte Falls	72.3%	Toledo	41.0%
Central Point	33.0%	Waldport	43.9%
Eagle Point	44.7%	Yachats	37.3%
Gold Hill	44.3%	<b>Linn County</b>	39.3%
Jacksonville	29.8%	Albany	39.0%
Phoenix	42.8%	Brownsville	[s/2003] 58.0%
Rogue River	54.4%	Halsey	32.5%
Shady Cove	42.3%	Harrisburg	37.6%
Talent	51.4%	Idanha	55.5%
<b>Jefferson County</b>	<b>39.6%</b>	Lebanon	48.7%
Culver	48.4%	Lyons	39.2%
Madras	[See note below] 51.2%	Mill City	[s/2003] 53.5%
Metolius	44.6%	Millersburg	39.8%
<b>Josephine County</b>	<b>43.3%</b>	Scio	33.3%
Cave Junction	72.5%	Sodaville	35.5%
Grants Pass	45.9%	Sweet Home	51.1%
<b>Klamath County</b>	<b>44.7%</b>	Tangent	30.2%
Bonanza	45.1%	Waterloo	45.5%
Chiloquin	73.1%	<b>Malheur County</b>	47.9%
Klamath Falls	48.4%	Adrian	[S/2006] 53.5%
Malin	[See note below] 59.5%	Jordan Valley	49.8%
Merrill	60.4%	Nyssa	57.0%
<b>Lake County</b>	<b>45.8%</b>	Ontario	49.2%
Lakeview	43.2%	Vale	[s/2003] 57.4%
Paisley	50.7%	<b>Marion County</b>	39.5%
<b>Lane County</b>	<b>36.9%</b>	Aumsville	[s/2003] 74.3%
Coburg	33.9%	Aurora	19.8%
Cottage Grove	[s/2003] 48.0%	Detroit	48.2%
Creswell	47.2%	Donald	33.6%
Dunes City	36.4%	Gates	51.7%
Florence	48.2%	Gervais	[s/2000] 63.0%
Junction City	41.5%	Hubbard	44.1%
Lowell	46.7%	Idanha	55.5%
Oakridge	55.3%	Jefferson	[s/2003] 57.3%
Veneta	41.2%		

County/City	Percent Low/Mod Income (2000 census or Survey)	County/City	Percent Low/Mod Income (2000 census or Survey)
<b>Marion County Con't</b>		<b>Umatilla County Con't</b>	
Keizer	35.5%	Hermiston	40.4%
Mill City	[s/2003] 53.5%	Milton-Freewater	53.2%
Mt. Angel	[s/2003] 66.3%	Pendleton	36.4%
Scotts Mills	52.4%	Pilot Rock	37.0%
Silverton	41.2%	Stanfield	[s/2006] 62.2%
St. Paul	31.4%	Ukiah	31.7%
Stayton	46.9%	Umatilla	49.6%
Sublimity	29.1%	Weston	38.7%
Turner	40.7%	<b>Union County</b>	39.4%
Woodburn	55.6%	Cove	35.8%
<b>Morrow County</b>	40.3%	Elgin	42.5%
Boardman	53.4%	Imbler	32.6%
Heppner	40.0%	Island City	23.2%
Ione	33.5%	LaGrande	42.6%
Irrigon	[s/2002] 41.1%	North Powder	64.2%
Lexington	23.7%	Summerville	39.7%
<b>Polk County</b>	39.2%	Union	45.1%
Dallas	43.5%	<b>Wallowa County</b>	40.4%
Falls City	52.6%	Enterprise	37.4%
Independence	[s/2003] 79.5%	Joseph	45.9%
Monmouth	[s/2003] 67.3%	Lostine	43.2%
Willamina	59.8%	Wallowa	53.9%
<b>Sherman County</b>	41.1%	<b>Wasco County</b>	39.0%
Grass Valley	52.8%	Antelope	34.9%
Moro	42.1%	Dufur	37.2%
Rufus	56.2%	Maupin	40.3%
Wasco	41.3%	Mosier	33.5%
<b>Tillamook County</b>	38.7%	Shaniko	[See note below] 66.7%
Bay City	37.5%	The Dalles	38.6%
Garibaldi	43.0%	<b>Wheeler County</b>	45.9%
Manzanita	27.5%	Fossil	40.1%
Nehalem	34.5%	Mitchell	67.4%
Rockaway Beach	44.7%	Spray	66.4%
Tillamook	[s/2005] 65.7%	<b>Yamhill County</b>	45.4%
Wheeler	45.8%	Amity	54.9%
<b>Umatilla County</b>	39.5%	Carlton	[s/2003] 52.1%
Adams	25.6%	Dayton	53.9%
Athena	39.0%	Dundee	36.4%
Echo	[s/2009] 55.8%	Lafayette	[See note below] 57.9%
Helix	43.8%	McMinnville	53.9%

County/City	Percent Low/Mod Income (2000 census or Survey)	County/City	Percent Low/Mod Income (2000 census or Survey)
<b>Yamhill County Con't</b>			
Newberg	<b>45.1%</b>		
Sheridan	<b>55.5%</b>		
Willamina	<b>59.8%</b>		
Yamhill	<b>[s/2003] 64.8%</b>		

**NOTE:** In accordance with item 2(c) listed under “Area Wide Documentation Needed” (refer to page 3-2 and 3-3), applicants for area wide benefit projects must use a special income survey if the community has had a significant increase or decrease in population. **Significant** is defined as 30 percent change in growth from the date of the decennial census and the current Portland State University (PSU) population estimate. In these situations the department is required to:

- Mail notices to affected communities, which will still be eligible to apply under the current program year and will have until the next program year to plan for, budget and conduct a new income survey.
- If a new income survey has not been received, and approved by the department by the next program year, that shows the community is eligible under the low- and moderate-income area-wide benefit they will no longer be eligible to apply for area-wide benefit projects after December 31 of the current program year.

On February 12, 2007, letters and income survey information were mailed to communities that met the definition of **significant** change. These letters identified, that if a new state approved income survey was not completed prior to January 1, 2008, the community would no longer be eligible for area wide benefit projects after December 31, 2007. The following communities are not eligible for an area wide benefit project without a new state approved income survey, showing the community is still comprised of 51 percent low- and moderate-income persons:

Community	2006 PSU Estimate	2000 Decennial Census	Percent Change
Lafayette	3,440	2559	34.43%
Malin	805	613	31.32%
Prescott	60	94	(36.17%)

On March 27, 2008, letters and income survey information were mailed to communities that met the definition of **significant** change. These letters identified, that if a new state approved income survey was not completed prior to January 1, 2009, the community would no longer be eligible for area-wide benefit projects after December 31, 2008. The following communities are not eligible for an area wide benefit project without a new state approved income survey, showing the community is still comprised of 51 percent low- and moderate-income persons:

Community	2007 PSU Estimate	2000 Decennial Census	Percent Change
Madras	6,585	5,011	31.4%
Shaniko	40	24	66.7%

**Note:** The 2009, 2010, 2011 and 2012 review did not reveal any communities that were affected by this criterion.

## Limits on Applications

To assist the state in complying with federal requirements pertaining to the timely distribution and expenditure of funds the 2013 Community Development Block Grant program will have the following application limits for all projects assisted in whole or in part with Community Development Block Grant funds.

- **Three open grant limit**

Applications will **not** be invited or accepted from a city or county with three or more open grants.

- **Age and Expenditure of Funds Requirement**

Before an application is invited or accepted by the department all cities and counties with open grants must comply with the following requirements for their existing open grants:

**Table B**

ONE YEAR GRANTS (microenterprise assistance)	Requirement	Multi – Year Grants (All other grants)	Requirement
<b>For 2013 if an open grant is:</b>			
1 year old (2012 award)	<b>Microenterprise Grants –</b> 70% of the funds must be drawn down	2 years old (2011 award)	60% of the funds must be drawn down
2 years old or more (2011 award)	<b>Microenterprise Grants –</b> The jurisdiction is ineligible to apply for any new grant unless this project is administratively closed	3 years old (2010 award)	100% of the funds must be drawn down
		4 years old or more (2009 award or earlier)	The jurisdiction is ineligible to apply for any new grant unless this project is administratively closed.

- **Unresolved Performance Issues**

Cities and counties with unresolved performance issues under prior open or closed CDBG awards may be restricted (receive sanctions, refer to Chapter 5) by the state from receiving additional CDBG awards until such time the non-performance issues are resolved to the satisfaction of the department.

- **Application Limit**

A city or county may only apply for one project per year from one of the following categories: Community Facilities and Housing Rehabilitation. No more than two applications will be considered for funding at any one time. The applicant must designate which is the higher priority application; if the applicant makes no designation, and only one application can be funded, the department will make this determination.

- **Exceptions to Limits on Applications**

- An exception to the “Age and Expenditure of Funds Requirement” may be granted if the city or county can demonstrate that timely completion and administrative closeout of a grant has been delayed by the actions of a federal or state agency.
- The three open grant limit does not apply to disaster recovery grant funding received through special allocations from the U.S. Department of Housing and Urban Development.
- New Emergency Projects (not previously awarded) are not subject to any of the “Limits on Applications” requirements.
- Counties which have received a CDBG public works grant on behalf of a public body such as a sanitary district or water district, including water supply authorities, or other political subdivisions of the state and organizations operated on a not-for-profit basis may be granted an exception to any of the “Limits on Application” requirements due to the complexity of the governing/legal jurisdictional issues encountered in administering

a grant that is benefitting an outside government body over which the recipient has no governing authority. Exceptions will be granted at the sole discretion of the OBDD—IFA after a thorough review by IFA staff.

## Chapter 3 National Objectives

There are three federal national objectives for the Community Development Block Grant (CDBG) Program. However, the state of Oregon only qualifies projects for funding under two of the three national objectives. **All projects and the individual activities funded in whole or in part with CDBG funds must meet one of these national objectives:**

- **Benefiting Low- and Moderate-income Persons**—This is the primary program objective. The state must ensure that no less than 70 percent of the CDBG funds that it administers are spent for projects that meet this objective.
- **Urgent Need**—This must be a bona fide emergency declared by the Governor. Meeting other community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.

### Benefiting Low- and Moderate-income Persons

The federal regulations provide that in any case where there is substantial evidence that an activity might not principally benefit low- and moderate-income persons, even though the activity conforms to the literal reading of the low- and moderate-income benefit criteria, the presumption that the activity meets the national objective will be rebutted. The grant applicant/recipient must document how the activity will meet the low- and moderate-income benefit national objective.

There are four ways a project can meet the low- and moderate-income national objective. These are: 1) Area Wide, 2) Limited Clientele, 3) Housing and 4) Jobs. These are described in the following sections.

### Area Wide Qualification (LMA)

- An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low- and moderate-income persons. Such an area need not be conterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. It is critical that the service area proposed by the applicant and approved by the state is the entire area served by that activity.
- Units of general local government may, at the discretion of the state, use either U.S. Department of Housing and Urban Development (HUD) provided data comparing census data with appropriate low- and moderate-income levels or survey data that is methodologically sound.
- An activity that serves an area that is not primarily residential in character will not qualify under this criterion, as determined by the IFA.
- An activity, where the assistance is for a public improvement that provides benefits to all the residents of an area, that is limited to paying special assessments levied against residential properties owned and occupied by persons of low and moderate income.

### Area Wide Documentation Needed (LMA)

1. All applicants must provide a map with their application, which shows the proposed project's service area. This map must show the entire service area.

Community facility projects qualifying under this national objective must also provide written documentation such as a policy or other document that demonstrates that the use of the facility will be restricted to the residents within the defined service area.

2. The easiest way for applicants to document low- and moderate-income benefit for area-wide projects is to use the 2011 Low and Moderate Income Survey Data (LMISD) data. The data for counties and cities is included in Table A on page 2-3 of this handbook.

Applicants for area-wide benefit projects will have to use a special income survey in the following situations:

- a. Geographic area where beneficiaries live does not generally coincide with census geography;
- b. 2011 LMISD data shows that 47% to 50.9% of the persons in an area are low and moderate income but the applicant believes that local conditions have significantly changed and current family incomes are lower than when the census was taken;
- c. There is evidence that community income characteristics have changed **significantly** since the 2011 LMISD data was taken. For example, a community with a substantial increase in population and new housing construction since 2000 cannot be assumed to have the same percentage of low- and moderate-income persons.

**Significant** is defined as 30% change in growth (increase or decrease) from the date of the decennial census and the current Portland State University (PSU) population estimate.

- After the PSU annual estimates come out the department will review the low- and moderate-income area-wide benefit eligible communities 2011 LMISD data, or most current LMISD data, and will compare it against the PSU estimate.
- The department will mail notices to affected communities, which will still be eligible to apply under the current program year (2013) and will have until the next program year (2014) to plan for, budget and conduct a new income survey.
- If a new income survey has not been received, and approved by the department by the next program year (2014), indicating the community is eligible under the low- and moderate-income area-wide benefit, they will no longer be eligible to apply for area-wide benefit projects.

All surveys must be conducted in compliance with HUD CPD Notice 05-06 dated July 26, 2005, and any other more current methodology developed by HUD. A copy of the survey methodology and a sample questionnaire is available by request from the department.

*Applicants must secure approval from the department on the survey instrument and process in order for the department to recognize the results of local income surveys.* In addition, applicants are encouraged to contract with an organization or private contractor to do the work. The cost of the survey is not eligible for CDBG assistance and cannot be recovered if a grant is awarded.

Communities planning to conduct a survey must contact their Oregon Business Development Department Regional Coordinator **prior to beginning the survey**.

Applicants planning to use an Oregon Business Development Department approved survey that was conducted in a prior year also must consult with the department's regional coordinator to determine if the survey is still acceptable.

**No income survey can be approved by the department just to challenge the 2011 LMISD data. Surveys can only be approved for the conditions identified in paragraphs a, b and c above.**

*As soon as the results of the 2012 LMISD data is made available to the state by HUD, the 2012 LMISD data must be utilized by the program, and will be immediately effective.*

### **Limited Clientele Qualification (LMC)**

**Note:** A facility that is open to everyone within a defined service area must qualify under the low- and moderate-income area-wide national objective.

Four possible “tests” document that beneficiaries of limited clientele facilities are principally of low and moderate income. More than one test may be required, depending upon the project to be funded.

To qualify for the limited clientele national objective, an activity must benefit a limited clientele, at least 51 percent of whom are low- and moderate-income persons. The activity must meet one or more of the following tests:

- **Test 1 – Limited Clientele Based on Presumed Benefit**—It must benefit a clientele who are generally *presumed* to be principally low- and moderate-income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low and moderate income:
  - **Abused children;**
  - **Battered spouses;**
  - **Elderly persons**—Persons 60 years of age and older;
  - **Severely disabled adults**—Adults meeting the Bureau of the Census' Current Population Reports definition of “severely disabled,”—Persons with a severe disability must meet one of the following:
    - a. Used a wheelchair or have used another special aid for 6 months or longer;
    - b. Are unable to perform one or more functional activities or need assistance with an Activity of Daily Living or Instrumental Activity of Daily Living. (**Functional Activities include: seeing, hearing, having ones speech understood, lifting, carrying, walking up a flight of stairs and walking. Activities of Daily Living include: getting around inside the house, getting out of bed or a chair, bathing, dressing, eating and toileting. Instrumental Activities of Daily Living include: going outside the home, keeping track of money, preparing meals, doing light housework and using the telephone.**)

- c. Are prevented from working at a job or doing housework;
- d. Have a condition including autism, cerebral palsy, Alzheimer's disease, senility or mental retardation; and
- e. Persons who are under 65 years of age and who are considered disabled by Medicare or receive Social Security Income are considered to have a disability (severe disability).

- **Homeless persons**—Persons living on the street or in an emergency shelter, or who will be living on the street or in an emergency shelter without assistance;
- **Illiterate adults;**
- **Persons living with AIDS;** and
- **Migrant farm workers.**

- **Test 2 – Limited Clientele Based on Family Size and Income and Test 3 – Limited Clientele Based on Income Eligibility**—If the facility does not serve a clientele that consists solely of presumed low- and moderate-income persons, it must:
  - For **Test 2**, require information on family size and income from every client so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low- and moderate-income limit. The Community Facility User Form must be completed using income limits in Table D; or
  - For **Test 3**, have income eligibility requirements that limit the activity exclusively to low- and moderate-income persons; or
- **Test 4 – Limited Clientele Based on Nature and Location of the Facility**—It must be of such a nature, and be in such a location, that it may be concluded the activity's clientele will primarily be low- and moderate-income persons.  
(Note: The use of this criteria under the state's program is a rarity.)
  - On February 15, 2008, the state received guidance from HUD that food bank/warehouses can qualify as meeting the LMI national objective on the basis of the nature of the service and the location where the services are provided. Food bank projects will no longer have to collect family size and income data to demonstrate compliance with the federal national objective. On May 7, 2008, the department researched and approved of this approach.
- **Microenterprise Exception**—A microenterprise assistance project is limited to owners of microenterprises and persons developing microenterprises who are low- and moderate-income persons based upon the family size and income limits contained within Table D. For purposes of this paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

### **Limited Clientele Documentation (LMC)**

Applicants must document how proposed activities will benefit low- and moderate-income persons in conformance with federal law. The type of documentation necessary depends upon the users of the facility. Some proposed projects may involve more than one program/activity with different clientele and different documentation. The following describes what information must be submitted for different types of limited clientele activities:

#### **1. Test 1 – Limited Clientele Based on Presumed Benefit**

Documentation establishing that the facility or service is designed exclusively to serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low and moderate income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or

#### **2. Test 2 – Limited Clientele Based on Family Size and Income**

Documentation that at least 51 percent of the clientele are persons whose family income does not exceed the low- and moderate-income limit (e.g., child care center that is not exclusively for low- and moderate-income persons). The current income limits can be found in Table D. Required documentation shall be one or more of the following, as appropriate:

- a. A summary that shows how many current users have family incomes above and below the low- and moderate-income limits. The summary must be based on information about the family size and family income of each user. This information may be from existing program forms (e.g., application for day care) or it can be collected using the form included in this chapter (Community Facility User Certification form) and reported on the "Documentation of Facility Users" form also contained within this chapter.

**The documentation cannot be a survey.** There must be information collected about the family of **each** beneficiary. If a family does not provide the required information, its members must be assumed to be above the income limits.

Individual information forms gathered by the applicant do not have to be included with the application but may be reviewed during a site visit by department staff and/or must be available upon request at any time from department staff.

- b. The applicant also must certify in the application that, if funded, it will ensure that family size and income data is collected on all current and future beneficiaries **and** that no less than 51 percent of the beneficiaries of the facility will be income qualified until at least five years after the grant project is closed; or

**3. Test 3 – Limited Clientele Based on Income Eligibility**

Documentation of the income eligibility requirements that limit, or will limit, benefits from the facility exclusively to low- and moderate-income persons. The income limits must be included with the application; or

**4. Test 4 – Limited Clientele Based on Nature and Location of the Facility**

Documentation describing how the nature and, if applicable, the location of the facility or service establishes that it is used or will be used predominantly by low- and moderate-income persons.

**Note:** Facilities must provide one year of family size and income data for the facility to be assisted. If one year of data is not available (new facility with no clientele history) the applicant must demonstrate how the services offered at the facility will be limited to low- and moderate-income persons so that the use of the facility will meet the national objective. This is done by the applicant providing the department application forms, policies and other documents and procedures that will be used to limit the use of the facility so that 51 percent or more of the use of the facility is for low- and moderate-income persons.

**The summary form Table E titled “Documentation of Facility Users” must be completed and included with the application for all “limited clientele” projects.**

**Housing Activities Qualification (LMH)**

An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property, conversion of nonresidential structures and new housing construction. If the structure contains two dwelling units, at least one must be occupied by a low- and moderate-income household, and if the structure contains more than two dwelling units, at least 51 percent of the units must be occupied by low- and moderate-income households.

When CDBG funds are used for housing services eligible under section 105(a)(20) of the Act, such funds shall be considered to benefit low- and moderate-income persons if the housing units for which the services are provided are HOME- assisted and the requirements of 92.252 or 92.254 of this title are met.

**Housing Documentation (LMH)**

For each activity carried out for the purpose of rehabilitating or constructing housing which is determined to benefit low- and moderate-income households, each applicant must provide a description of how local program policies will ensure that only income qualified households will benefit along with a copy of the client intake and screening forms and applicable income limits to be used.

**Note:** Only the housing program gathers data by household size and household income. Household size and income is an aggregate of multiple families residing within the same residence. To determine LMI status, the household size and income is compared against the family size and income chart contained in Table D.

## **Urgent Need**

To comply with this national objective a project must be designated to alleviate existing conditions which the local government certifies and the state determines:

- Pose a serious and immediate threat to the health or welfare of the community (Governor declared “State of Emergency” or Presidential declared disaster, through FEMA declaration);
- Are of recent origin or recently became urgent (i.e., Governor’s Emergency Declaration was within 12 months preceding the local government’s certification and the state’s determination.);
- The applicant is unable to finance the activity on its own; and
- Other sources of funds are not available to carryout the activity.

## **Urgent Need Documentation**

- A description of the nature and degree of seriousness of the conditions requiring assistance.
- Evidence that the state grant recipient certified that the CDBG activity was designated to address an urgent need.
- Information on the timing of the development of the serious condition.
- Evidence confirming that other financial resources to alleviate the need are not available.

Table C National Objective

Low and Moderate Income	
<b>Area Wide/Sub-Area</b> 24 CFR 570.483 (b)(1)(i)	<b>Definition</b> —The activity must serve an area that is primarily a low- and moderate-income permanent residential area (at least 51% low and moderate income.)  <b>Examples</b> —Public Works projects, Libraries, Fire Stations, Health Clinics, Community Centers and Family Resource Center projects.
<b>Limited Clientele – in general</b> 24 CFR 570.483 (b)(2)(ii)	<b>Definition</b> —The activity benefits a specific group(s) of low- and moderate-income persons (excludes housing). An activity may meet this criteria if it serves a 51% low- and moderate-income clientele, exclusively serves a presumed group (see definition below), be of such a nature and location that it can be concluded to serve a low- and moderate-income clientele, or remove material or architectural barriers for the mobility or accessibility of elderly persons or adults meeting the definition of “severely disabled.” To assist an entire facility, all services in a facility must be limited to those serving a clientele that is at least 51% low and moderate income. <b>(Facilities that are open and available to everyone in the area must qualify under the area wide national objective. Under the limited clientele national objective, the facility must qualify based on services to limited clientele, not by use of the facility, and each user must be income qualified.)</b>
<b>Presumed Limited Clientele</b> 24 CFR 570.483 (b)(2)(ii)(A)  <i>Test 1 – Limited Clientele based on Presumed Benefit.</i>	<b>Definition</b> —Clientele that are generally presumed to be low- and moderate-income as determined by Housing and Urban Development. These are abused children, elderly persons, battered spouses, homeless persons, severely disabled adults, illiterate adults, persons living with AIDS, migrant farm workers.  <b>Examples</b> —Senior Centers 60+, Homeless Shelters and Domestic Violence Shelters.
<b>Family Size and Income Eligibility Limited Clientele</b> 24 CFR 570.483 (b)(2)(ii)(C) or 24 CFR 570.483 (b)(2)(ii)(B)  <i>Test 2-Limited Clientele based on Family Size and Income and Test 3-Limited Clientele based on Income Eligibility.</i>	<b>Definition</b> —Activities require information on family size and income that confirm at least 51% of clientele are low and moderate income. Information on family size and income can be determined by clients completing the Community Facility User Certification Form (Test 2) or having income eligibility requirements (Test 3).  <b>Examples</b> —Head Start Centers and Microenterprise Assistance.
<b>Nature and Location Limited Clientele</b> 24 CFR 570.483 (b)(2)(ii)(D)  <i>Test 4-Limited Clientele based on Nature and Location of the facility.</i>	<b>Definition</b> —Facility of such a nature, and be in such a location, that it may be concluded that the facility’s clientele will be primarily low- and moderate-income persons.  <b>Example</b> —Food Banks

Low and Moderate Income	
<b>Housing/Direct Benefit</b> 24 CFR 570.483 (b)(3)	<b>Definition</b> —Activities carried out for purpose of providing or improving permanent residential structures that, upon completion, will be owned and occupied by low- and moderate-income persons. Must household size and income qualify all applicants. <b>Example</b> —Housing Rehabilitation.

Urgent Community Needs	
<b>Urgent Need</b> 24 CFR 570.483 (d)	<b>Definition</b> —These projects must be designed to alleviate existing conditions which the grantee certifies, pose a serious and immediate threat to the health or welfare of the community, are of recent origin, unable to finance on their own, other funding resources are not available to carry out the activity. <b>Examples</b> —Major catastrophe such as a flood or earthquake that threatens the community residents with spread of serious disease. The community's other resources may well be depleted and other federal programs may not be sufficient to cover all costs.

**TABLE D—2012 Low- and Moderate-Income Limits**  
Effective December 1, 2011

County	Median Family Income estimate for 2012	Income Level Note 1	Income Limits by Family Size							
			1-Person Family	2-Person Family	3-Person Family	4-Person Family	5-Person Family	6-Person Family	7-Person Family	8-Person Family
Baker	\$52,000	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Benton Note 2	\$74,200	Low Moderate	\$26,000 \$41,550	\$29,700 \$47,500	\$33,400 \$53,450	\$37,100 \$59,350	\$40,100 \$64,100	\$43,050 \$68,850	\$46,050 \$73,600	\$49,000 \$78,350
Clatsop	\$56,700	Low Moderate	\$19,850 \$31,750	\$22,700 \$36,300	\$25,550 \$40,850	\$28,350 \$45,350	\$30,650 \$49,000	\$32,900 \$52,650	\$35,200 \$56,250	\$37,450 \$59,900
Columbia Note 3	\$73,000	Low Moderate	\$25,550 \$40,900	\$29,200 \$46,750	\$32,850 \$52,600	\$36,500 \$58,400	\$39,450 \$63,100	\$42,350 \$67,750	\$44,300 \$72,450	\$48,200 \$77,100
Coos	\$49,600	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Crook	\$56,300	Low Moderate	\$19,750 \$31,550	\$22,550 \$36,050	\$25,350 \$40,550	\$28,150 \$45,050	\$30,450 \$48,700	\$32,700 \$52,300	\$34,950 \$55,900	\$37,200 \$59,500
Curry	\$54,400	Low Moderate	\$19,050 \$30,450	\$21,800 \$34,800	\$24,500 \$39,150	\$27,200 \$43,500	\$29,400 \$47,000	\$31,600 \$50,500	\$33,750 \$53,950	\$35,950 \$57,450
Deschutes Note 2	\$66,400	Low Moderate	\$23,250 \$37,200	\$26,600 \$42,500	\$29,900 \$47,800	\$33,200 \$53,100	\$35,900 \$57,350	\$38,550 \$61,600	\$41,200 \$65,850	\$43,850 \$70,100
Douglas	\$51,900	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Gilliam	\$54,600	Low Moderate	\$19,150 \$30,600	\$21,850 \$35,000	\$24,600 \$39,350	\$27,300 \$43,700	\$29,500 \$47,200	\$31,700 \$50,700	\$33,900 \$54,200	\$36,050 \$57,700
Grant	\$46,800	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Harney	\$49,800	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Hood River	\$60,000	Low Moderate	\$20,300 \$32,450	\$23,200 \$37,050	\$26,100 \$41,700	\$28,950 \$46,300	\$31,300 \$50,050	\$33,600 \$53,750	\$35,900 \$57,450	\$38,250 \$61,150
Jackson Note 2	\$58,500	Low Moderate	\$20,500 \$32,800	\$23,400 \$37,450	\$26,350 \$42,150	\$29,250 \$46,800	\$31,600 \$50,550	\$33,950 \$54,300	\$36,300 \$58,050	\$38,650 \$61,800
Jefferson	\$48,500	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Josephine	\$49,400	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Klamath	\$54,400	Low Moderate	\$19,050 \$30,450	\$21,800 \$34,800	\$24,500 \$39,150	\$27,200 \$43,500	\$29,400 \$47,000	\$31,600 \$50,500	\$33,750 \$53,950	\$35,950 \$57,450
Lake	\$44,800	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Lane Note 2	\$59,200	Low Moderate	\$20,750 \$33,150	\$23,700 \$37,900	\$26,650 \$42,650	\$29,600 \$47,350	\$32,000 \$51,150	\$34,350 \$54,950	\$36,750 \$58,750	\$39,100 \$62,550
Lincoln	\$56,000	Low Moderate	\$19,500 \$31,200	\$22,300 \$35,650	\$25,100 \$40,100	\$27,850 \$44,550	\$30,100 \$48,150	\$32,350 \$51,700	\$34,550 \$55,250	\$36,800 \$58,850

**2012 Low- and Moderate-Income Limits**  
Effective December 1, 2011

County	Median Family Income estimate for 2011	Income Level Note 1	Income Limits by Family Size							
			1-Person Family	2-Person Family	3-Person Family	4-Person Family	5-Person Family	6-Person Family	7-Person Family	8-Person Family
Linn	\$58,700	Low Moderate	\$20,550 \$32,900	\$23,500 \$37,600	\$26,450 \$42,300	\$29,350 \$46,950	\$31,700 \$50,750	\$34,050 \$54,500	\$36,400 \$58,250	\$38,750 \$62,000
Malheur	\$49,900	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Marion Note 3	\$60,000	Low Moderate	\$21,000 \$33,600	\$24,000 \$38,400	\$27,000 \$43,200	\$30,000 \$48,000	\$32,400 \$51,850	\$34,800 \$55,700	\$37,200 \$59,550	\$39,600 \$63,400
Morrow	\$52,000	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Polk Note 3	\$60,000	Low Moderate	\$21,000 \$33,600	\$24,000 \$38,400	\$27,000 \$43,200	\$30,000 \$48,000	\$32,400 \$51,850	\$34,800 \$55,700	\$37,200 \$59,550	\$39,600 \$63,400
Sherman	\$45,300	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Tillamook	\$55,300	Low Moderate	\$19,400 \$31,000	\$22,150 \$35,400	\$24,900 \$39,850	\$27,650 \$44,250	\$29,900 \$47,800	\$32,100 \$51,350	\$34,300 \$54,900	\$36,500 \$58,450
Umatilla	\$55,100	Low Moderate	\$19,300 \$30,900	\$22,050 \$35,300	\$24,800 \$39,700	\$27,550 \$44,100	\$29,800 \$47,650	\$32,000 \$51,200	\$34,200 \$54,700	\$36,400 \$58,250
Union	\$57,100	Low Moderate	\$20,000 \$32,000	\$22,850 \$36,600	\$25,700 \$41,150	\$28,850 \$45,700	\$30,850 \$49,400	\$33,150 \$53,050	\$35,450 \$56,700	\$37,700 \$60,350
Wallowa	\$54,200	Low Moderate	\$19,000 \$30,350	\$21,700 \$34,700	\$24,400 \$39,050	\$27,100 \$43,350	\$29,300 \$46,850	\$31,450 \$50,300	\$33,650 \$53,800	\$35,800 \$57,250
Wasco	\$53,600	Low Moderate	\$18,800 \$30,050	\$21,450 \$34,350	\$24,150 \$38,650	\$26,800 \$42,900	\$28,950 \$46,350	\$31,100 \$49,800	\$33,250 \$53,200	\$35,400 \$56,650
Wheeler	\$43,700	Low Moderate	\$18,700 \$29,900	\$21,400 \$34,200	\$24,050 \$38,450	\$26,700 \$42,700	\$28,850 \$46,150	\$31,000 \$49,550	\$33,150 \$52,950	\$35,250 \$56,400
Yamhill Note 3	\$73,000	Low Moderate	\$25,550 \$40,900	\$29,200 \$46,750	\$32,850 \$52,600	\$36,500 \$58,400	\$39,450 \$63,100	\$42,350 \$67,750	\$45,300 \$72,450	\$48,200 \$77,100

Note 1: “Low Income” and “Moderate Income” are defined in the federal Housing and Community Development Act of 1974, as amended. A Low-Income person is a member of a family with a gross income of no more than 50 percent of the area median income. A Moderate-Income person is a member of a family with a gross income of no more than 80 percent of the area median income. The “area” is either the county or the non-metropolitan portion of the state, whichever has the higher median income. The 2012 estimated median family income for non-metropolitan counties in Oregon is \$63,900.

Note 2: Benton County, Deschutes County, Lane County and Jackson County are part of a Metropolitan Statistical Area (MSA). The income limits for an entire county are based upon the median family income for the MSA, even though the specific MSA area is ineligible to apply to the state-administered Community Development Block Grant program—for example, Bend in Deschutes County, Corvallis in Benton County, Eugene-Springfield in Lane County and Medford-Ashland in Jackson County.

Note 3: This county is part of a Primary Metropolitan Statistical Area (PMSA). The income limits are based on the median family income for the entire PMSA including local governments that are not eligible for the state-administered CDBG program. For example, the median family income and income limits for Columbia and Yamhill counties are the same as those for the City of Portland, Clackamas County, Multnomah County and Washington County. Those of Marion and Polk counties are the same as Salem PMSA.

Source: U.S. Department of Housing and Urban Development (HUD)

## Documentation of Facility Users

Community/public facilities projects and public service projects intending to meet the low- and moderate-income limited clientele national objective will be required to submit information with the application that documents the specific historical and proposed clientele in accordance with the 2013 Method of Distribution, and in a format similar to the tables below in point #5.

### Instructions:

1. Only one program should be shown in each line of Table E. If the proposed facility will offer more programs/services than can be recorded on this form, prepare additional copies of the form until each program offered by the proposed facility is accounted for.
2. Attach a copy of Community Facility User Certification Form(s) (Intake or client screening forms) containing the requisite family size and income limits for the clientele in each program.
3. Classifications of persons who are presumed LMI: abused children, battered spouses, elderly persons, adults meeting the Census definition of “severely disabled,” homeless persons, illiterate adults, persons living with AIDS and migrant farm workers.
4. Prospective applicants are encouraged to consult with department staff at the earliest stages of project development concerning the documentation required for Limited Clientele Projects.

**Note:** Do not duplicate beneficiary reporting. Each user of the service can only be counted once per calendar year.

5. Identify the Race and Ethnicity of the total beneficiaries served by the facility during the reporting period:

	White (non-Hispanic)	Hispanic	Total
White			
Black or African American			
American Indian/Alaskan Native			
Asian			
Native Hawaiian or Pacific Islander			
Two or More races			
<b>Total</b> (Must match total reported on Documentation of Facility Users Form)			

Table E

Program provided at proposed facility: (e.g. Senior Center, Head Start)	Low- and Moderate-income (LMI) Limited Clientele National Objective to be met by each program/activity (Check only one for each program)	Current Clientele (Served in prior 12 months) Data collected ( mm/dd/yy): _____ to _____		Proposed Clientele (Estimated to be served during the first 12 months after project completion)	
		Total Number of Persons	Total Number of LMI Persons	Total Number of Persons	Total Number of LMI Persons
	<input type="checkbox"/> Family size and income information are collected from all clientele and at least 51% are LMI. (2) <input type="checkbox"/> Clientele must be LMI to receive service. (2) <input type="checkbox"/> Clientele are presumed to be LMI. Classification _____ (3) <input type="checkbox"/> Clientele are LMI by Nature and Location of Facility.				
	<input type="checkbox"/> Family size and income information are collected from all clientele and at least 51% are LMI. (2) <input type="checkbox"/> Clientele must be LMI to receive service. (2) <input type="checkbox"/> Clientele are presumed to be LMI. Classification _____ (3) <input type="checkbox"/> Clientele are LMI by Nature and Location of Facility.				
	<input type="checkbox"/> Family size and income information are collected from all clientele and at least 51% are LMI. (2) <input type="checkbox"/> Clientele must be LMI to receive service. (2) <input type="checkbox"/> Clientele are presumed to be LMI. Classification _____ (3) <input type="checkbox"/> Clientele are LMI by Nature and Location of Facility.				
	<input type="checkbox"/> Family size and income information are collected from all clientele and at least 51% are LMI. (2) <input type="checkbox"/> Clientele must be LMI to receive service. (2) <input type="checkbox"/> Clientele are presumed to be LMI. Classification _____ (3) <input type="checkbox"/> Clientele are LMI by Nature and Location of Facility.				
<b>TOTALS -</b>					
<b>PERCENTAGE (LMI users)/(total users) X 100 = %</b>		<b>% LMI</b>		<b>% LMI</b>	

### Community Facility User Certification Form

The information below is being requested because the \_\_\_\_\_ [recipient] \_\_\_\_\_ received an Oregon Community Development Block Grant (CDBG) and, as part of the operation of a CDBG funded community facility, must provide the family size and income and ethnicity/race of the persons who use the \_\_\_\_\_ [insert name of facility] \_\_\_\_\_. Your answers will be treated confidentially.

**Family Size**—The HUD definition of family is, all persons living in the same household who are related by blood, marriage or adoption, this includes any related dependent persons over 65 or working dependent children over 18.

NOTE: A family is not a household. A household is defined as all persons occupying the same housing unit regardless of their relationship to each other. If there is more than one family residing within the housing unit, each family must complete a separate Community Facility User Certification Form.

Check the appropriate box for your family size:

<input type="checkbox"/> Single individual <input type="checkbox"/> Family of 2 <input type="checkbox"/> Family of 3 <input type="checkbox"/> Family of 4	<input type="checkbox"/> Family of 5 <input type="checkbox"/> Family of 6 <input type="checkbox"/> Family of 7 <input type="checkbox"/> Family of 8 or more
--------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Annual Family Income**—Annual family income is defined as, the total income earned before taxes by all family members, including job earnings (wages, salary, tips, bonuses, commissions), interest, dividends, child support, alimony, welfare, social security, disability, unemployment, retirement payments, net income from business activities, farms, rents, royalties, trusts, estates and any other income received regularly by all family members.

Check the appropriate box for your **family's annual total gross income before taxes in 2012**.

<input type="checkbox"/> \$ 0 to 27,050 <input type="checkbox"/> \$27,051 to 30,900 <input type="checkbox"/> \$30,901 to 34,800 <input type="checkbox"/> \$34,801 to 38,650 <input type="checkbox"/> \$38,651 to 41,750	<input type="checkbox"/> \$41,751 to 44,800 <input type="checkbox"/> \$44,801 to 47,900 <input type="checkbox"/> \$47,901 to 51,000 <input type="checkbox"/> \$51,001 or more
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



*The family income figures must be updated for the county in which the project is to occur, using Table D.*

**Ethnicity And Race**—As a person who uses a Community Facility funded by an Oregon Community Development Block Grant, you are asked to *voluntarily* respond to the Ethnicity and Race items below. If you do not provide responses, the operator of the community facility is **required** to supply responses based on their determination of your ethnicity and race.

Check the appropriate box of your *ethnicity*: (  ) Hispanic (  ) Not Hispanic.

Check the appropriate box of your *race*:

- (  ) White
- (  ) Black/African American
- (  ) Asian
- (  ) American Indian/Alaskan Native
- (  ) Native Hawaiian/Other Pacific Islander
- (  ) Two or more races
- (  ) Other

**Signatures And Certifications**—This information is subject to verification by local, state or federal officials.

- **Community Facility User** (Person that completed this form)—By my signature below on this Community Facility User Certification Form, I am certifying that the information provided is valid and accurate.

---

Signature

---

Date

- **Community Facility Organization** (Entity that collected the information from the user.)—The [\_\_\_\_\_] Insert the name of organization collecting family size and income information [\_\_\_\_\_] has reviewed the supporting documentation provided by the community facility user and has determined that the user:
  - ✓ \_\_\_\_\_ **Meets** the HUD requirements contained in the most current Method of Distribution.
  - ✓ \_\_\_\_\_ **Does not** meet the HUD requirements contained in the most current Method of Distribution.

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Signature

---

Date

## Chapter 4 Federal Requirements

**Note:** Refer to Chapter 7 for a description of the environmental and uniform relocation and real property assistance (URA) trigger guidance.

The Community Development Block Grant (CDBG) Program is subject to many federal requirements that cover a wide range of activities. Some of the requirements are briefly summarized below. More detailed information can be found in the Grant/Project Management Handbook and other resources available from the Oregon Business Development Department (department). The CDBG Grant Management Handbook (2011 Edition) can be found on the [department's Web site](#). OBDD-IFA encourages potential applicants to review the Grant Management Handbook prior to committing to submit an application in order to familiarize themselves with the wide array of program requirements.

### Conflicts of Interest

Oregon Government Standards and Practices laws ORS Chapter 244 apply to procurement of supplies, equipment, construction and services to be paid for in whole or in part with CDBG funds. In addition, the provisions of the federal code of regulations (CFR), 24 CFR Subpart I, 570.489(h) also apply to the following activities assisted in whole or in part with CDBG funds: procurement of supplies, equipment, construction and services; acquisition and disposition of real property; and the provision of assistance to individuals, businesses and other private entities.

- **Persons Covered by the Conflict of Interest Requirements**—The conflict of interest provisions in this section apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the unit of general local government or of any designated public agencies that are receiving CDBG funds.
- **Conflicts Prohibited**—Generally, except for eligible administrative and personnel costs, none of the persons covered by the Conflict of Interest Requirements who exercise or have exercised any functions or responsibilities with respect to CDBG assisted activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity. Also, such persons may not have any interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter.
- **Exceptions to the Conflict of Interest Requirements**—OBDD may grant an exception to the provisions of this section upon written request of the unit of general local government provided the state can fully document its determination in compliance with all federal requirements in 24 CFR Subpart I, 570.489 (h)(4) and (5).

### Continued Use Requirement/Change of Use Requirements

Any change in use of a facility or disposition of property acquired or improved in whole or in part with CDBG funds within five years after closeout (NOTE: OBDD-IFA's definition of closeout is administrative closeout) of the grant project must be made in accordance with the standards

provided in 24 CFR 570.489 (j). If the facility or real property cannot meet a national objective during the five year continued use period the grant must be repaid to the state. More specifically:

- All projects which have improved or acquired real property within the grant recipients direct control (including activities undertaken by sub recipients) which was improved or acquired in whole or in part with CDBG funds in excess of \$100,000 must comply with the continued use requirements of 24 CFR subpart I, Section 570.489 (j).
- The grant recipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that which the acquisition or improvement was made, unless they follow the requirements listed in Section 570.489 (j).
- **Direct Control**—Projects under the direct control of the grant recipient (publicly owned improvements) or eligible sub recipient (nonprofit) must ensure the CDBG funded improvements remain in compliance with the federal national objective for which they originally qualified for funding.
- **Not Under the Direct Control**—Projects not under the direct control of the grant recipient or eligible sub recipient (private property owners for housing rehabilitation) do not have to comply with the continued use requirement. However, these projects must still meet the national objective requirements until the grant is closed out with the state.
- **Trust Deed**—In cases where the recipient is not and will not be the owner of the real property or facility being improved with CDBG funds, the recipient shall cause the owner of such real property or facility to duly execute and record a trust deed against the real property or facility in favor of the recipient. Said trust deed shall be in form and substance satisfactory to the state.

The state has prescribed language that must be included in any contract, which transfers the property from the recipient to another party. This language and more information regarding these requirements are contained in the Grant Management Handbook.

## Environmental Review

Recipients are required to obtain appropriate environmental clearances for their project and to maintain an “environmental review record” for each project. More detail on how to comply with these requirements and the necessary forms are contained in the Grant Management Handbook.

**The grant recipient shall not commit/obligate or expend funds on any project activity before completion of the appropriate level of environmental review and, when applicable, the approval by the state of a Request for Release of Funds (RROF). This restriction applies to all project funds, even non-CDBG funds in the project.**

## Excessive Force Policy

All city and county recipients must adopt and enforce a policy prohibiting excessive force by law enforcement agencies within their jurisdiction against any individuals engaged in non-violent civil rights demonstrations. Enforcement of all applicable state and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction also is required.

The excessive force policy is in the federal law for the Community Development Block Grant program. The effect of the law is that the state cannot legally award a grant to a city or county that does not adopt the policy.

### **In-Kind Value of Volunteer Labor**

For the purpose of documenting local match, the department has established that volunteer labor is to be valued as follows:

- The time of a person who donates their professional skills shall be credited at their standard hourly fee. For example, an electrician that donates time to install wiring.
- The time of a person that provides labor for which they are not normally paid shall be credited at the state's current minimum wage. For example, a teacher that volunteers to perform carpentry work.

### **Minority, Women and Emerging Small Businesses**

The department encourages recipients to provide opportunities for minority, women and emerging small businesses. The state's Vendor Information Program can be used for advertising procurement contracts.

### **Non-Discrimination Against Persons with Handicaps**

Federal law prohibits discrimination against any otherwise qualified individual from participating in or benefiting from a federally funded program solely on the basis of handicap. Community Development Block Grant recipients must comply with U.S. Department of Housing and Urban Development regulations which implement this federal law (Section 504 of the Rehabilitation Act of 1973). Cities and counties who are working toward compliance with the federal Americans with Disabilities Act (ADA) will easily meet the requirements of Section 504.

### **Other Requirements**

The recipient shall comply and cause its agents, contractors and sub grantees to comply with 30 F.R. 12319 (1965) as amended by Executive Order No. 11375, 32 F.R. 14303 (1967), reprinted in 42 U.S.C. 2000e (1994), and the regulations promulgated pursuant thereto, 41 C.F.R. 60-1.1 to 60-999.1 (1997).

Recipient shall conduct and administer the department financing in conformity with the Civil Rights Act of 1964, 42 U.S.C. 2000a-2000e (1994).

Many more federal requirements are contained within the recipient's contract with the state and the Grant Management Handbook.

### **Federal Prevailing Wages and Federal Labor Standards Provisions and Bureau of Labor and Industries (BOLI) Prevailing Wage Requirements**

Construction projects assisted in whole or in part with CDBG funds must be carried out in compliance with the federal Davis Bacon and Related Acts and the Oregon Bureau of Labor and Industries (BOLI) requirements. This means that both Oregon Prevailing Wage Rates and the federal prevailing wage rates and Federal Labor Standards provisions will apply, effective for all projects advertised for bid on or after January 1, 2006. Extensive labor standards requirements must be followed.

## **Program Income**

Program Income includes, but is not limited to, the following:

- Payments of principal and interest on loans made from CDBG funds;
- Proceeds from the lease or disposition of real property and equipment acquired with CDBG funds;
- Interest earned on CDBG funds held in a revolving fund account; and
- Interest earned on any program income pending disposition of such income.

Funds derived from CDBG funded activities are considered Program Income except when:

- The total amount of funds, which does not exceed \$35,000 received in a single year from activities, other than revolving loan funds that is retained by a unit of general local government and its sub-grantees (All funds received from revolving loan funds are considered program income, regardless of amount);

Note: Oregon defines a single year as (July 1 to June 30).

Note: All income received from any closed housing rehabilitation grant that is not utilizing the authority of 105(a)(15) of the HCDA and is still being tracked for program income by OBDD-IFA is considered program income. The miscellaneous income rule does not apply to these prior housing rehabilitation grants, effective May 23, 2012.

- The funds are generated by housing rehabilitation revolving loan fund activities eligible under Section 105(a)(15) of the Housing and Community Development Act and carried out by an entity under the authority of section 105(a)(15) of the Act. Such entities are limited to public nonprofit organizations which (1) meet the Internal Revenue Service requirements for nonprofit status; (2) are serving the development needs of non-entitlement areas; and (3) carry out community economic development, neighborhood revitalization and/or energy conservation projects. Such projects can include management of revolving funds for the purpose of housing rehabilitation and economic development.

The full definition of program income and federal rules governing its use are found in 24 CFR 570.489(e) and the preamble to the final rule and guidelines published by the U.S. Department of Housing and Urban Development in the Federal Register on May 23, 2012.

All requirements of 24 CFR 570 Subpart I apply to the use of program income retained by a unit of general local government. Failure to use program income as required may result in sanctions against the recipient.

Recipients shall not expend any income anticipated to be less than \$35,000 until after the end of the applicable annual period unless it is spent in compliance with CDBG rules. A report shall be submitted each year, in a form to be specified by the state, on the amount of program income and other funds received as a result of CDBG assistance to a unit of general local government.

Program income shall be paid to the state except where the income is to be used by the recipient to continue the activity from which such income is derived. For example, an older housing rehabilitation grant where the grant funds are loaned by the grantee to private property owners, the loans repaid to the grantee can be used to conduct more housing rehabilitation work.

Housing rehabilitation grants awarded under the authority of 105(a)(15) of the HCDA exemplify the exception to program income rules if all the following conditions exist: 1) the state's grant to the city or county must be subgranted to an eligible nonprofit, 2) the nonprofit must loan funds directly to income-eligible homeowners, and 3) loan repayments made by those homeowners must be dedicated to subsequent eligible homeowners for housing rehabilitation.

Applicants desiring to retain program income must describe in the grant application how the program income will be used. The department will determine whether the proposed use is for an activity that is the same as the approved activity from which the program income is derived and will deny or approve the applicant's request when the grant award is made.

### **Property Acquisition, Relocation and Tenant Assistance Requirements**

All temporary construction easements and real property acquisition, including the acquisition of permanent easements for construction projects assisted in whole or in part with CDBG funds, must be carried out in compliance with the requirements of the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA or Uniform Act) and Section 104(d) of the Housing and Community Development Act of 1974. The federal rules apply even if CDBG funds will not be used to pay for the acquisition.

Due to the specialty calculations and detailed requirements for relocation activities, any applicant with a proposed project that involves relocation will be required by OBDD-IFA to hire a specialist acceptable to OBDD-IFA to complete the required URA relocation process.

**Note:** Refer to Chapter 7 for a description of the environmental and uniform relocation and real property assistance (URA) trigger guidance.

### **Proportional Funding**

Proportional funding for any project is not allowed.

### **Record Keeping**

Recipients must maintain records that are complete and cover program and financial use of the CDBG funds for monitoring by the department. Records retention requirements for the CDBG program is three years from the date the state's grant is closed with the U.S. Department of Housing and Urban Development (HUD) as required by 24 CFR Subpart I, 570.490. The department will provide technical assistance and a Grant Management Handbook, which contains detailed record keeping information and information covering other aspects of the program's requirements.

### **Residential Antidisplacement and Relocation Plan**

Recipients must comply with the state of Oregon's "Residential Antidisplacement and Relocation Plan."

### **Title I**

These grants and any sub-grants of these federal grants are subject to Title I of the Housing and Community Development Act of 1974, and any regulations promulgated pursuant thereto and as may be amended from time to time.

## **Volunteers or Prison Inmates**

Applicants planning to use volunteer or prison inmates for a project must consult with the department and receive department approval prior to submitting an application. Donated labor can help reduce the cost of the project. However, the use of volunteers also may result in coordination problems with contractors, quality of work issues, and potential local government liability for personal injury and property damage. Applicants should consider both the benefits and the drawbacks of volunteer labor before finalizing any project budget.

### **Volunteers**

In general the following rules apply to volunteers:

- A person cannot be a volunteer if the person is otherwise employed at any time on the project activity in the construction or maintenance work for which the person volunteers.
- Volunteers cannot be paid to provide materials or supplies unless the recipient has obtained the materials/supplies through a competitive process under the appropriate procurement rules.
- Persons providing work subject to the Davis Bacon Act (laborers and mechanics in the construction trades) must be paid the applicable federal prevailing wage unless they meet the requirements for volunteers contained in 24 CFR Part 70.3 entitled “Use of Volunteers on Projects Subject to Davis-Bacon and HUD-Determined Wage Rates.” This rule is available, upon request, from the department.

### **Prison Inmates**

There is no prohibition against the use of prison inmate labor on CDBG funded construction work. Prisoners are generally not considered volunteers because they have no choice in the matter, so they must be paid Davis Bacon wage rates. In rare situations, prisoners may be participating in a voluntary program and they are truly volunteering their services to the local government.

## Chapter 5 Program Policies and Definitions

**Note:** Refer to Chapter 7 for a description of the environmental and uniform relocation and real property assistance (URA) trigger guidance.

### Policies

#### Eligible/Ineligible Costs

##### Activity Delivery Costs

Activity delivery costs are expenses directly related to carrying out eligible activities such as property acquisition. These costs are not considered to be CDBG grant/project administration expenses. Professional appraiser's fees and attorney charges necessary to complete the acquisition of property are eligible as part of the acquisition activity cost.

##### Audit Cost

Community Development Block Grant (CDBG) funds can pay for A-133 audit costs in proportion to the federal CDBG funds received by the city or county. The eligible share of the A-133 audit cost cannot exceed the ratio of these federal grant funds received to the recipient's total annual expenditures and incurred obligations—times—the cost of the audit. For example:

CDBG receipts	\$ 100,000
Total Expenditures and Incurred Obligations	\$ 1,000,000

##### Ratio:

$$\begin{aligned} & (\text{CDBG Receipts}) / (\text{Total Expenditures and Incurred Obligations}) \\ & (\$100,000) / (\$1,000,000) = 0.1 \end{aligned}$$

Total Cost of A-133 Audit	\$ 5,000
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##### Eligible CDBG reimbursable portion of the audit cost

$$\begin{aligned} & (\text{Total Audit Cost}) \times (\text{Ratio}) \\ & (\$5,000) \times (0.1) = \$500 \end{aligned}$$

##### Equipment

Grant funds may be used to buy equipment for grant/project administration purposes. Examples include computers, file cabinets and other office equipment. These expenses are included in the maximum amount allowed for grant/project administration.

**Entertainment/Refreshments**—The cost of food, beverages, snacks and any related expenses for utensils etc, are not eligible for reimbursement under the program.

## Grant (Project) Administration/ Environmental Review/Labor Standard Compliance/Program Management Services

For all categories that allow grant administration as an eligible activity, up to 10 percent of the grant award, but not more than \$25,000, may be used to pay for grant/project administration costs, including overall project management, coordination, monitoring and evaluation. Recipients may use some of the grant/project administration allowance to conduct activities to further Fair Housing in their communities. Grant administration is not an eligible activity under the Microenterprise Assistance category.

In addition to the grant administration allowance the following limitations apply:

- **Federal Labor Standards Compliance**—Up to a maximum of \$15,000 per project is allowed if needed. Any amount of funds in excess of the \$15,000 must be paid for with local or non-CDBG funds. The cost associated with Bureau of Labor and Industry labor standards compliance must be paid for with local or non-CDBG funds.
- **Environmental Review**—Up to a maximum of \$15,000 per project is allowed to prepare and complete a full environmental review record including any associated wetlands delineations, 8-step floodplain/wetlands processes, biological assessments, pedestrian survey's, SHPO/THPO communication etc., to meet all the requirements of the most current Grant Management Handbook and approved by OBDD-IFA, if needed. The complete record must be ready for public comment. Any amount of funds in excess of the \$15,000 must be paid for with local or non-CDBG funds.
- **Legal Fees**—There is no maximum limit on costs associated with attorney fees.
- **Audit**—See Page 5-1 for details.
- **Property Appraisal Fees** – There is no maximum limit on costs associated with property appraisal fees related to property acquisition.
- **Limited English Proficiency (LEP) Translation Services**—Up to a maximum of \$3,000 per project is allowed to translate documents into other language(s), to meet the LEP requirements. The documents that are translated must be directly needed for the successful completion of the CDBG funded project, such as procurement notices, CDBG public meeting notices, etc.
- **Cultural Resource Monitoring**—Cultural resource monitoring required by Tribes in the completion of the environmental review record and during construction is an allowable expense. There is no maximum limit on the cost associated with cultural resource monitoring to satisfy Tribal compliance.
- **Funding Application Preparation**—Up to a maximum of \$7,500 per project is allowed under the Public Works Type 1, Public Water and Sewer System category to prepare funding applications to the department or other state and federal agency(s) for the next phase of the project. This does not apply to Type 2 Downtown Revitalization or Type 3 Publicly Owned Off-Site Infrastructure.

- **Program Management Services** (Only applies to housing rehabilitation projects.)—Up to 20 percent of the grant award may be used for the combined costs associated with grant administration and program management. Of this amount no more than \$15,000 may be used for grant administration costs. Program management costs are expenses directly related to carrying out eligible program activities such as working with low- and moderate-income eligible clients. These costs are not considered to be grant/project administration costs because they provide a direct service to clients eligible under the low- and moderate-income national objective.

In 2013 recipients that are subject to the 20 percent cap on grant administration and program management, will be allowed an additional \$10,000 on top of the 20 percent cap for grant administration and program management, allowing a maximum of \$25,000 for grant administration expenses.

Refer to Table F for identification of the eligible grant administration, environmental review, labor standards compliance review, attorney fees, appraisal costs, program management costs and other costs.

ACTIVITY	ALLOWANCE
<b>Grant Administration (does not apply to microenterprise assistance projects)</b>	<b>10% up to a maximum of \$25,000</b>
<b>Federal Labor Standards Compliance</b>	<b>Up to a maximum of \$15,000 per project</b>
<b>Environmental Review</b>	<b>Up to a maximum of \$15,000 per project</b>
<b>Legal Fees</b>	<b>There is no maximum limit</b>
<b>Audit Costs</b>	<b>Refer to Page 5-1 for details</b>
<b>Limited English Proficiency Translation Services</b>	<b>Up to a maximum of \$3,000 per project</b>
<b>Cultural Resource Monitoring</b>	<b>There is no maximum limit</b>
<b>Funding Application Preparation (Public Works Water and Sewer only)</b>	<b>Up to a maximum of \$7,500 per project</b>
<b>Property Appraisal Fees</b>	<b>There is no maximum limit</b>
<b>Construction Contingency</b>	<b>Capped at 10% of the estimated construction cost</b>
<b>Architectural</b>	<b>12 percent of project construction and construction contingency costs combined</b>
<b>Engineering</b>	<b>20 percent of project construction and construction contingency costs combined</b>
<b>Program Management (Only applies to housing rehabilitation projects)</b>	<b>Up to 20% of the requested grant, plus \$10,000. This includes the \$25,000 allowance for grant administration.</b>
Under rare circumstances, for projects involving biological assessments, archeological surveys or other required environmental studies, the department may allow the recipient to use a portion of the grant administration allowance to complete these activities. The costs must be required and reasonable, approved by OBDD-IFA and are limited by the amount of funds available in the recipient's grant award.	

Refer to Table F on page 5-10 for more details.

## Indirect Costs

Indirect costs are not allowed under the state program.

## Ineligible Activities

CDBG funds cannot be used for any debt financing or takeout, fines, fees or penalties. System development charges, hook-up fees, and connection charges are also not eligible for reimbursement under the federal regulations for the CDBG program. Bureau of Labor and Industry (BOLI) fees are ineligible under the program.

## **Limitations on Architectural and Engineering Costs**

The department will not approve without explanation grant awards that include budgets that contain more than the following percentages for architectural and engineering work regardless of whether the item is paid for with grant funds or other funding resources:

**Architectural**—12 percent of project construction and construction contingency costs; and  
**Engineering**—20 percent of project construction and construction contingency costs.

Proposed amounts in excess of the above percentages are generally not allowed and must be fully explained in the application. Approval to exceed the percentages can be granted on a case by case basis by OBDD-IFA. The work included in these percentages generally includes: project design, surveying, preparation of bid and contract documents, review of bids, project/construction oversight, preparation of as-built drawings and operation and maintenance plans. Professional services contracted out by the engineering/architectural firm for geotechnical evaluation, surveying, core samples, exploratory well drilling or other extra services are not generally included in the above stated limit for engineering and architectural costs. For further assistance contact the department's staff.

Preliminary engineering/planning documents, final design engineering documents and construction oversight in projects funded in full or in part with CDBG funds must be prepared and stamped or conducted by a registered professional engineer or architect licensed to do work within the state of Oregon.

## **Limits on Construction Contingencies**

Construction contingencies are limited to a maximum of 10 percent of the projected construction line item cost.

## **Pre-Award Costs**

Costs incurred prior to award of the grant are not eligible for reimbursement in any project assisted in whole or in part with CDBG funds.

## **Pre-Agreement Costs**

In any project assisted in whole or in part with CDBG funds, costs incurred after a grant award has been made but prior to execution of a grant contract are not eligible for reimbursement unless there are provisions in the grant contract allowing for payment of specific pre-agreement costs. The activities also must be eligible and undertaken in accordance with the requirements of the Community Development Block Grant program/future contract requirements and the federal environmental review rules at 24 CFR Part 58. Consult with department staff during project development for pre-agreement cost activities.

If pre-agreement costs are to be requested, the applicant must provide a written letter with the application, requesting pre-agreement costs that clearly explains and identifies:

- The amount of funds needed, by budget line item.
- An explanation as to why pre-agreement costs are necessary for the completion of the project.
- The timeline in which the funds will be expended.
- Documentation the federal environmental review rules at 24 CFR Part 58 have been met.

The application must describe the pre-agreement costs within the project description and show the costs in the project budget.

### **Grant Contract Execution**

Grant contracts must be signed by the highest elected official of the recipient and returned to the department.

### **Grant Contract Amendments**

The department must approve and process grant contract amendments if any of the following changes occur on a project: change in cost, scope of work, location, objectives, time frame, budget, or budget line items of the approved activities, program beneficiaries or project completion dates. The recipient's failure to obtain an approved grant contract amendment from the department when necessary may result in sanctions. Failure to gain prior approval, when needed, could result in the recipient having to pay for the costs associated with the amendment.

Grant contract amendments for project completion date extensions will not be processed automatically upon request. Project completion date extensions will only be allowed for circumstances that have been clearly documented to be beyond the control of the recipient. Approval of extensions is at the sole determination of the state.

The Department Director or Deputy Director has the authority to designate/assign grant contract amendment approval authority to:

- 1) The Infrastructure Finance Authority and
- 2) OHCS for OHCS funded projects initiated prior to 2011.

### **Matching Funds**

There is no minimum project match requirement. Any matching funds necessary to complete the proposed CDBG project must be in the form of a cash contribution or project debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in this section for more details.

### **Mixed Use Facilities**

A community/public facility that contains activities both eligible under the Method of Distribution and activities ineligible under the Method of Distribution is a mixed use facility. These types of facilities are not eligible for funding under the program.

### **“Pass Through” Grants**

The city or county grant recipient is fully responsible for the grant-funded project and compliance with all applicable federal and state requirements. Recipients may not “pass through” any of the grant funds to another entity to undertake the project activities, **except** for regional housing rehabilitation revolving loan fund activities where the department has reviewed and/or approved a sub recipient agreement or sub-grant agreement. However, the original grant recipient remains responsible for compliance with the federal and state program requirements.

## Procurement

When procuring property or services to be paid for in whole or in part with CDBG funds, city and county recipients shall comply with the requirements of Oregon Revised Statutes (ORS) Chapter 279 and Oregon Administrative Rules (OAR) Chapter 137, as applicable. If the grant recipient has professional engineers, architects or other consultants already under contract, the recipient must provide documentation from their legal counsel showing that the procurement met state law and the procurement requirements for each grant. All such contracts must be amended to include the required federal clauses.

## Project Period (Project Completion Date)

All grants must be administratively closed within the time frame specified in Table M (Page 8-1). The project completion period begins the date the grant contract is fully executed. Projects that are not completed within the specified project period may be terminated and any unexpended grant funds may be recaptured by the state.

Project completion date extension requests must be submitted in writing to the department. The written request must contain the reason(s) for the extension, and propose a date when all grant activities will be completed. In order to be considered, the recipient must justify why the project will not be completed on time, and that the reason(s) were beyond the recipient's control.

## Publicly Owned Improvements/Facilities

### All categories:

When a project requires public ownership, the improvements/facility to be constructed must be owned by the applicant or the applicant has a minimum 50-year long-term lease on the improvements/facility. **Note:** The eligible applicant must have no intention of turning over/selling the improvements or facility to another entity within 50 years.

Public infrastructure improvements must be constructed on land owned by or where proper long-term easements have been obtained by the applicant.

Public/Community facilities can be owned or operated by a non-profit if there is a trust deed covering the five-year restriction on change of use/continued use requirements.

**Note:** All temporary construction easements and real property acquisition, (including long-term leases of 50 years or more) including the acquisition of permanent easements for construction projects assisted in whole or in part with CDBG funds, must be carried out in compliance with the requirements of the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA or Uniform Act) and Section 104(d) of the Housing and Community Development Act of 1974. The federal rules apply even if CDBG funds will not be used to pay for the acquisition.

## Readiness to Proceed

All projects must meet the following readiness to proceed criteria:

- Other funds needed to complete the project are available and committed to the proposed project, at the time of application for CDBG funds. Applications must contain letters of commitment/or conditional commitment from all matching resources to be used for the proposed project, bank statements, loan agreements, bond authorizations,

etc. There must be clear and convincing evidence that the match is secured and readily available for project expenses; or

- If any necessary other funds are not committed, the CDBG PPC's will conduct a thorough analysis of any conditional commitment(s) and the IFA Director may grant an exception to this requirement to accommodate funding from other federal, state, philanthropic or private funding sources such as: USDA Rural Utilities Services, the Oregon Department of Environmental Quality, foundations or funding to be received from other programs offered by the IFA such as the Water/Wastewater Financing Program or the Safe Drinking Water Revolving Loan Fund program. This exception must be requested and approved by OBDD-IFA prior to application submission.

(Note: The expected date of funding determination is not considered a “commitment” as there is no guarantee that a project will be funded.) If all project funds are not committed, and the funds are anticipated to come from a private funding source, the applicant must provide a back-up financing plan.

- The project will commence within four (4) months following the date of grant contract execution; and
  - The proposed project will be administratively closed within two years of execution of a contract between the recipient and the state or administratively closed within 36 months for combined final design and construction Public Water/Sewer or Public/Community Facilities grants.
  - All land use approvals needed for the project have been secured.
  - A microenterprise assistance public service project must be administratively closed with 12 months of execution of a contract between the recipient and the state.
  - Housing rehabilitation applicants must provide a written certification that all the initial loans/grants will be made within 24 months after execution of the grant contract with OBDD.

**Note:** If the project is not able to proceed within four months following the date of grant contract execution, the state may terminate the grant and re-obligate the funds.

### **Sanctions**

The state may bar a recipient from applying for CDBG funds, withhold unallocated funds, require return of unexpended funds or require return of program income, if during the grant period, the state finds that:

- The recipient has not signed the grant contract and returned it to the department.
- None of the grant activities have commenced within 4 months after execution of the grant contract.
- Federal or state regulations have not been met.
- There is significant deviation from the grant contract-funded activities.
- There has been a monitoring finding that significant corrective actions are necessary to protect the integrity of the project funds, and those corrective actions are not, or will not be implemented within 30 days.

No sanction will be issued by the state until the recipient has been notified in writing and has been given 30 days to respond to and correct the deficiencies.

Once a sanction is issued by the department, the grant recipient will have 30-days to appeal the decision. Only the local government (grant recipient) has standing to submit an appeal.

### **Unexpended Grant Funds**

Grant funds not used for activities as shown in the approved contract budget will be recaptured by the state and made available to other communities in accordance with the rules contained within this Method of Distribution.

### **Use of CDBG Funds for Facilities Owned and/or Maintained by a State or Federal Agency**

Grants will not be awarded for facilities owned and maintained by another state or federal agency. CDBG funds cannot be used to offset locally budgeted funds or to replace state or federal funds. All CDBG projects must comply with OMB Circular A-87 “Cost Principles for State and Local Governments.” In addition 24 CFR 570.489(d) requires that CDBG funds are not used for general expenses required to carry out other responsibilities of state and local governments. Maintenance and upgrades to roadways or property of the Oregon Department of Transportation (ODOT) and federally owned property (or maintenance agreements) is not eligible under the CDBG program.

### **Waivers**

The Director of the Oregon Business Development Department IFA may waive non-statutory program requirements. A request for a waiver will be approved only when it is determined necessary to further the objectives of the Community Development Block Grant (CDBG) program and the mission of the department.

The OBDD-IFA Director cannot waive an Oregon CDBG program requirement if the requested waiver conflicts with the Housing and Community Development Act statutes, the HUD regulations or the state’s community development objectives.

### **Work Performed by Staff of the City or County Recipient (Force Account)**

Applicants should be aware that federal law governing the program states, “It is the intent of Congress that the Federal assistance made available under this title may not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance” (Public Law 93-383.101(c)).

This means that if the applicant intends to use existing budgeted staff to administer the grant or to work on other grant activities (such as construction), Community Development Block Grant funds cannot be used to pay for that staff. Grant funds should only be used to increase local community development activities.

**Note:** Cities and counties planning to pay their own staff with grant funds for administration and/or force account work including, but not limited to, engineering, design and inspection services, construction labor and operation of locally owned equipment must consult with department staff and receive department approval **prior** to submitting an application.

## **Definitions**

### **Combination Facility**

A combination facility is a building in which all activities offered are eligible under the CDBG Method of Distribution. Please refer to Chapter 11, page 11-1 for more information on combination facilities.

### **Family**

All persons living in the same household who are related by blood, marriage or adoption, this includes any related dependent persons over 65 or working dependent children over 18.

### **Financial Review**

When required by the specific funding category applicable to each project type, applications will undergo a financial review to determine that the grant, if awarded, is the minimum amount necessary, when combined with other resources, to ensure the completion of the project. Refer to the specific project type chapters for more details of the financial review required for each type of project.

### **Household**

All persons occupying the same housing unit regardless of their relationship to each other.

### **Income**

**Annual Family Income**—The total income earned before taxes by all family members, including job earnings (wages, salary, tips, bonuses, commissions), interest, dividends, child support, alimony, welfare, social security, disability, unemployment, retirement payments, net income from business activities, farms, rents, royalties, trusts, estates and any other income received regularly by all family members.

**Annual Household Income**—The total income earned before taxes for everyone that lives within the residence whether they are related or not including job earnings (wages, salary, tips, bonuses, commissions), interest, dividends, child support, alimony, welfare, social security, disability, unemployment, retirement payments, net income from business activities, farms, rents, royalties, trusts, estates and any other income received regularly by all household members.

### **Low and Moderate Income**

“Low income” means income equal to or less than 50 percent of the area median (adjusted by family size). “Moderate income” means income equal to or less than 80 percent of the area median (adjusted by family size). Applicable income limits are determined by HUD on an annual basis for all Oregon counties and metropolitan statistical areas by HUD.

### **Permanent Resident**

A person that resides within a residential dwelling unit for six months or more out of the year.

**Table F**  
**Guide for Grant Administration/Activity Delivery Costs/Program Management Costs**

Activity	Grant Administration Cost (yes/no)	Activity Delivery Cost (yes/no)	Program Management Cost (yes/no)	Maximum amount allowed
Preparing budgets, schedules, contract amendments	Yes	No	No	10% of the grant award but not more than \$25,000.
Drafting Requests for Proposals and agreements with consultants for grant administration or other consulting work (Architect and Engineer)	Yes	No	No	
Setting up systems to assure compliance with state and federal program requirements. For example: labor standards files and a grant accounting system.	Yes	No	No	
Monitoring project progress against the grant contract scope of work and budget and reporting to elected officials.	Yes	No	No	
Preparing disbursements/cash requests, reports, and other documents for submission to the Department.	Yes	No	No	
Participating in Department monitoring visits and responding to monitoring findings and concerns.	Yes	No	No	
Preparing a project completion report, assisting an auditor with required grant information.	Yes	No	No	
Costs of publishing the Fair Housing Resolution.	Yes	No	No	
Purchase of capital equipment, such as computers and file cabinets for grant administration.	Yes	No	No	
Training on CDBG grant administration requirements.	Yes	No	No	
Limited English Proficiency translation services to translate documents directly needed for the CDBG project.	No	Yes	No	Maximum \$3,000 per project.
Cultural Resource Monitoring	No	Yes	No	No maximum – reasonable and necessary to complete the activity.
Preparation of the environmental assessment or other environmental documents and publishing required notices.	No	Yes	No	Maximum \$15,000 per project.
Federal Labor Standards Compliance work related to conducting on-site employee interviews, verifying payroll data, reviewing payrolls, attending pre-construction conferences, and obtaining compliance with these requirements.	No	Yes	No	Maximum \$15,000 per project.
Attorney fees for preparing or reviewing contract documents or property acquisition activities.	No	Yes	No	No maximum – reasonable and necessary to complete the activity.
Audit Costs.	No	Yes	No	Refer to page 5-1 for details
Funding application preparation to ensure the planned Public Water or Wastewater project is designed and constructed.	No	Yes	No	Maximum \$7,500 per project
Professional appraiser fees related to property acquisition.	No	Yes	No	No maximum – reasonable and necessary to complete the activity.
Construction Contingency	No	Yes	No	10% of the estimated construction cost
Architectural	No	Yes	No	12% of project construction and construction contingency costs combined

Engineering	No	Yes	No	20% of project construction and construction contingency costs combined
Marketing Grant Activities to clients.	No	No	Yes	Up to 20% of the grant award for the combined costs associated grant administration and program management. Grant administration is limited to \$25,000.
Collecting client applications, verifying application to determine eligibility.	No	No	Yes	
Making referrals for products or services.	No	No	Yes	
Providing education or counseling to clients.	No	No	Yes	
Site-specific environmental review, on-site inspections, bid preparation, contracting, client/contractor troubleshooting, compiling cost data on individual rehabilitation homes.	No	No	Yes	<b>Refer to Chapter 5 for more information.</b>

## Chapter 6 Citizen Participation Plan

Every applicant and recipient of state of Oregon Community Development Block Grant (CDBG) funds must comply with the citizen participation requirements provided in federal law and described in this chapter. Some of the requirements will be checked by the OBDD-IFA during application review; others will be verified when grant projects are monitored.

Applications from jurisdictions that fail to comply with the citizen participation requirements will not be accepted. **Applicants must use the required first public notice included in this chapter. A draft of the first public hearing notice must be sent to OBDD-IFA 10 calendar days in advance of the anticipated publication or posting for OBDD-IFA review and approval. The first public hearing notice must be advertised or posted at least 7 days in advance of the time the public hearing is to be held by the local government.**

### Requirements

Every applicant must provide evidence and certify in the application and, if funded, in the grant agreement that it is following a citizen participation plan which includes at least the seven elements required in 24 CFR Part 570.486. These seven elements are presented below. Each is followed by the state standard that will be used to determine if the applicant is complying with federal requirements.

1. **Low- and Moderate-income Citizen Participation**—The local government must provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside within the city or county in which the grant funds are proposed to be used.

**State standard:** Applicants must inform low- and moderate-income residents and/or groups which represent them, of the opportunity to apply for CDBG funds. The purpose of this effort is to involve the residents in the identification of community development and housing needs including the needs of low-income and moderate-income families. The information shall include the following, at a minimum:

- c. The amount of funds available for proposed community development and housing activities;
- d. The range of activities that may be undertaken; and
- e. The location of additional information about the Oregon Community Development Block Grant program.

The department encourages the grant recipient to invite at least one organization that represents low- and moderate-income persons to the public hearing. Department staff should be contacted for suggestions if a city or county cannot identify an appropriate organization for its area.

2. **Access To Information**—The local government must ensure that citizens will be given reasonable and timely access to local meetings, information and records relating to the local government's proposed and actual use of CDBG funds.

**State standard:** The Oregon Public Meetings law (ORS 192.610 to 192.690) will be used by the state and local governments to assure that citizens have reasonable notice of

public meetings and access to records of those meetings. The grant application must include copies of public notices and minutes from meetings about the local community development program. Local governments must provide citizens with access to information and records about their community development program and any proposed application in accordance with the Oregon Public Records law (ORS 192.001 to 192.505).

- 3. Required Information**—The local government must furnish citizens information, including, but not limited to:

- a. The amount of CDBG funds expected to be made available for the current fiscal year (including the grant and anticipated program income);
- b. The range of activities that may be undertaken with the grant funds;
- c. The estimated amount of grant funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income persons; and
- d. The proposed activities likely to result in displacement and the local government's antidisplacement and relocation plans required under 24 CFR Part 570.488, Part 570.606, and Part 42.

**State Standard:** The “Public Notice and Notice of Public Hearing” included within this chapter must be used for this first hearing and for meeting this federal regulation. **A draft of the first public hearing notice must be sent to OBDD-IFA 10 calendar days in advance of the anticipated publication or posting for OBDD-IFA review and approval. The first public hearing notice must be advertised or posted at least 7 days in advance of the time the public hearing is to be held by the local government.**

Some detail in the required notice will need to be inserted by the applicant (e.g., amount of grant funds proposed to be used). Information in the notice about the amount of CDBG funds available and the range of activities that may be undertaken may vary during the program year.

The final signed, approved meeting minutes must record/document that items a-d above were addressed during the public meeting.

- 4. Technical Assistance**—The local government must provide technical assistance to groups representing persons of low and moderate income that request assistance in developing proposals in accordance with the procedures developed by the department. Such assistance need not include providing funds to such groups. The level and type of assistance can be determined by the jurisdiction.

**State standard:** The applicant also must describe in the application how it has responded to requests for technical assistance from groups representing low- and moderate-income persons, such as community action agencies. The level of assistance provided can be determined based on the applicant’s staff and budget limitations.

- 5. Public Hearings**—The local government must provide for a minimum of two public hearings, each at a different stage of the project, for the purpose of obtaining citizen’s views and responding to proposals and questions. Together, the hearings must cover

community development and housing needs, development of proposed activities and a review of program performance.

The public hearing to cover community development and housing needs must be held before submission of an application to the state. There must be reasonable notice of hearings and they must be held at times and locations convenient to potential and actual beneficiaries, with accommodations for the handicapped. To meet the reasonable notice requirement the **first public hearing notice must be advertised or posted at least 7 days in advance of the time the public hearing is to be held by the local government.**

Public notices and hearings shall be presented and conducted in a manner to meet the needs of non-English speaking residents who can reasonably be expected to participate.

**State standard:** The governing body of the applicant (city council or county board of commissioners) must provide for a minimum of two public hearings at different stages of the grant project. Together, the hearings must cover community development and housing needs, development of proposed activities and a review of program performance.

**Hearing #1**—The purpose of the first hearing is for the city council or county board of commissioners to take comments from citizens about **both** community development needs and the project proposed for grant funding prior to submitting an application to the department.

The notice form included in this chapter must be used for the first hearing. **A draft of the first public hearing notice must be sent to OBDD-IFA 10 calendar days in advance of the anticipated publication or posting for OBDD-IFA review and approval. The first public hearing notice must be advertised or posted at least 7 days in advance of the time the public hearing is to be held by the local government.** The first public hearing must be no more than 12 months old and preferably conducted during the same program year using the appropriate notice contained within this Method of Distribution. The final signed and approved meeting minutes must be submitted with the application.

**Hearing #2**—The purpose of the second hearing is for the city council or county board of commissioners to review the results of the project with citizens and to take comments about the local government's performance as part of the grant closeout process. A model notice for the second hearing is included in the Grant Management handbook.

Each hearing must be held with enough advance notice to ensure adequate opportunity for interested citizens and groups to participate. Public hearing notices must be **advertised or posted at least 7 days in advance of the time the public hearing is to be held by the local government.** Applicants must provide copies of the public notice, affidavit of publication or certification of posting, and final signed and approved copy of the hearing minutes from the first public hearing with the grant application and the second hearing prior to project completion. The final draft of the application must be made available to the public once it is submitted, if not before.

In the grant application, the city or county must describe how it determined whether or not non-English speaking residents were expected to participate. This information can be

accessed on the American Fact Finder Web site. The information includes statistics about the languages spoken at home, ability to speak English, and linguistic isolation of persons living in each city and county. If any non-English language population constitutes five percent or more of the population, then the public hearing notices are required to be published or posted in those languages.

The Spanish language version of the first required public hearing notice is included in this chapter. Applicants needing assistance in reaching other language groups should contact department staff for advice.

**Note:** Refer to Chapter 7 for a description of the environmental and uniform relocation and real property assistance (URA) trigger guidance.

6. **Opportunity to Comment on Proposed and Actual Activities**—The local government shall provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the state and, for grants already made, activities which are proposed to be added, deleted or substantially changed from the local government's application to the state. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the state.

**State standard:** The public must be provided the opportunity to comment on a proposed application at the public hearing held for that purpose ("first" hearing) and/or to submit written comments in accordance with instructions provided in the hearing notice.

Recipients must provide a similar opportunity for the public to comment on significant changes in an approved project. Generally, this means that if the grant recipient seeks to move grant funds to an activity that was not part of the approved project budget in the grant contract, a public hearing must be held with appropriate notice. Department staff will help the recipient determine when a proposed change is significant enough to require a hearing.

7. **Timely Response to Complaints**—The local government shall provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days when practical.

**State standard:** If awarded a grant, the local government will be monitored by department staff for compliance with all applicable federal and state regulations. Part of this monitoring will include checking to see that the grant recipient provides a prompt, written response to all written complaints concerning the community development program and grant project.

### **Required Notice For Public Hearing #1**

**Note:** The notice on the next page is for the first required public hearing. The purpose of the hearing is to take comments from citizens on **both** the community development and housing needs in the city or county and the project proposed for grant funding. The final signed and approved meeting minutes must record/document that this requirement was met. **A draft of the first public hearing notice must be sent to OBDD-IFA 10 calendar days in advance of the anticipated publication or posting for OBDD-IFA review and approval. The notice must be published or posted by the applicant at least 7 days in advance of the time the public hearing is to be held by the local government.**

## Public Notice and Notice of Public Hearing

The (city/county) is eligible to apply for a 2013 Community Development Block Grant from the Oregon Business Development Department. Community Development Block Grant funds come from the U.S. Department of Housing and Urban Development. The grants can be used for public facilities and housing improvements, primarily for persons with low and moderate incomes.

Approximately \$12 million will be awarded to Oregon non-metropolitan cities and counties in 2013. The maximum grant that a city or county can receive is \$2,000,000.

The (city/county) is preparing an application for a 2013 Community Development Block Grant from the Oregon Business Development Department for (name of project, location and purpose). It is estimated that the proposed project will benefit at least (number) persons, of whom (percentage) will be low or moderate income.

A public hearing will be held by the (city council/board of commissioners) at (time) on (day) at the (location). The purpose of this hearing is for the (city council/board of commissioners) to obtain citizen views and to respond to questions and comments about: community development and housing needs, especially the needs of low- and moderate-income persons, as well as other needs in the community that might be assisted with a Community Development Block Grant project; and the proposed project.

Written comments are also welcome and must be received by (date) at (address). Both oral and written comments will be considered by the (city council/board of commissioners) in deciding whether to apply.

The location of the hearing is accessible to persons with disabilities. Please contact (name of contact person/office) at (telephone number) if you will need any special accommodations to attend or participate in the meeting.

More information about Oregon Community Development Block Grants, the proposed project, and records about the (city/county's) past use of Community Development Block Grant funds is available for public review at (location) during regular office hours. Advance notice is requested. If special accommodations are needed, please notify (name of contact person/office) at (telephone number) so that appropriate assistance can be provided.

Permanent involuntary displacement of persons or businesses is not anticipated as a result from the proposed project. If displacement becomes necessary, alternatives will be examined to minimize the displacement and provide required/reasonable benefits to those displaced. Any low- and moderate-income housing which is demolished or converted to another use will be replaced.

## Aviso Público y Noticia de Audiencia Pública

La (ciudad/condado) es elegible para aplicar a un Subsidio en 2013 del Community Development Block Grant que a su vez viene del Oregon Business Development Department.

Los Subsidios del Community Development Block Grant (Bloque Subsidiario para el Desarrollo Comunitario) vienen desde el U.S. Department of Housing and Urban Development (Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos). Los subsidios pueden ser usados para instalaciones públicas y remodelación de casas, primariamente por personas con ingresos moderados o bajos.

Aproximadamente \$12 millones serán otorgados en 2013 a ciudades y condados no-metropolitanos de Oregon. El máximo de subsidios que la ciudad o el condado puede recibir es \$2,000,000.

La (ciudad/condado) está preparando una aplicación en 2013 para el subsidio del Community Development Block Grant que viene del Oregon Business Development Department para (nombre del proyecto, ubicación y propósito). Está estimado que el proyecto propuesto beneficiará a por lo menos (número) personas, de los cuales (porcentaje) serán de ingresos moderados o bajos.

Una audiencia pública se llevará a cabo por el (consejo de la ciudad/junta de comisionados) a las (tiempo) del (día) en la (ubicación).

El propósito de esta audiencia es para que el (consejo de la ciudad/junta de comisionados) obtenga puntos de vista de los ciudadanos y para responder preguntas acerca de:

Desarrollo comunitario y necesidades de vivienda, especialmente las necesidades de personas con ingresos moderados y bajos, así como también otras necesidades en la comunidad que podrían ser asistidas con un subsidio del proyecto Community Development Block Grant; and  
El proyecto propuesto.

Los comentarios escritos son también bienvenidos y deben ser recibidos el (día) en la (dirección). Ambos comentarios, escritos y orales serán considerados por el (consejo de la ciudad/junta de comisionados) en decidir si aplican.

La ubicación de la audiencia es accesible para personas con incapacidades. Por favor dejar (nombre de la persona de contacto/oficina) el (número de teléfono) para saber si usted necesitará cualquier tipo de acomodaciones especiales para asistir o participar en la reunión.

Más información sobre el Oregon Community Development Block Grants, el proyecto propuesto y los pasados registros sobre la (ciudad/condados) en el uso de los subsidios del Community Development Block Grant están disponibles para la revisión pública en la (ubicación) durante las horas regulares de oficina. Se requiere del aviso anticipado. Si las acomodaciones especiales son necesitadas, por favor notifíquelo (nombre de la persona de contacto/oficina) el (número de teléfono) de modo que la asistencia apropiada pueda proveerse.

La desalojamiento involuntaria permanente de personas o negocios no es esperada como un resultado del proyecto propuesto. Si la desalojamiento llegara a ser necesaria, serán examinadas alternativas para minimizar la desalojamiento y proveer beneficios requeridos/razonables para quelllos removidos. Calquier casa de ingreso moderado y bajo la cual sea demolida o convertida en otro uso será reemplazada.

## Chapter 7 OBDD-IFA CDBG Application Procedures

These procedures apply the CDBG applications submitted to the Oregon Business Development Department (OBDD or department). These procedures do not apply to the following types of CDBG projects:

- Community Capacity/Technical Assistance Projects; and
- Emergency Grant Projects.

**Deadline(s):** Applications will be accepted year round on a quarterly basis.

Applications will be reviewed, approved, and awards announced in accordance with the following schedule. The department will not conduct a quarterly round if remaining CDBG funds are insufficient. Notice of insufficient funds for quarterly rounds will be provided to all known eligible applicants via website postings, e-newsletters and listserve distributions.

2013 TIMELINE	ACTION
<b>FIRST QUARTER</b> January 1 – March 31	Applications will be accepted.
May 2013	Awards announced for applications submitted between January 1 – March 31
<b>SECOND QUARTER</b> April 1 – June 30	Applications will be accepted.
August 2013	Awards announced for applications submitted between April 1 – June 30
<b>THIRD QUARTER</b> July 1 – September 30	Applications will be accepted.
November 2013	Awards announced for applications submitted between July 1 – September 30
<b>FOURTH QUARTER</b> October 1 – December 31	Applications will be accepted.
February 2014	Awards announced for applications submitted between October 1 – December 31 (Note: Applications will be scored, if necessary, under the 2013 Method of Distribution)

In general, the application and award process for CDBG funding consideration shall follow the established application policies and practices established by Oregon Business Development Department -Infrastructure Finance Authority, for its funding programs, as modified for the CDBG program below:

### Step 1—Initial IFA Contact/Pre-Project Development

The project proponent contacts the department prior to being invited to submit an application. The project proponent contacts the respective Regional Coordinator (RC) serving their region to review the proposed project concept and to obtain pre-project development assistance. Contact information for the Regional Coordinators can be found on the [department's Web site](#).

The RC will work with the proponent and the department's Program and Policy Coordinators to provide pre-project development and to determine if the proposed project will meet the

CDBG funding eligibility criteria and is ready to proceed with a well defined statement and scope of work, including the following:

- There is every reasonable likely hood that the proposed project will meet a federal national objective;
- The proposed project is an eligible activity listed in the 2013 Method of Distribution;
- The applicant is not otherwise ineligible to apply under the program, refer to Chapter 2 for more information;
- The proposed sub-grantee's for housing rehabilitation and microenterprise assistance grants are a certified non-profit meeting the requirements found in the respective chapters of this 2013 Method of Distribution;
- The proposed matching funds, if any, will be secured and readily available at time of application; and
- A preliminary financial review of any proposed water and wastewater final design and/or construction project show that the project is eligible for funding and the monthly user rates are at or will exceed the Threshold Rate Criteria at construction completion of the proposed project. Refer to Chapter 11 for more details.

A “One Stop” meeting may be scheduled, if warranted, or upon request by the proponent. The “One Stop” meeting will provide broad funding perspective and multiple program eligibility considerations and may include several federal and state agencies. “One Stop” meetings are generally held after the project proponent has completed a master plan or facilities plan and/or has estimated costs for final design and construction of the desired improvements.

### **Step 2—Project Notification and Intake Form (PNIF)**

If the RC in consultation with the CDBG Program and Policy Coordinators determine that the proposed project appears ready to proceed and will comply with the CDBG program eligibility requirements, the RC will prepare a Project Notification and Intake Form (PNIF) with information supplied by the potential applicant. The project proponent must provide sufficient information for the RC to complete the form.

### **Step 3—Invitation to Apply for Funding Consideration**

The RC will route the PNIF form for internal agency review and comment. After internal comment, if the proposed project is determined to qualify for CDBG funding by the Program Services Manager, the proposed eligible applicant will be invited in writing by the RC to submit a complete application for CDBG funding consideration. Applicants should submit complete and thorough responses in the General Application, Application Supplement and Attachments, to ensure optimum scoring under STEP 5, if necessary.

If the PNIF is not approved, the project proponent may be asked to improve the project information, or be considered for other IFA programs or referred to other agencies' programs for potential funding consideration.

#### **NOTE:**

An applicant for a CDBG award is considered a recipient under the Environmental Review and URA requirements starting with the date of submission of a CDBG application. An

“Applicant” is one who submits an application, request, plan or statement required to be approved by an official as a condition of eligibility for federal financial assistance.

The federal program regulations, under Part 58-Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities, Subpart C, 58.22(a), specifies that neither a recipient nor any participant in a HUD CDBG funded project may commit HUD assistance on an activity or project until HUD or the state has approved the recipient’s Request for Release of Funds (RROF) and related certification from the responsible entity (recipient). In addition, until the RROF and related certification have been approved, neither a recipient nor any participant may commit non-HUD CDBG funds on or undertake an activity or project if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Under 58.22(b), if a project or activity is exempt or categorically excluded, no RROF is required and the recipient may undertake the activity immediately after the responsible entity has documented its determination activity but must comply with applicable requirements. Before committing any HUD and non-HUD funds to a project or activity, the recipient should consult with the department’s Regional Coordinator.

HUD Handbook 1378 provides HUD policy guidance on acquisition and relocation under the federal Uniform Relocation Assistance and Real Property Acquisition Act (URA) and other HUD requirements. Chapter 1-4-I-2, identifies the date of submission of an application as an event that establishes a rebuttable presumption that a project begins and triggers the Initiation of Negotiations requirement of URA and the need for issuance of the Notice of Eligibility for Relocation Assistance or Notice of Nondisplacement. Before initiating any real property acquisition activity, an applicant should consult with the department’s Regional Coordinator.

#### **Step 4—Application Threshold Review**

One signed original and two complete copies (3-total) of the application must be received by the department no later than 5:00 pm on the application deadline. The application must be signed by the applicant’s highest elected official. **Applications transmitted electronically or by fax will not be accepted.**

Once an application is received, OBDD-IFA staff will date stamp the application and route the copies for review. IFA staff consisting of the respective Regional Coordinator, a CDBG Program and Policy Coordinator and possibly a Public Finance Officer (if applicable for the project type being reviewed) will review the application to determine if the application contains all the required information, and that the proposed project meets the CDBG threshold requirements.

This review shall be conducted within fifteen (15) calendar days from the application deadline. If the application is found to be:

- **Complete**—If the application is determined to be complete the RC will mail the applicant a “complete application letter” and forward the application to the Program and Policy Coordinators for processing.
- **Incomplete**—If the application is determined to be incomplete, the RC will provide written notification to the applicant that they have 15 calendar days to submit any necessary information to make the application complete. Once the applicant submits the additional information to OBDD-IFA, the RC has 5 calendar days to complete the threshold review. If the application is found to be:

- **Complete**—If the application is determined to be complete the RC will mail the applicant a “complete application letter” and forward the application to the Program and Policy Coordinators for processing.
- **Incomplete**—The application will be deemed incomplete and **returned** to the applicant for re-submittal during the next quarterly application cycle. The RC will mail the applicant a letter with the returned application that identifies the incomplete status. The RC will provide project development assistance to the applicant with completing the missing parts/information so the application can be resubmitted in the next quarterly application cycle.

### **Step 5—Project Scoring (if necessary)**

Should the potential awards by category, if funded, cause a category’s annual funding target to be exceeded in a given quarter’s application round, a scoring procedure will be performed to create a project funding priority for each category. If scoring is necessary to determine which projects will receive a funding recommendation, the scoring elements included at the end of this chapter shall be used. The CDBG Program and Policy Coordinators will complete any necessary project scoring, once the application has undergone Threshold Review in Step 4.

### **Step 6—Senior Management, Association of Oregon Counties (AOC) and League of Oregon Cities (LOC) Review**

Funding recommendations prepared by the CDBG Program and Policy Coordinators (PPCs) will be forwarded to the Program Services Manager and IFA Director for review. Once the recommendations are finalized the CDBG PPCs will forward the recommendations to representatives of the League of Oregon Cities (LOC) and Association of Oregon Counties (AOC) for concurrence.

- A summary of the approved funding awards will be presented to the IFA Board for their information. The IFA Board has delegated their decision-making authority to the IFA Director, AOC and LOC representatives, and senior management review process described in this step.
- All funding decisions made through the Board delegated process are final. The department reserves the right to not fund any application that it deems not eligible, properly developed, not ready to proceed or supported by the available program resources.
- OBDD-IFA may award a CDBG grant amount that is different from the amount requested by the applicant. Applicants are not penalized for requesting the maximum grant amount but the department reserves the right to award a grant amount it deems appropriate to complete the project.

## Step 7—Notice of Decision

The department will notify applicants in writing of their funding status approximately 60 days after the deadline for applications. The award letter for each project will be signed by the Regional Coordinator.

SUMMARY OF CDBG APPLICATION PROCESS			
Step #	Step - Title	Timeline	Lead
Step 1	Initial IFA Contact/Pre-Project Development	No defined timeline	Applicant and RC in consultation with IFA staff
Step 2	Project Notification and Intake Form	No defined timeline	RC and applicant
Step 3	Invitation to Apply for CDBG Funding	No defined timeline	RC - Sends invitation to apply and application forms to applicant  Applicant - Completes the application forms and submits to OBDD-IFA by application deadline
Step 4	Application Threshold Review	15 calendar days	RC lead with CDBG PPC and Finance Officer
	Incomplete applications – applicant provision of additional information	15 calendar days	Applicant
	Second threshold review to review applicants revised submission	5 calendar days	RC
Step 5	Project Scoring – (if required)	No defined timeline	PPC
Step 6	Funding Recommendations Developed and Approved	18-35 days, depending if project scoring in Step 5 is required	PPC, IFA Director, PSM, AOC and LOC
STEP 7	Notice of Decision	Awards announced within 60 days after application is received in Step 4 above.	RC

## PROJECT SCORING CRITERIA

	Max Points
1. Need for project—Impact of problem	100 points
2. Readiness to Proceed	50 points
3. Persons to be served by the facility	50 points
4. Points for no recent CDBG awards	10 points
5. Grant Administration Capacity	50 points
6. Applicant Capacity	20 points
7. Sub-Grantee Capacity (Housing Rehabilitation only)	20 points
<b>TOTAL</b>	<b>280 pts non-housing</b> <b>300 pts housing rehab</b>

**Note:** Applications from one category will not compete with applications from another category. For example: Public works applications will only compete against other public works applications not against housing rehabilitation applications.

**Part One: Need for project—100 points**

Point scores will be determined in part by the severity of the identified problem compared to those of other applications received within that funding category.

***For example:***

Community Facility: An application for assistance and/or shelter needed for victims of life threatening situations such as domestic violence and homelessness will score higher than applications submitted which serve the community as a whole or specific groups such as community centers or senior centers.

Public Utility: An application submitted to bring a water or wastewater system into compliance with the Safe Drinking Water Act or Clean Water Act will score higher than an application submitted for a water or wastewater system without non-compliance issues.

**Table G—Need for Project-Impact on Problem**

<b>PUBLIC/COMMUNITY FACILITIES</b>		
<b>Project Category</b>	<b>Project Type</b>	<b>Maximum Possible Points</b>
Projects that reduce homelessness and hunger or pertain to life threatening situations	Homeless Shelters, Transitional Housing, Food Banks, Shelters for victims of domestic violence	100 points
Essential community services	Shelters/workshops for people with disabilities, Health Clinics, Mental Health treatment centers, Drug and Alcohol treatment facilities, Fire Stations, Senior Centers, Head Start facilities	80 points
Other community projects	Libraries, Community Centers, Family Resource Centers	25 points
Combination Facilities	A combination facility will not be considered two separate projects and the applicant will only be eligible for the maximum grant associated with the highest use of the facility. Applications will be rated and ranked based upon the highest use of the facility. Use is defined as "clients served". If the number of clients served by each type of facility included in the combination facility are equal, the highest use will be determined by the facility type that most closely meets HUD's priority of ending chronic homelessness and hunger.	
<b>PUBLIC WORKS</b>		
<b>Project Category</b>	<b>Project Type</b>	<b>Maximum Possible Points</b>
Water and Wastewater	Projects necessary to bring the system <b>into compliance</b> with the Safe Drinking Water Act or Clean Water Act requirements and to provide safe, healthy drinking water and wastewater services to the entire community.	100 points
Water System	Water system planning, design and construction projects necessary to eliminate water rationing. The applicant must demonstrate past (within last 2 years) and/or consistent water rationing events due to insufficient drinking water quality or supply.	90 points
Water and Wastewater	Projects necessary for the provision of safe, healthy, reliable drinking water and proper sanitary wastewater service to the entire community.	75 points
Off-Site Infrastructure for New Affordable Housing	Publicly owned infrastructure projects necessary for the provision of permanent housing.	50 points

Microenterprise Assistance Public Services		
Project Category	Project Type	Maximum Possible Points
Microenterprise Assistance	3 communities participating in microenterprise assistance project.	100 points
Microenterprise Assistance	2 communities participating in microenterprise assistance project.	75 points
Microenterprise Assistance	1 community participating in microenterprise assistance project.	50 points
Housing Rehabilitation		
Project Category	Project Type	Maximum Possible Points
Housing Rehabilitation	<b>Priority #1</b> - Eligible health and safety activities including lead, septic tanks and private sewer lines and drainfields, private water lines and wells and asbestos tests, inspections and assessments.  Improvements necessary to fulfill reasonable accommodation requests.	100 points
Housing Rehabilitation	<b>Priority #2</b> – Construction, rehabilitation, reconstruction, or the installation of improvements to upgrade substandard electrical, plumbing, roofing, siding, insulation, weatherization, heating systems; hot water heaters and dry rot repairs.	75 points
Housing Rehabilitation	<b>Priority #3</b> – Purchase and installation of equipment that is an integral structural fixture. (Items not normally removed from the home, light fixtures and built-in appliances.)	50 points
Housing Rehabilitation Bonus Points	Applicants for housing rehabilitation grants to construct private water or wastewater service laterals, in conjunction with a public works water or wastewater grant will receive bonus points.	25 points

## Part 2: Readiness to Proceed—50 Points

To document readiness to proceed:

- Other funds needed to complete the project are available and committed to the proposed project, at time of application for CDBG funds. Applications must contain letters of commitment/conditional commitment from all matching resources to be used for the proposed project, bank statements, loan agreements, bond authorizations, etc. There must be clear and convincing evidence that the match is secured and readily available for project expenses; or
- If any necessary funds are not committed, the CDBG Program and Policy Coordinators will conduct a thorough analysis of any conditional commitments(s) and the IFA Director may grant an exception to this requirement to accommodate funding from federal, state or philanthropic funding sources such as: USDA Rural Utilities Services; the Oregon Department of Environmental Quality, foundations; or funding to be received from other programs offered by the department such as the Water/Wastewater Financing Program or the Safe Drinking Water Revolving Loan Fund program. This exception must be requested and approved by OBDD prior to application submission.

**(Note:** The expected date of funding determination is not considered a “commitment” as there is no guarantee that a project will be funded.) If all of the funds are not committed, and the funds are anticipated to come from a private funding source, the applicant must provide a back-up financing plan.

- The project will commence within four (4) months following the date of grant contract execution; and
  - The proposed project will be administratively closed within two years of execution of a contract between the recipient and the state or administratively closed within 36 months for combined final design and construction public water/sewer or public/community facilities grants. A project timeline must be submitted with the application.
  - All land use approvals needed for the project have been secured.
  - A microenterprise assistance public service project must be administratively closed within 12 months of execution of a contract between the recipient and the state. A project timeline must be submitted with the application.
  - **Housing rehabilitation** applicants must also provide a written certification that all the initial loans/grants will be made within 24 months after execution of the grant contract with OBDD.

Readiness to Proceed	Maximum Possible Points
Funds needed to complete the project are available and committed. Applicant has clearly documented that the project <b>will commence within four (4) months from grant contract execution</b> .	50 points
Necessary funds are not committed but applicant has received an exception from OBDD. Applicant has clearly documented that the project <b>will commence within four (4) months from grant contract execution</b> .	25 points

### **Part 3: Persons to be served by the facility/project—50 points**

Points will be assigned for the number of unduplicated individuals the proposed facility can reasonably be expected to serve during the first year after project completion. Projects that are available to all the residents of a particular area (area wide benefit projects) will be ranked separately from projects that serve a limited clientele.

**Existing Limited Clientele Facilities**—Projects that involve expansion or improvement of an existing facility will provide actual use records for a period of no less than 12 months. A justified number of new users may then be added to the actual number of users based on additional services or capacity resulting from the project. The numbers cannot include family members of individual clients or counts of repeated visits or use by the same person.

**New Facilities**—For projects that will create a new facility, the estimate must be based upon available and verifiable data that documents the need for, and capacity of, the facility, such as the number of persons on waiting lists for existing services or referrals of potential clients to facilities in other locations. The numbers cannot include family members of individual clients or counts of repeated visits or use by the same person.

**Senior Centers**—The measurement of use will be the number of meals served per week to unduplicated individuals. In other words, the applicant must provide information that shows how many persons per week will eat at least one meal at the facility. Individuals receiving home-delivered meals prepared at the facility also may be counted (once each).

All Projects	
# of Beneficiaries	Max Points
1,500 or more	25
1,499 – 1,000	20
999 – 500	15
499 – 250	10
249 – 100	5
99-1	2

Non Housing Rehab Projects	
% LMI of Target Population	Max Points
100%-90%	25
89%-80%	20
79%-70%	15
69%-60%	10
59%- 51%	5
Project does not meet the low and moderate income national objective	0

**Housing Rehabilitation**—Housing rehabilitation projects will be scored by the total number of proposed owner occupied housing rehabilitation units to be rehabilitated as follows:

Housing Rehabilitation Projects	
# Units	Maximum Points
40 or more	25
30 – 39	20
20 – 29	15
10 – 19	10
0-9	5

#### Part 4: Points for no recent OBDD CDBG awards—10 points

Ten points will be received by any applicant that has not had a grant from the CDBG program since 2009 or earlier.

Recent CDBG Awards	Maximum Points
No awards from OBDD since 2009 or earlier	10 points
No awards from OBDD since 2010 or earlier	7 points
No awards from OBDD since 2011 or earlier	4 points
Applicant has received awards from OBDD in 2012	0 points

#### Part 5: Grant Administration Capacity—50 points

A maximum of 50 points is available to applicants with a grant administration plan and history that demonstrates that the grant award and project will be managed effectively. The review will include:

- Applicant is currently administering other CDBG grant(s) within the allotted time frames.

- Applicant has demonstrated successful completion and closeout procedures with prior CDBG projects.
- Applicant has experienced staff in grant administration or will secure a grant administrator with successful grant administration experience of CDBG projects.

### **Part 6: Applicant Capacity—20 points**

Each applicant must provide a list of **all** OPEN Community Development Block Grant awards received from the Oregon Business Development Department and/or Oregon Housing and Community Services. This includes all projects that are currently exempt from the three open grant rule, or were previously exempt from the three open grant rule, such as: microenterprise assistance, disaster recovery, regional housing rehabilitation, housing resource centers and community capacity/technical assistance grants. The list must include: award date, award amount and project number.

#### **Applicant Capacity**

Total Number of open grants	Maximum Points
8 or more	0
6-7	5
4-5	10
2-3	15
0-1	20

### **Part 7: Sub-Grantee (non-profit) Capacity—20 points-Housing Rehabilitation Only**

In addition to applicant capacity, each housing rehabilitation applicant must provide a list of all the open CDBG funded housing rehabilitation CDBG grants within the non-profit's region where the non-profit is the sub-grantee responsible for carrying out the grant activities. This list MUST include the following for each open grant: the name of the grant recipient, the project number and the total award amount.

#### **Sub-Grantee Capacity**

Total Number of open grants	Maximum Points
5 or more	0
2-3	6
1	13
0	20

**Chapter 8 Table 8-1—Requirement/Summary Table Maximum Grant/Project Completion/Financial Review/ Allowed National Objective**

Grant Category	Project Type	Available Funds for 2013 (Estimated)	Maximum Grant	Project Completion Period (From date of execution of contract with the State)	Financial Review Required	Applications Accepted	Allowed National Objective
Microenterprise Assistance	N/A	\$362,213	\$100,000	12 months	No	QAP	LMI – Limited Clientele
Public Works	Water/Wastewater preliminary engineering/planning – Phase 1	\$5,916,157	Total all three phases over a five-year period cannot exceed \$2,000,000. There is a cap on the preliminary/engineering planning grant of \$150,000.	24 months	No	QAP	LMI – Area Wide
	Water/Wastewater final design – Phase 2			24 months	Yes	QAP	LMI – Area Wide
	Water/Wastewater construction - Phase 3			24 months	Yes	QAP	LMI – Area Wide
	Water/Wastewater (Combined design & construction award)			36 months	Yes	QAP	LMI – Area Wide
	Off-Site Infrastructure for New Affordable Housing		\$225,000	24 months	Yes	QAP	LMI-Area and Direct
Public/Community Facilities	Combined design & construction award	\$3,139,187	\$1,500,000	36 months	Yes	QAP	LMI - Area wide LMI - Limited Clientele
Housing Rehabilitation	Regional Rehabilitation Revolving Loan Funds	\$2,656,233	\$400,000	24 months (The original grant must be loaned/granted within 24 months or unused funds will be recaptured by the state.)	No	QAP	LMI - Housing – direct benefit
	Emergency Home Repair Grant Program						
Community Capacity/Technical Assistance	Community Technical Assistance	\$120,039	No Limit	12 months	No	Year round	Dependent upon project type.
Emergency Grants	N/A	Up to 5% of the States annual allocation	\$500,000	24 months	Yes	Year round – Must be received within 12 months of the event that created the emergency	Urgent Need

## Chapter 9 Microenterprise Assistance (Public Services)

Oregon Community Development Block Grant funds are used by non-entitlement cities and counties to implement the Microenterprise Assistance Services Program to provide recruitment, screening and classroom training to microenterprise owners and persons developing microenterprises. This program enables low- and moderate-income owners of microenterprises and persons developing microenterprises access to information and resources for their individual circumstances.

The non-entitlement city or county grant recipient will secure the services of a statewide or local microenterprise support organization to provide microenterprise assistance within the grant recipient's jurisdiction by either subgranting the funds to a nonprofit or by procuring a for-profit entity.

### Maximum Grant

The maximum grant in this category is \$100,000.

### Definition

Microenterprise means a commercial enterprise that has five (5) or fewer FTE, including one (1) or more who owns the enterprise.

### Work Plan

Each application must contain a work plan that provides for a minimum performance measure of assisting at least one (1) microenterprise for every \$2,500 awarded to the applicant. If at project completion, this performance measure is not attained, the department will recapture a sufficient amount of the grant awarded in order for the project to meet the minimum performance measure.

### National Objective

Public services for microenterprise assistance must meet the federal national objective of benefiting low- to moderate-income persons based on family size and income, 24 CFR 570.483(b)(2)(ii)(B). National objective compliance is based on the actual number of persons served by the microenterprise assistance provider. Each grant must serve at least 51 percent or more low- to moderate-income persons who are owners of, or are developing, a qualifying microenterprise consisting 5 or fewer employees including one or more persons who own the microenterprise. Refer to Chapter 3 for details.

### Statewide Microenterprise Support Organization

A statewide microenterprise support organization is a community development corporation, a nonprofit development organization, a nonprofit social services organization or another nonprofit entity that serves as an intermediary between the department and local microenterprise support organizations.

### Local Microenterprise Support Organization

A local microenterprise support organization is a community development corporation, a nonprofit development organization, a nonprofit social services organization or another locally operated nonprofit entity or a for profit entity that provides services to disadvantaged entrepreneurs.

## Area of Use

The services provided by the microenterprise grant are restricted in use within the grant recipient's jurisdiction or with the jurisdictions participating in the regional microenterprise assistance project. The residential address for each potential microenterprise owner or person developing a microenterprise must be used for this determination and documented in the recipient's file(s).

## Eligible Projects

- Provide general classroom training in business strategy, planning a business, marketing plans, business plans, needs assessments, financial education and access to markets to owners of microenterprises and persons developing microenterprises.

## Eligible Activities

The permitted activities of providing general classroom training and support to microenterprises, as allowed under Section 105(a)(8) of the HCDA, includes:

- Limited one-on-one assistance directly associated with the initial recruitment and screening to evaluate entrepreneurial readiness and to determine degree of business feasibility or if a student has questions for the instructor immediately following the general classroom training session.
- The **direct** costs associated with the provision of general classroom training to microenterprise (5 or fewer employees, including one or more who own the microenterprise) of which 51% must be documented to be low and moderate income, as allowed under Section 105(a) of the HCDA.
- Limited English Proficiency Translation Services—Refer to Chapter 5 for details.

## General Classroom Training

- **Business Strategy Training**—Core trainings and assistance focused on developing and refining business feasibility and the creation of a business plan (strategy) that will guide the business venture. Develop demand based trainings and technical assistance including group trainings, based upon participant needs.
- **Planning a Business Training**—Developing a marketing plan, understanding financial statements and customer service.
- **Specific Training**—Developing a business plan, access to capital, access to markets and financing. Technical assistance shall also help micro-entrepreneurs develop specific information needed to implement their business plan and better understand their business, including the following:
  - Needs Assessment—Provide training that includes Financial Fitness, Introduction to Entrepreneurship, Internet marketing and specific training in their specific industry.
  - Provide business and financial education classes to groups of low-/mod-income rural high school students.
  - Provide business and financial education classes to adults.

- **Market Research Training**—Conduct market research to determine target markets and identify ways to penetrate each market, to assist microentrepreneurs in shaping their unique “message” and determine most effective means to deliver their message.

### **Ineligible Costs**

- Indirect costs. Refer to Chapter 5 for details.
- Assistance to small businesses that do not meet the definition of a microenterprise on page 9-1.
- Assistance to microenterprises that are relocating or who have relocated. To maintain compliance with the federal anti-pirating rule, the state’s CDBG program will not allow or assist with any business/microenterprise relocation.
- Assistance to microenterprise owners or persons developing a microenterprise that reside within an Entitlement area.
- Direct one-on-one assistance/mentoring in excess of the initial recruitment and screening, or if a student has questions for the instructor immediately following the general classroom training session.
- Pre-award costs. Refer to Chapter 5 for details.
- Unauthorized pre-agreement costs. Refer to Chapter 5 for details.
- The use of CDBG funds to replace any already budgeted federal, state, local or community college funds. Refer to Chapter 5 for details.
- The use of CDBG funds to pay for already budgeted full-time staff of the Small Business Development Centers or community colleges. Refer to Chapter 5 for details.
- The cost of food, beverages, snacks or related equipment and eating utensils.
- Grant administration and/or program management costs. Refer to Chapter 5 for details.

### **Entitlement Area Review**

State Community Development Block Grant resources cannot be used to benefit entitlement counties and cities. If the service area of the Microenterprise Assistance Support Organization contains an entitlement area, screening policies and procedures along with documentation of percent of the entitlement versus non-entitlement residents/beneficiaries that will be served is required. The 2013 CDBG Method of Distribution lists the entitlement areas in Chapter 2.

### **Matching Funds Requirement**

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project must be available and committed at the time the application is received by the department. Funds necessary to complete the project must be in the form of cash. No in-kind services or costs are allowed as match.

### **Financial Review**

Microenterprise assistance project applications are not subject to financial review.

## Outcome and Performance Measures

Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

Objective	Outcome	Indicators	Performance Measures	State Measurement
Creating Economic Opportunities	Sustainability/ Promoting Livable or Viable Communities	Number of persons assisted: • With new access to a service. • With improved access to a service. • Where the project is used to meet a quality standard or measurably improve quality, report the number of households that no longer only have access to a substandard facility or infrastructure (as defined by the local community).	Amount of money leveraged from other federal, state, local and private resources.	The amount of money leveraged from all other funding sources.
			Number of persons assisted.	Number of persons having access to more microenterprise assistance services including the percentage of low and moderate income persons which benefit.
			Number of communities assisted.	Number of persons benefiting from new microenterprise services including the percentage of low and moderate income persons which benefit.

### Minimum Information Needed with application:

- A draft sub-grantee agreement between the city/county grant recipient and the microenterprise service provider.
- A copy of the written agreement between all participating communities, signed by all parties involved.
- A clear and concise description of the items to be paid for in whole or in part with CDBG funds, and the amount of CDBG funds budgeted for each activity.
- The written procedures identifying how the low- and moderate-income national objective will be complied with, monitored and maintained throughout the project, which must include procedures for identifying how each potential microenterprise owner or person developing a microenterprise will be screened for:
  - a. Meeting the definition of a microenterprise contained on page 9-1
  - b. Residing within the defined service area
  - c. Are not residing with an Entitlement area
  - d. Are not relocating or have not relocated their microenterprise
- A draft of the family size and income forms that include the data collection necessary to meet the requirements of a-d listed above.

## Chapter 10 Public Works

The OBDD-IFA will finance or help finance, publicly owned, public works projects using Community Development Block Grants (CDBG) and other sources of funds. Publicly owned water and wastewater system improvement projects are necessary for the health and economic well being of every community. Federal laws, the Clean Water and Safe Drinking Water Acts in particular, require municipalities to make extensive improvements to existing systems to comply with the national standards. The funding sources and grant amounts for each project will depend on the type of facility and other circumstances of the project.

The CDBG program will only fund the planning, design and or construction of comprehensive system wide improvements addressing a 20 year time frame. All design and construction projects must be in accordance with a regulatory agency approved water master plan or wastewater facilities plan.

**Type 1—Public Water and Sewer Systems**—necessary for the health and economic well being of every community. Maximum grant amount \$2,000,000.

**Type 2—Publicly Owned Off-Site Infrastructure**—necessary for the construction of affordable, permanent, new, multi-family rental housing or “single family home ownership” homes to be primarily occupied by low- and moderate-income persons. Maximum grant amount \$225,000.

### OBDD-IFA Water Meter and User Rate Policy

OBBD-IFA encourages water utilities to conserve water. It is our policy to require the installation of water meters within the project area as part of an infrastructure improvement project funded by our agency. Once the project is completed, the utility must routinely read the meters installed with the project and bill those customers, in part, according to their water consumption. IFA encourages the water utility to adopt an ascending rate water fee structure.

### Matching Funds Requirement

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

### Financial Review

All applications for public works projects, except water and wastewater preliminary engineering/planning; asset management plans; and water management and conservation planning grants will undergo a financial review. The grant, if awarded must be the minimum necessary, in combination with other resources, to ensure the completion of the project. Any project determined by the department to not be financially feasible will not be funded.

- **If an applicant (city or county) is the owner and operator** of the facility, the applicant's financial records will be analyzed for ability to service debt.
- **If an applicant (city or county) is applying on behalf of a nonprofit or other public entity (water or wastewater district)** and the nonprofit or other public

entity will be the owner and operator of the facility and the applicant has no responsibility for providing said service, then the nonprofit's or other public entity's financial records will be analyzed for the ability to service debt, if any is a part of the project.

- The financial review must determine that the operating entity of the proposed facility, whether it be a non-profit, other government entity or the city/county applicant has adequate and consistent annual revenue projections to cover the annual operation and maintenance expenses associated with the facility, throughout the five year continued use period.
- **If, during staff review of the application, direct and clear evidence is obtained by the department that the grant funds are not needed and that the project can or will be carried out by the applicant whether or not the grant is awarded, the application will not be processed.**
- All financial information in the application must be prepared for the proposed activity, unless another funding source (e.g., USDA Rural Utilities Service) has already reviewed similar financial information and made a funding commitment based upon their review. In such cases, the financial feasibility analysis of the other funding source shall be submitted with the application in lieu of the requested documentation.

**Type 1, Water and wastewater final design**—In addition to the financial review described above, ALL, Type 1 water and sewer applications for final design and construction will undergo a financial review to ensure that the monthly user rate at construction completion of the proposed project meets the threshold rate criteria.

**Threshold Rate Criteria**—The projected annual utility rate for the respective system (water or wastewater), with the requested CDBG assistance, at construction completion of the proposed project must be at or exceed the current percentage (1.25%) of the current Median Household Income (MHI) as defined by the most recent American Community Survey 5 year estimate. The user rate must provide adequate operations, maintenance and debt service. If the proposed project annual utility rate meets this figure, the project will be eligible for funding.

The annual (water/sewer) rate is 12 times the monthly fee that the system would need to charge its residential service connections, on average per connection for usage up to 7,500 gallons of water consumption and similar wastewater disposal per month, as calculated by the applicant and verified by the department after taking into account the projected operations, maintenance, debt repayment and capital outlay for 10 years or less assets, and all other reasonable system expenses, including the funded project.

As applicable, this annual user rate will incorporate fee-equivalents derived from other local funding sources that are or will be used to pay specifically for the system/facility that is being upgraded/constructed with this project. This could include special levies on taxable property within the system's service area being used to pay for the system. The figure does not include system development charges.

The median household income is based on the most recent American Community Survey (ACS) 5 year estimate corresponding for the city or a more appropriate census statistical unit (e.g., census tract) that contains and is representative of the system's residential users, as approved by the department. The recipient should consult with the department if the ACS figure significantly overstates the relative level of current household income in the local area. In such cases, a special survey that either exists already or is newly commissioned, consistent with the department's usual procedures may be used to establish a comparable, up-to-date median household income figure, which is then not inflated by the department's customary practice.

**Note:** If the user rate actually needed, and projected by the project proponent, to adequately cover operation, maintenance and replacement (OM&R) at construction completion is higher than the department's threshold rate, the higher rate shall apply to the project and will be required within any grant contract issued for this project.

### **Type 1—Public Water and Sewer Systems**

The OBDD-IFA is committed to helping Oregon communities make the necessary improvements to their water and sewer systems by providing state and federal funds according to financial need.

#### **Land Use Information**

Construction of new water and sewer facilities in areas outside urban growth boundaries is subject to the State Planning Goal 11: Public Facilities and Services, as amended on July 16, 1998, and the Department of Land Conservation and Development requirements in the Oregon Administrative Rules Chapter 660, Division 11 (Public Facilities Planning), Chapter 660, Division 4 (Interpretation of Goal 2 Exception Process) and Chapter 660, Division 22 (Unincorporated Communities). Projects outside urban growth boundaries must access funding through a city or county and must include verification from the appropriate county that the proposed activities are allowed under current state law.

#### **Maximum Grant**

Grants can be made for each of the three phases (preliminary engineering/planning, final design and construction) of an applicant's single water system or sewer system project. The maximum grant available for a single water or sewer system project is \$2,000,000. The \$2,000,000 per project limitation covers all aspects of the single project for a period of five years.

#### **\$20,000 Maximum Grant Amount Per Residential Connection**

The maximum grant per project also is subject to an additional limit of not more than \$20,000 per permanent residential connection to be served by the water or sewer improvement project. This means that at construction completion there must be a minimum of 100 residential connections served by the water or sewer system project in order for the applicant to be considered for the maximum grant of \$2,000,000. Water or sewer systems currently serving, or at construction completion will be serving less than 100 residential connections may only be awarded a maximum of \$20,000 per available residential connection, subject to the other program requirements.

#### **Maximum Award During a Five-Year Period**

The \$2,000,000 per project limitation covers all components of a major capital improvement project for a period of five years. The five-year period is commensurate with a current regulatory

agency approved/accepted water system master plan or wastewater facilities plan. A city or county may not separate a project into phases, such as collection system improvements in one phase and treatment system improvements in another, in order to apply for more than \$2,000,000 in grant funds within a five-year period. The department's financing goal is to award the minimum amount of grant funds necessary to complete the project activity successfully.

For example: Greentree applied for a \$2,000,000 design/build grant for their Phase II water system improvements on March 31, 2011. Greentree is not eligible for an additional \$2,000,000 grant because they have already received \$1,850,000 in prior grants for their water system improvements (Phase I) over the last five years. They would not be eligible for another \$2,000,000 for their water system improvements until 2013. However, after March 31, 2011, they could apply for \$150,000 from the program for their water system. This would assume they have a project meeting the eligibility requirements for the preparation of a water system master plan or design of the Phase II improvements.

### Example Schedule of Events

2006	2007	2008	2009	2010	2011	2012	2013
<b>Phase I Distribution</b>							
<b>Planning</b>	<b>Design</b>	<b>Construction</b>			<b>Phase II Treatment</b>		
Awarded 3-31-06 <b>\$150,000</b>	Awarded 6-28-2007 <b>\$200,000</b>	Awarded 8-8-2008 <b>\$1,650,000</b>			Application received 3-31-2011 \$2,000,000 <b>NOT ELIGIBLE</b> (But, they are eligible for \$150,000)		Eligible for another \$2,000,000 (or \$1,850,000 if they received \$150,000 in 2011)

### Maximum Grant Exception for Water and Wastewater Projects

It is the department's sole discretion to exceed the maximum grant amount if the projected monthly user rate at construction completion will exceed 150 percent of the CDBG threshold rate. In making these determinations the department will consider: CDBG fund availability; the status of committed matching funds; whether increased grant funding will buy down the monthly user rate; and any other information the department considers relevant. This review will be conducted by the CDBG Program and Policy Coordinators during the CDBG quarterly competitive application process. Under no circumstances shall any increased grant award from the department exceed \$3,500,000 per project.

### National Objective

All projects must meet a national objective of the Community Development Block Grant Program regardless if CDBG funds will or will not be used in the future phases of the same project. The low- and moderate-income area benefit national objective is the only one that is available to applicants for public water and sewer system improvements.

### Capacity

Federal Community Development Block Grant rules limit program assistance to activities that are necessary to benefit current residents in a primarily residential area. This means that if the main reason for doing the project is to provide capacity for population and economic growth, other funding sources must be sought. Community Development Block Grant funds are intended to solve problems faced by current residents, such as poor drinking water quality or inadequate sewage treatment. Community Development Block Grant funds may be used for projects needed to benefit

current residents (e.g., water treatment improvements to comply with Safe Drinking Water Act requirements) but which will be built with capacity for future development. In these cases, the Community Development Block Grant participation will be limited to that portion of the project cost that is necessary to serve the current population.

Applicants for final design and construction grants must complete and submit the following tables to the department for a capacity review determination. It is recommended that the capacity review determination be made during project development and no later than application processing.

Population projections must be consistent with the local County Planning Department's allocated population projections that have been approved by the Department of Land Conservation and Development for the service area within the defined boundary of the project.

USE	Current		Future	
	EDU's	Flow	EDU's	Flow
Residential Permanent				
Commercial & Business				
Industrial				
Other				
Total				
Percent Residential	%	%	%	%

EDU—Equivalent Dwelling Unit (EDU)

These numbers can be found in the water system master plan or wastewater facilities plan.

**Capacity Building**—Total Current (EDU's x 2) Is it more than the Total Future EDU's?

Yes      No

**Capacity Building**—Total Current (Flow x 2) Is it more than the Total Future Flow?

Yes      No

**Percent Residential**—(Residential/Total) x 100% Is the residential component more than 51%?

Yes      No

	Population at date of income qualification (2000 census or other approved survey)	Current Population Estimate	Future Population Estimate
Total Persons			

After completing the tables above the project will be eligible for funding if it meets the following four criteria:

- The project must serve an area that is comprised of more than 51 percent permanent residents (both currently and in the future);
- The permanent residents must be comprised of more than 51 percent low- and moderate-income persons;

- The facility must serve primarily permanent residential needs as determined by flow (both currently and in the future); and
- The facility is not needed primarily for capacity building purposes (over 100 percent growth as determined by population or flow over the 20 year planning period).

### **Eligible projects include**

- Projects necessary to bring municipal water and sewer systems into compliance with the requirements of the Safe Drinking Water Act or the Clean Water Act administered by the Oregon Department of Human Services-Drinking Water Section and the Oregon Department of Environmental Quality;
- Projects where the municipal system has not been issued a notice of non-compliance from the Oregon Health Services, Safe Drinking Water Program or the Department of Environmental Quality, but the department determines that a project is eligible for assistance upon finding that; a recent letter, within the previous twelve months, from the appropriate regulatory authority (DHS-DWP, DEQ) or their contracted agent, indicating a high probability that within two years the system will be notified of non-compliance, and department staff deems it reasonable and prudent that program funding will assist in bringing the water or sewer system into compliance with current regulations or requirements proposed to take effect within the next two years.
- Water system planning, design and construction projects necessary to eliminate water rationing. The applicant must demonstrate past (within last 2 years) and/or consistent water rationing events due to insufficient drinking water quality or supply.
- Planning, design and construction projects necessary for the provision of dependable and efficient water storage, treatment and/or transmission to meet domestic drinking water needs;
- Planning, design and construction projects necessary for the provision of dependable and efficient wastewater collection, treatment and disposal/re-use, and
- The preparation of water management and conservation plans as required by the Oregon Water Resources Department through permitting processes. These may be combined with projects for the preparation of Water System Master plans required by Oregon Health Services, Safe Drinking Water Program.

### **Ineligible Projects**

- Projects primarily needed for capacity building purposes. (Explained in more detail on Page 11-4);
- Projects that are needed solely to drill/develop wells. However, projects where well drilling/development is only a component of a much larger project and not the primary purpose will be eligible for funding. For example, a project that consists of distribution, treatment and well drilling improvements all in one phase would be eligible for funding; and
- Projects primarily needed for fire suppression.

### **Eligible Activities**

- Wastewater treatment facilities including all facilities necessary for collecting, pumping, treating and disposing of sanitary sewage. Included is correction of infiltration and inflow (I&I) through replacement of lines or slip lining;

- Separation of storm drainage from sanitary sewers, if necessary to meet federal or state water quality statutes, rules, orders or permits;
- Domestic water systems including all facilities necessary for supply development, storage, filtration, treatment, transmission and metering;
- Equipment that is an integral and permanent part of a water or wastewater facility. Purchase or lease of other equipment, including vehicles is not eligible;
- The acquisition of real property, including permanent easements, necessary for the proposed water or wastewater project;
- Television inspection and internal grouting of wastewater collection lines if approved in advance by the department. Since this work also can be a method of maintaining the lines, case-by-case determinations must be made because operation and maintenance expenses are considered not eligible under federal regulations for the Community Development Block Grant program;
- Preliminary planning (wastewater facilities plans, asset management plans, water system master plans and water management and conservation plans) and preliminary and final engineering, surveying, architectural and other support activities necessary to the construction of a water or wastewater project;
- Administrative costs necessary to ensure that federal requirements for the grant project are met. Refer to Chapter 5 for more information; and
- Construction contingencies. Refer to Chapter 5 for more information.
- Refer to Chapter 5 for additional information on eligible and ineligible costs under the program.

## Coordinated Solutions

To the greatest extent possible, public works funds will be awarded to projects that will result in coordinated solutions to water quality management problems.

## Water Meter Requirement

Projects for water supply, storage and/or treatment facility improvements will be considered only if the service connections are metered, or the project will include installation of active meters. Projects including the installation of new water lines also must include installation of water meters at all active service connections to those lines. The water meter requirement provides the applicant or system-operating entity a useful tool for operating and maintaining the community water system. Meters are used for fair and accurate billing, water-use monitoring, conservation purposes and as a means of problem detection.

## Water Quality Limited Streams

Additional review will be done for applications involving sewage treatment facilities that discharge into “water quality limited” streams for which the Oregon Department of Environmental Quality (DEQ) has not yet established TMDLs (Total Maximum Daily Loads). Consultation with DEQ will take place to determine if the project can or should be designed and constructed without established TMDLs. The applicant will be kept informed as this review takes place. The consultation will consider the following:

- DEQ’s anticipated schedule for completion of the TMDL study for the affected stream;

- Specific water quality standards being violated in the affected stream and how this information may affect the nature and extent of work needed for the treatment system;
- If the project is designed and constructed prior to establishment of TMDLs, whether it is likely the community will face another design and construction project soon after completion of the grant-funded improvements; and
- If funding the design and construction of the proposed project prior to establishment of TMDLs for the affected stream is a wise investment of public funds.

### **Limitations on Engineering Costs**

Applicants may select their engineering consultant prior to award of grant funds if they carry out a competitive selection process in accordance with state statutes and obtain department approval of the scope of work and draft contract. However, Community Development Block Grant funds cannot be used to pay for engineering costs incurred prior to the grant award or prior to clearance of the environmental review requirements. Communities will have to use their own funds to cover all engineering costs associated with the project if these conditions are violated. Refer to Chapter 5 for more information.

### **Engineering Requirements**

**For Applications**—All applicants must provide the following documents prepared, stamped and signed by a registered professional engineer licensed to do work within the state of Oregon.

- **Preliminary Engineering and Planning Grants**—A scope of work reviewed and accepted by the appropriate regulatory agency and a detailed cost estimate of the project to be funded. The scopes of work must be prepared in accordance with either the “Guidelines for the Preparation of Planning Documents for Developing Community Water System Projects or the Guidelines for the Preparation of Facilities Plans and Environmental Reports for Community Wastewater Projects.”
- **Final Design Only**—A water system master plan or wastewater facilities plan reviewed and approved by the appropriate regulatory agency and a detailed cost estimate, and diagram that identifies the improvements of the project to be funded.
- **Construction Only**—Plans, specifications and bid and contract documents reviewed and approved by the appropriate regulatory agency and a detailed cost estimate of the project to be funded. **Note:** Construction only grant applicants must also submit a complete environmental review record prepared in accordance with Chapter 3 of the Grant Management Handbook. Publication of environmental notices should not take place before a funding decision is made on the application.
- **Final Design and Construction**—A water system master plan or wastewater facilities plan reviewed and approved by the appropriate regulatory agency and a detailed cost estimate and diagram that identifies the improvements of the project to be funded.

**For Funded Projects**—Preliminary engineering/planning documents, final design engineering documents and construction oversight in projects funded in full or in part with CDBG funds must be prepared, stamped and signed or conducted by a registered professional engineer licensed to do work within the State of Oregon.

**Note:** Using the preliminary engineering/planning grant category does not obligate the grant recipient to construct the project if it is determined to not be feasible. Using any one of three public works funding categories does not obligate the department to fund any other portion of the project.

Table N

<b>Oregon Community Development Block Grant Program</b> <b>Public Works Improvements Activities</b> <b>Eligibility, Project Activity Type, and Maximum Grant Awards</b>						
	<b>Preliminary Engineering and Planning</b>	<b>Final Engineering</b>	<b>Construction</b>			
<b>Grant Maximum</b>	\$150,000	The only limitation to the size of these grants is the limit of \$2,000,000 (including all Community Development Block Grant awards for preliminary engineering & planning, final engineering, and construction) within a five-year period. *				
<b>Project Activities to be Funded</b>	Water Management and Conservation plans. Asset Management Plans, Water Master plans and Wastewater facilities plans for municipal systems which include: <ul style="list-style-type: none"> <li>• Problem identification studies</li> <li>• Preliminary engineering report</li> <li>• Preliminary cost estimates</li> <li>• Identification of funding options</li> <li>• Preparation of a financing application to the department or other agencies for final engineering</li> <li>• Grant administration and audit</li> <li>• Rate Studies</li> <li>• Environmental Reports</li> <li>• Legal Fees</li> </ul>	<ul style="list-style-type: none"> <li>• Final engineering designs, bid specifications, and updated cost estimates</li> <li>• Project financial feasibility information</li> <li>• Environmental review of project (does not include publishing of notices for public comment)</li> <li>• Preparation of application for construction financing to department or other agencies for construction funding</li> <li>• Grant administration and audit</li> <li>• Rate Studies</li> <li>• Land Appraisals</li> <li>• Legal fees</li> <li>• LEP Translation Services</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> <li>• Construction engineering</li> <li>• Acquisition of property, including easements</li> <li>• Grant administration and audit</li> <li>• Legal fees</li> <li>• Cultural Monitoring</li> <li>• LEP Translation Services</li> <li>• Federal Labor Standards compliance</li> </ul>			
<b>Project Period</b>	All activities must be completed and the Project Completion Report submitted to the department, within this time from contract execution with the department:					
	24 months	24 months	24 months			
	36 months if these two phases are combined in one grant					
*Community Development Block Grants awarded prior to 2009 do not count against the \$2,000,000 limit.						
<b>Note:</b> Contracts with recipients combining final design and construction into one grant will have a contract condition prohibiting the department from releasing construction funds until the recipient provides evidence that all necessary construction funding, to complete the activity, has been secured and, if applicable, regulatory agency approvals have been received. These grants are not considered (design/build) grants.						

## Type 1—Preliminary Engineering and Planning Grants

**Note:** The grant contract will require that the completed planning/engineering document must contain a complete rate study for the system.

These grants will help communities pay for water system master plans, wastewater facilities plans, capital improvement plans, asset management plans and problem identification studies (e.g., sanitary surveys, value engineering, inflow and infiltration studies). Funding for the future project may come from other sources, but the future project must meet a national objective.

Funds may be requested for preliminary engineering and planning that will result in a comprehensive assessment of a community's entire water or sewer system and that can reasonably be expected to result in a construction project within two years of the grant award for preliminary engineering and planning. The maximum grant for preliminary engineering and planning is \$150,000 given that the community has not exceeded the \$2,000,000 per project limitation of Community Development Block Grant assistance for a community's overall project within a five-year period. Based upon the five year project limitation the community may not be eligible for the maximum grant of \$150,000.

The applicant must demonstrate that the specific future construction project will meet the Community Development Block Grant low- and moderate-income area-wide national objective.

This rule applies even if the applicant does not intend to use CDBG funds for future phases of the same project.

Examples of preliminary engineering and planning work include, but may not be limited to:

- The facilities plan for a wastewater system required by the Oregon Department of Environmental Quality prior to its funding of a capital construction project;
- The preliminary engineering report and other information required by USDA-Rural Development prior to issuance of a Letter of Conditions by that agency for a water or sewer system project;
- The master plan for municipal drinking water system required by Oregon Department of Human Services-Drinking Water Program;
- Water Management Plans or Conservation Plans required by the Oregon Water Resources Department;
- Planning projects necessary for the provision of dependable and efficient water and wastewater needs;
- Rate Studies;
- Environmental reports;
- Legal fees;
- Design and/or construction funding application preparation for the department or other funding agencies; and
- Asset Management Plans.

Preliminary engineering and planning grants for comprehensive system assessments must result in a plan with at least a 20-year time frame addressing the public facility (wastewater or water) needs of the jurisdiction and matching the costs of future improvements to anticipated revenues. Applicants must contact department staff about the contents that must be included in the specific scope of work in all circumstances. Applicants are required to develop scopes of work that follow the “Guidelines for the Preparation of Planning Documents for Developing Community Water System Projects and Guidelines for the Preparation of Facilities Plans and Environmental Reports for Community Wastewater Projects” available from department staff. Plans resulting from these grants must be coordinated with the local planning and budget processes. They must include a timetable for completing future improvements with a determination of project priorities, project timing, cost estimates and consideration of methods of financing.

For each project, the scope of work and final product description will be determined on a case-by-case basis by the recipient or its representative, the OBDD-IFA and the appropriate state or federal regulatory agency. All scopes of work must be reviewed by the appropriate regulatory agency, Oregon Department of Environmental Quality or the Oregon Department of Human Services-Drinking Water Program prior to beginning the planning. Evidence of this review and that the review comments were addressed within the scope of work must be submitted to the department with each application for funding.

The grant contract will require recipients of preliminary engineering and planning grants to obtain a review of draft reports and documents by the appropriate regulatory agencies. The regulatory agency(s) comments must be obtained before the recipient accepts a final product. If the preliminary engineering and planning grant is for a wastewater facilities plan or a water system master plan, the

draft must be accepted by the regulatory agency. The department will not make the final disbursement of grant funds for these projects until the above approvals/acceptance have been received from the appropriate regulatory agency.

Some of the preliminary engineering and planning grant may be used to pay for:

- The preparation of a funding application to the department or other state or federal agency for the next phase of the project. Refer to Chapter 5 for details; and
- Grant Administration/Audit. Refer to Chapter 5 for more information.

### Type 1—Final Engineering Grants

Grant funds are available to help the applicant obtain the products listed below that will be required elements of a construction application. The only limit to the size of these grants is the limit of no more than \$2,000,000 in Community Development Block Grant assistance for a community's overall project within a five-year period. A single grant may be awarded for both final engineering and construction. Eligible projects must be in accordance with a regulatory agency approved water system master plan or wastewater facilities plan. A copy of the planning document and the regulatory agency approval must be submitted with the application.

The most common eligible activities include but are not limited to:

- Project description, including an explanation of the basis for the size and/or capacity of the proposed facility;
- Pre-design reports, final engineering design and bid specifications. Refer to Chapter 5 for more information on the limits of engineering costs;
- Detailed cost estimates, including all items necessary to complete the project;
- Identification of all permits and approvals necessary to construct the project with a schedule showing a realistic review and approval process for each;
- Financial feasibility information, including information regarding the applicant's or utility system's financial situation. For projects where a financial review was prepared by another funding source (e.g., USDA Rural Development) a copy must be provided to the department for review with the application;
- Maps showing the general location of the project, tax lots or parcels in the project area and the specific location of the project, including, if applicable, line sizes, road widths, etc.;
- Environmental review of the proposed project that complies with the National Environmental Policy Act (NEPA), other applicable federal authorities and the implementing regulations of the U.S. Department of Housing and Urban Development. The review would not include issuance of a Finding of No Significant Impact or publishing of a Request for Release of Funds, since these are not appropriate until construction financing is obtained. For applicable situations, publishing flood plain notices as part of the “8 step” process must be done as part of the final engineering grant project. Refer to Chapter 5 for details;
- Grant Administration/Audit. Refer to Chapter 5 for more information;
- Construction funding application preparation to the department or other funding agencies. Refer to Chapter 5 for details;
- Rate studies;
- Legal fees;

- LEP Translation Services. Refer to Chapter 5 for details;
- Land appraisals; and
- Refer to Chapter 5 for additional information on eligible and ineligible costs under the program.

In addition to the above products, the applicant may use some of the final engineering grant to pay for preparation of a construction application or an application to another federal or state program for construction financing.

Final engineering projects may not include the use of grant funds to pay for the actual acquisition of property, whether sites or easements. Costs for activities leading up to acquisition, such as appraisals, are allowable. Grant recipients for final engineering only must have regulatory agency approval of final plans and specifications before the grant is administratively closed and before a Community Development Block Grant construction application is submitted.

**Note:** An applicant may apply for a final engineering grant without having been awarded a grant for preliminary engineering and planning. Applicants who already have completed the work involved in what these rules term a preliminary engineering and planning project may apply directly for a final engineering grant. The department may determine upon review of the application that an award for a preliminary engineering and planning grant is necessary to obtain information to justify a final engineering award.

## Type 1—Construction Grants

### Maximum Grant

\$2,000,000, minus any prior CDBG award for preliminary engineering and planning or final engineering grants that have been awarded to the applicant within the five-year period for the same project. This also is subject to the maximum overall limit calculated at \$20,000 of CDBG funds per residential connection within the water or sewer system. Grants will be awarded for the minimum amount considered necessary to provide the improvements needed to benefit current residents. A single grant may be awarded for both final engineering and construction. Eligible projects must be in accordance with regulatory agency approved final design documents and plans. A copy of the final design documents and plans and the regulatory agency approval must be submitted with the application.

### Eligible Activities

Community Development Block Grants for construction may be used to pay for:

- Preparation of the environmental review. Refer to Chapter 5 for details;
- Bid process;
- Construction of improvements;
- Engineering oversight and construction management. Refer to Chapter 5 for more information;
- Construction contingencies. Refer to Chapter 5 for more information;
- Federal Labor Standards Compliance. Conducting on-site employee interview/verifying certified payroll report data. Refer to Chapter 5 for details;

- Appraisal and acquisition of real property including permanent easements, preparation of as-built drawings, operation and maintenance manuals;
- Grant administration/audit. Refer to Chapter 5 for more information;
- Cultural Monitoring;
- LEP Translation Services;
- Legal Fees; and
- Refer to Chapter 5 for additional information on eligible and ineligible costs under the program.

Applicants may apply for a construction grant without having been awarded a preliminary engineering and planning or a final engineering grant from the Community Development Block Grant program. Applicants who have completed the work involved, described by the rules as preliminary engineering and planning and final engineering projects, may apply for a construction grant. Following review of the application, the department may determine an award for preliminary engineering and planning or final engineering is necessary to obtain information to justify a construction award.

### **Type 2—Grants for Publicly-Owned Off-Site Infrastructure Projects**

All potential projects must be pre-screened by OBDD-IFA staff before the applicant will be invited to submit a project notification and intake form. To initiate the pre-screening process the potential applicant must submit the following pre-screening request form to the department.

**Off-Site Infrastructure for Affordable Housing  
Request for Pre-Screening**

<b>CDBG Applicant [City/County]</b>	<b>Housing Sponsor</b>
Name: Address:	Name: Address:
Telephone: Fax: E-mail:	Telephone: Fax: E-mail:
Contact Person: Address:	Contact Person: Address:
Telephone: Fax: E-Mail:	Telephone: Fax: E-Mail:

**Project Name:**

**Project Location:** (Address)

**Number of Units to be constructed:**

**Public Infrastructure Needed** [Provide diagram identifying the development location, the location of the existing public infrastructure and needed public infrastructure extensions:

( ) Water      ( ) Wastewater      ( ) Streets      ( ) Sidewalks      ( ) Other \_\_\_\_\_

**Has the proposed project been discussed with Oregon Housing and Community Services Department or other funding agency?** [If yes, identify whom and provide their contact information.]

**Name of person who completed this form:**

**Date:**

The pre-screening will consist, at a minimum of:

- 1) An on-site review by OBDD-IFA staff;
- 2) A review of the housing funding relationships and documentation that this grant is key to the success of the housing project; and
- 3) A meeting with the applicant to discuss roles and responsibilities.

Upon completion of the pre-screening, OBDD-IFA staff will determine whether a project notification and intake form should be invited. The decision to invite a project notification and intake form is at the sole discretion of the OBDD-IFA. All OBDD-IFA decisions are final. If an applicant is invited to submit a project notification and intake form the project must be developed in accordance with the requirements contained in this section.

The department is working with Oregon Housing and Community Services and other federal programs to promote balanced community development through the coordination of funding for affordable housing in the non-metropolitan areas of the state, by providing funding for publicly owned off-site infrastructure necessary for the construction of affordable, permanent, new, multi-family rental housing or “single family home ownership” homes to be primarily occupied by low- and moderate-income persons.

### **Maximum Grant Amount**

The maximum grant is \$225,000.

### **Matching Funds Requirement**

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

### **National Objective**

These projects must meet the following national objective requirements. A map of the entire service area must be provided with the application.

**A)** The housing development being served by the off-site infrastructure must be comprised of 51 percent or more LMI units. The applicant must obtain information from the respective housing developer to determine the units to be constructed will be held for and occupied by LMI persons/families meeting the criteria in Chapter 3.

**B)** If the project serves other benefited properties besides the housing site itself, any property that also receives benefit from the off-site public infrastructure improvements such as: water lines; wastewater collection; street; storm drainage; sidewalk; curb; gutter; fire hydrants; lighting, etc., must be surveyed for family size and income data. Property owners that do not meet the LMI requirement must be assessed to pay their proportional share of the benefit from the off-site infrastructure project improvements.

Income surveys must be conducted on all other benefited properties to ensure their income meets the criteria in Chapter 3. The applicant must work with department staff to ensure the income

survey is properly conducted and meets federal requirements. This information must be submitted with the application.

### **Other Benefited Properties**

If the proposed public works improvements serve any other properties, in addition to the one on which the new housing is located, the non-LMI property owners of the other benefited properties must pay their fair share of the public works improvements. The applicant must calculate the non-LMI property owner share and identify how these funds will be collected from the non-LMI benefited property owners with the application.

Failure to have the funds collected or a back-up interim construction-financing plan at time of application will result in the application not meeting the readiness to proceed criteria contained in Chapter 5 and Chapter 7.

### **Eligible Activities**

Construction, rehabilitation, reconstruction or installation of publicly owned water, sewer, county roads and city streets, sidewalk, curbs and storm drainage improvements. All improvements must be owned and operated by the applicant. Work on the housing site (for example: the extension of water and sewer lines from the property boundary line to the buildings, parking areas or other improvements designated for the exclusive use of the housing project residents) is not eligible for CDBG funding assistance.

Community Development Block Grant funds may be used solely for the following activities necessary for the publicly owned off-site infrastructure improvements:

- Acquisition of real property and permanent easements;
- Final engineering, surveying, and other support activities, procured by the local government (Refer to Chapter 5 for more information);
- Construction costs and construction contingencies, procured by the local government (Refer to Chapter 5 for more information);
- Refer to Chapter 5 for more details about eligible activities; and
- Grant administration (Refer to Chapter 5 for more information).

System development charges, hook-up fees, impact fees and connection charges are not eligible for reimbursement under the federal regulations for the CDBG program.

### **Engineering Feasibility Review**

**For Applications**—All applicants must provide the following documents prepared, stamped and signed by a registered professional engineer or architect licensed to do work within the state of Oregon.

- **Final Design Only**—A detailed cost estimate, and diagram that identifies the improvements, of the project to be funded.
- **Construction Only**—Plans, specifications and bid and contract documents reviewed and approved by the appropriate regulatory agency(s) and a detailed cost estimate of the project to be funded. **Note:** Construction only grant applicants also must submit a complete environmental review record prepared in accordance with

Chapter 3 of the Grant Management Handbook. Publication of environmental notices should not take place before a funding decision is made on the application.

- **Final Design and Construction**—A detailed cost estimate and diagram that identifies the improvements of the project to be funded.

**For Funded Projects**—Any construction engineering documents/plans and specification and construction oversight in projects funded in full or in part with CDBG funds must be prepared and stamped or conducted by a registered professional engineer licensed to do work within the state of Oregon.

**Local Construction Code**—Each proposed project will be subject to review of the applicant's existing local construction codes. The requested infrastructure must be the minimum necessary to comply with required local codes and to accommodate the new affordable housing complex. A copy of any applicable construction codes must be submitted with the application, for example, street construction requirements, sidewalk requirements etc. If a funding request for asphalt streets and concrete sidewalks is made to the department, and there are no existing local construction codes requiring asphalt streets or concrete sidewalks, the applicant will not be awarded funds for these activities.

### **Affordable Rent**

Federal program regulations require the state to define “affordable rent.” The following definition of affordable rent shall be used unless the applicant receives approval from the department for a different local definition:

The maximum “affordable rent” (rent plus utilities) cannot exceed 30 percent of the gross monthly income of a household whose annual income equals 80 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. The rent for a unit occupied by a household receiving a subsidy (for example: Section 8 rental assistance) may be higher than that charged to a non-subsidized household.

## Outcome and Performance Measures

Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

### Public Works Water and Wastewater Projects

Objective	Outcome (Pick One)	Indicators	Performance Measures	State Measurement
Suitable Living Environment	<ul style="list-style-type: none"> <li>• Availability/ Accessibility</li> <li>• Sustainability/ Promoting Livable or Viable Communities</li> </ul>	Number of households assisted with: <ul style="list-style-type: none"> <li>• New access to service or benefit</li> <li>• Improved access to service or benefit</li> <li>• Where the project is used to meet a quality standard or measurably improve quality, report the number of households that no longer only have access to a substandard facility or infrastructure (as defined by the local community)</li> </ul>	Amount of money leveraged from other federal, state, local and private resources	The amount of money leveraged from all other funding sources
			Number of persons, households or units assisted (pick the one most appropriate to your project – pick only one)	Number of persons having access to more affordable facilities and services including the percentage of low- and moderate-income persons who benefit from the improvements
			Number of low- and moderate-income persons served by the project.	Number of systems brought up to environmental/safety standards or upgraded
			Number of communities assisted	Number of persons benefiting from new or improved facilities including the percentage of low- and moderate-income persons who benefit from the improvements

### Publicly Owned Off-Site Infrastructure

Objective	Outcome (Pick One)	Indicators	Performance Measures	State Measurement
Decent Affordable Housing	Sustainability/ Promoting Livable or Viable Communities	<p>Number of renter and owner occupied units created:</p> <ul style="list-style-type: none"> <li>• Number subsidized by federal, state, or local program</li> <li>• Number occupied by elderly (head of household or spouse age 60 or older)</li> <li>• Number of units made handicapped accessible</li> </ul>	<p>Amount of money leveraged from other federal, state, local and private resources)</p> <p>Number of persons, households or units assisted (pick the one most appropriate to your project – pick only one)</p>	<p>The amount of money leveraged from all other funding sources</p> <p>Number of persons having access to more affordable facilities and services including the percentage of low- and moderate-income persons who benefit from the improvements</p> <p>Number of units created</p>
			Number of communities assisted	Number of persons benefiting from new or improved housing including the percentage of low- and moderate-income persons who benefit from the improvements
			Race, ethnicity, disability (current categories for beneficiary reporting still apply)	

## Chapter 11 Public Community Facilities

Oregon Community Development Block Grant (CDBG) funds can be used for the acquisition, rehabilitation and construction of facilities needed to provide shelter or deliver services to persons with special needs.

### Maximum Grant Amount

The maximum grant amount for a single community facility project is \$1,500,000. The \$1,500,000 per project limitation covers both final design and construction necessary to complete community facility projects. A city or county may not separate a single project into phases, such as building one portion of the facility now, and then building the remaining portion later, in order to exceed the grant limit per project.

### Combination Facilities

Under special circumstances the department may consider funding combination facilities. An applicant must demonstrate the following to be considered for such funding:

- The applicant has successfully administered prior CDBG projects (e.g., complied with federal and state program requirements, few monitoring findings and concerns and no unresolved findings or concerns).
- The combination facility must **only** house eligible community facility projects, listed on page 11-2, and eligible activities identified within this 2013 Method of Distribution.

A combination facility will not be considered two separate projects and the applicant will only be eligible for the maximum single community facility award of \$1,500,000. Applications will be rated and ranked, if necessary based upon the highest use of the facility. Use is defined as “clients served.” If the number of clients served by each type of facility included in the combination facility are equal, the highest use will be determined by the facility type that most closely meets HUD’s priority of ending chronic homelessness and hunger.

**Grants for combination facilities will only be awarded at the department’s discretion.**

### National Objective

All public/community facility projects must meet one of the three National Objectives. All proposed projects are expected to meet the national objective of providing “principal benefit to low- and moderate-income persons.” When using the low- and moderate-income national objective, applicants must submit the supportive documentation identified in Chapter 3.

Maximum Grants of \$1,500,000 are available only for the facilities contained within the list below.

Facility/Project Type	National Objective the Project must qualify under
Shelters for Victims of Domestic Violence	Low and Moderate Income – Limited Clientele
Emergency or Homeless Shelters	Low and Moderate Income – Limited Clientele
Head Start Centers	Low and Moderate Income – Limited Clientele
Transitional Housing	Low and Moderate Income – Limited Clientele
Shelters or workshops for people with disabilities	Low and Moderate Income – Limited Clientele
Health clinic operated by a nonprofit organization	Low and Moderate Income – Area Wide Benefit
Mental Health Treatment centers	Low and Moderate Income – Limited Clientele
Drug and Alcohol Treatment facilities	Low and Moderate Income – Limited Clientele
Full Service Senior Centers (Includes kitchen and minimum meal service five days/week) The senior center must exclusively serve persons 60 years of age and older.	Low and Moderate Income – Limited Clientele
Community Centers - (Only cities are eligible to apply for community center projects. These facilities are open to the entire population of a defined area and contain kitchen facilities for serving meals. The facility must be owned by the applicant city and constructed on land owned by the applicant city. Refer to Chapter 5 for a definition of publicly owned.)	Low and Moderate Income – Area Wide Benefit
Family Resource Centers – These multi-service centers must operate as a community center in that they must be open to the entire population of a defined service area that is comprised of 51% or more LMI persons.	Low and Moderate Income – Area Wide Benefit
Food Banks – Food Banks collect, sort, store and distribute surplus food products and edible but unmarketable food that has been acquired from growers, grocers and other sources in food boxes to food pantries and low and moderate income persons for free.	Low and Moderate Income – Nature and Location
Fire Stations	Low and Moderate Income – Area Wide Benefit
Libraries	Low and Moderate Income – Area Wide Benefit

## Definitions

Head Start Programs—Persons 0-5 years of age.

Child—Persons 6-12 years of age.

Youth—Persons from 6-18 years of age.

Adult —Persons 18 years of age and older.

Senior/Elderly—Persons 60 years of age and older.

## Eligible Activities

CDBG funds may be used for the following activities. Refer to Chapter 5 for more details about the eligible costs under the program:

- Property acquisition (including appraisal costs), clearance and disposition by the city or county grant recipient;
- Construction, rehabilitation, reconstruction or installation of improvements;
- Purchase and installation of equipment that is a fixed and integral structure to the building;
- Architectural and Engineering services. Refer to Chapter 5 for limits;
- Environmental Review Record Preparation;
- Relocation assistance to meet federal requirements. [Due to the specialty calculations and detailed requirements for relocation activities, any applicant with a proposed project that involves relocation will be required by OBDD-IFA to hire a specialist acceptable to OBDD-IFA to complete the required URA relocation process.;

- Federal labor standards compliance. Conducting on-site employee interview/verifying certified payroll report data;
- Administrative services needed to ensure federal requirements for the grant project are met. Refer to Chapter 5 for more information;
- Legal/Audit;
- Cultural Monitoring;
- LEP Translation Services; and
- Construction contingencies. Refer to Chapter 5 for more information.

**Note:** Any preliminary engineering/planning documents, construction engineering documents (plans and specifications) and construction oversight in projects funded in full or in part with CDBG funds must be prepared and stamped or conducted by a registered professional architect or engineer licensed to do work within the state of Oregon.

### **Matching Funds Requirement**

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

### **Financial Review**

All applications will undergo a financial review. All financial reviews will be conducted to determine the funding package to be offered. The grant, if awarded must be the minimum necessary, in combination with other resources, to ensure the completion of the project. Any project determined by the department to not be financially feasible will not be funded.

If an applicant (county or city) is the owner and operator of the facility, the applicant’s financial records will be analyzed for ability to service debt and ability to operate and maintain the facility.

If an applicant (county or city) is applying on behalf of a nonprofit or other entity and the nonprofit or other entity will be the owner and operator of the facility and the applicant has no responsibility for providing said service, then that nonprofit’s or other entity’s financial records will be analyzed for the ability to service debt and ability to operate and maintain the facility.

If an applicant (county or city) is responsible for providing said service (such as mental health), whether or not the applicant is contracting out the operation of the facility to a nonprofit or another entity, the applicant’s financial records will be analyzed for the ability to service debt and ability to operate and maintain the facility.

The financial review must determine that the operating entity of the proposed facility, whether it be a non-profit, other government entity or the city/county applicant has adequate and consistent annual revenue projections to cover the annual operation and maintenance expenses associated with the facility, throughout the five year continued use period.

If, during staff review of the application, direct and clear evidence is obtained by the department that the grant funds are not needed and that the project can or will be carried out by the applicant whether or not the grant is awarded, *the application will not be processed.*

All financial information in the application must be prepared for the proposed activity, unless another funding source (e.g., USDA Rural Utilities Service) has already reviewed similar financial information and made a funding commitment based upon their review. In such cases, the financial feasibility analysis of the other funding source shall be submitted with the application in lieu of the requested documentation.

**Table O**

<b>Public/Community Facilities Activities</b> <b>Eligibility, Activity Type, and Maximum Grant Awards</b>	
<b>Final Design and/or Construction</b>	
<b>Grant Maximum</b>	The only limitation to the size of these grants is the limit of \$1,500,000 (Includes all prior Community Development Block Grant awards for final design and construction for the same project.)
<b>Project Activities to be Funded</b>	Final Engineering/Architectural designs, bid specifications and updated cost estimates Financial Feasibility Information Environmental Review of project Construction and Construction contingencies Construction engineering/architectural services Acquisition of property/permanent easements Grant administration and audit Legal fees Cultural Monitoring LEP Translation Services Federal Labor Standards Compliance
<b>Project Completion Period</b>	All activities must be completed and the Project Completion Report submitted within <b>36 months</b> from contract execution with the department.
<b>Note:</b> Contracts with recipients who are combining final design and construction grants into one award will have a contract condition prohibiting the department from releasing construction funds until the recipient provides evidence that all necessary construction funding to complete the project has been secured and, if applicable, regulatory agency approvals have been received. These grants are not considered (design/build) grants.	

## Architectural/Engineering Requirements

Preliminary engineering/planning documents, final design engineering documents and construction oversight in projects funded in full or in part with CDBG funds must be prepared and stamped or conducted by a registered professional engineer or architect licensed to do work within the state of Oregon.

## Final Design and/or Construction Grants

(These grants are not considered design/build grants.)

Grant funds are available to help the applicant prepare the final design and to construct the proposed public/community facility project. The maximum grant per project is 1,500,000, less any previous preliminary engineering/architectural and planning CDBG grant award(s). Grants will be awarded for the minimum amount considered necessary to provide the improvements needed.

The most common activities for design and construction grants are:

- Project description, including an explanation of the basis for the size and or capacity of the proposed facility;

- Final Engineering/Architectural design and bid specifications. Refer to Chapter 5 for more information;
- Detailed cost estimates;
- Identification of permits and approvals necessary to construct the project, including a schedule with a realistic review and approval process for each;
- Financial Feasibility Information;
- Maps showing both the general and specific location of the project and tax lots or parcels in the project area;
- Environmental review of the proposed project, compliance with the National Environmental Policy Act (NEPA) and other applicable federal authorities. Implementation of the U.S. Department of Housing and Urban Development regulations;
- Grant Administration/Audit. Refer to Chapter 5 for more information;
- Construction;
- Bid Process;
- Engineering/Architectural construction management. Refer to Chapter 5 for more information;
- Construction Contingencies. Refer to Chapter 5 for more information;
- Acquisition of real property or permanent easements, appraisals;
- Preparation of as-built drawings;
- Legal fees; and
- Preparation of operation and maintenance manuals.

## Outcome and Performance Measures

Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

### Public/Community Facility Projects

Objective (Pick One)	Outcome (Pick One)	Indicators	Performance Measures	State Measurement
<ul style="list-style-type: none"> <li>• Decent Housing</li> <li>• Suitable Living Environment</li> </ul>	<ul style="list-style-type: none"> <li>• Availability/ Accessibility</li> <li>• Affordability</li> </ul>	Number of households assisted with: <ul style="list-style-type: none"> <li>• New access to service or benefit</li> <li>• Improved access to service or benefit</li> <li>• Where the project is used to meet a quality standard or measurably improve quality, report the number of households that no longer only have access to a substandard facility or infrastructure (as defined by the local community)</li> </ul> Homeless /Emergency Shelter activities: <ul style="list-style-type: none"> <li>• Number of homeless persons given overnight shelter</li> <li>• Number of beds created in overnight shelter or other emergency housing</li> </ul>	Amount of money leveraged from other federal, state, local and private resources	The amount of money leveraged from all other funding sources
		Number of persons, households or units assisted (pick the one most appropriate to your project – pick only one)	Number of persons having access to more affordable facilities and services including the percentage of low- and moderate-income persons who benefit from the improvements	
		Number of low- and moderate-income persons served by the project	Number of systems brought up to environmental/safety standards or upgraded	
		Number of communities assisted	Number of persons benefiting from new or improved facilities including the percentage of low- and moderate-income persons who benefit from the improvements	

## Chapter 12 Housing Rehabilitation

OBDD-IFA will finance low- and moderate-income, owner occupied, single-family housing rehabilitation projects through awards granted to city/county applicants. The applicant will then sub-grant the funds to eligible non-profits who serve a locally determined regional service area. Under this category, the department offers two types of assistance:

### Type 1—Regional Housing Rehabilitation Revolving Loan Fund

A regional revolving loan fund that provides loans to low- and moderate-income homeowners to repair their owner-occupied homes, using local construction contractors.

### Type 2—Regional Housing Rehabilitation Grant Fund

A fund that provides grants to low- and moderate-income homeowners to repair their owner-occupied homes, using local construction contractors.

### General Description

City/County applicants must sub-grant the funds to a 501(c)(3) or (c)(4) nonprofit organization that is eligible under 105(a)(15) of the Housing and Community Development Act (HCDA) to carry-out housing rehabilitation activities.

**Under Type 1**—The original eligible non-profit that received the CDBG sub-grant from the local government must own and administer all the loan repayments and interest earnings, associated with the CDBG funded housing rehabilitation revolving loan fund program. Income generated by the loans originated from an award (repayments and interest earnings) must be repaid to the original eligible non-profit which met the requirements of 105(a)(15) of the HCDA. The generated income must be used for the continuance of the housing rehabilitation activities or neighborhood revitalization, community economic development, or energy conservation projects in accordance with 105(a)(15) of the HCDA.

**Under Type 2**—There will be no income generated to be monitored by OBDD since the funding assistance to the low- and moderate-income homeowners will be in the form of a grant, not a loan.

### Joint Projects

A combination of cities and counties can be involved in a regional or joint project. However, only one jurisdiction can be the applicant in the given CDBG program year. The jurisdiction that applies and receives an award incurs the responsibility for the CDBG funds. Joint applications submitted for review in which two or more units of local government are equally responsible will not be accepted. Either jurisdiction may take the lead and still allow the funds to be used in all jurisdictions as outlined in the Intergovernmental Agreement (IGA) for the region.

### Intergovernmental Agreement (IGA)

The service area of the proposed housing rehabilitation project must be clearly defined and acknowledged by all the participating jurisdictions through an IGA or another approved form of local government agreement. The IGA must be signed by all participating jurisdictions.

At a minimum the applicant must partner with at least two other city/county jurisdictions to form a regional housing rehabilitation program. At a minimum the agreement must clearly define:

- 1) The lead applicant;
- 2) The participating city/county jurisdictions;
- 3) The eligible 105(a)(15) non-profit organization that will be carrying-out the housing rehabilitation program on behalf of the lead applicant;
- 4) Indicate the termination date of the agreement, which must coincide with the administrative closeout of the proposed CDBG grant; and
- 5) A clear description of the area to be served with the requested grant. All activities funded with CDBG funds must be within the defined service area contained in the IGA.

**Note:** The IGA does not apply to any income (repayments and interest earnings) generated by the loans under the Type 1 grants.

### **Maximum Grant Amount**

The maximum CDBG grant in this category is \$400,000. A regional housing rehabilitation program area may only apply for one Type 1 or Type 2 award once per year.

### **Project Timeline**

All the initial loans/grants from the CDBG funded housing rehabilitation award must be made within 24 months after execution of the funding contract with OBDD. Any unobligated funds, in the CDBG award **will** be recaptured by the state after 24 months.

### **Matching Funds Requirement**

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

### **National Objective**

All housing rehabilitation projects must meet the housing/direct benefit federal national objective as identified in 24 CFR 570.483(b)(3). One-hundred percent (100%) of the benefitted owner occupied household occupants must have incomes below the federal low- and moderate-income limit (80% of the median family income as adjusted by family size). Refer to Chapter 3 for more information.

### **Financial Review**

During staff review of the application, if direct and clear evidence is obtained by the department that the CDBG funds are not needed and that the project can or will be carried out by the applicant or non-profit sub-grantee, whether or not the funding is awarded, the application will not be rated and ranked or recommended for an award.

## **Program Structure**

Community Development Block Grant funds are regulated by 24 CFR Part 570.489(e)(2)(ii). The city/county grant recipient is required to:

- Enter into a sub-grant agreement with an eligible nonprofit organization meeting the requirements of the Housing and Community Development Act 105 (a) (15) to carry out the housing rehabilitation activities.
- The (sub-grantee) eligible non-profit organization must carry out the housing rehabilitation activities on behalf of the grant recipient. However, this does not relieve the city/county grant recipient from its CDBG grantee responsibilities.
- The eligible non-profit is in control of all decisions regarding the Community Development Block Grant funds. The nonprofit may undertake all activities or may utilize a professional services agreement to accomplish grant administration and limited program management work.
- **Type 1**—The original (sub-grantee) eligible non-profit organization must be the owner and lender of all loans against the property title and is responsible for all loan and program decisions. All loan repayments must be received and re-conveyed by the original (sub-grantee) eligible non-profit certified under 105(a)(15) of the HCDA. The (sub-grantee) eligible non-profit will use the funds to support housing needs in accordance with the requirements of 105(a)(15) of the HCDA for continuance of the housing rehabilitation activities or neighborhood revitalization, community economic development, or energy conservation projects.
- **Type 2**—The (sub-grantee) eligible non-profit must award all funds in the form of grants to qualified homeowners.

## **Eligible Homes**

All of the single family, owner occupied housing units must have had a HUD, Section 8, housing quality standards evaluation that resulted in substandard conditions.

Under the Type 2 Regional Housing Rehabilitation Grant Fund, the (sub-grantee) eligible non-profit may award grant funds to low and moderate homeowners who own their manufactured home and reside in mobile home parks (except as noted below for pre-1977 mobile homes).

HUD prohibits the use of CDBG funds to repair or rehabilitate any manufactured home made before June 15, 1976. Therefore, the state CDBG program prohibits the expenditure of any CDBG funds to rehabilitate a pre-1977 manufactured home. While replacement or substantial reconstruction of a pre-1977 mobile home is allowed by regulation, it will not be allowed as an eligible activity under the state's CDBG program due to the cost prohibitive nature and complexity of the program. De-federalized funds from previous housing rehabilitation revolving loan fund awards could be used for this purpose.

## Eligible Activities

The following table summarizes the eligible activities, the maximum amount allowed for each activity in the original grant from OBDD, and the requirements for future loan repayments.

Eligible Activities	Maximum Allowed in Original Grant from OBDD	Maximum that can be budgeted for a full \$400,000 grant request	Requirements for use of “De-Federalized” Loan Re-payments (Only for Type 1 projects)
<b>Grant Administration:</b> Work related to overall grant management, coordination, monitoring and evaluation. Meeting the grant contract requirements and federal requirements. Refer to Chapter 5 for more details.	Maximum allowed 10% of the requested grant, but no more than \$25,000.	\$25,000	None – There will no longer be any federal requirements.
<b>Program Management*:</b> Work related to carrying out housing rehabilitation activities, working directly with the LMI clients. Such as: screening applicants, processing loans/grants, and loan servicing. Program management is considered direct service to clients. Refer to Chapter 5 for more details.	Up to 20% of the award, plus an additional \$10,000 can be used for the combined costs of program management and grant administration. Of this amount no more than \$25,000 can be for grant administration, the remainder must be used for program management.	\$65,000  Calculated as follows:  $20\% \times \$400,000 = \$80,000$ $\$80,000 + \$10,000 = \$90,000$ $\$90,000 - \$25,000 = \$65,000$	A maximum of 20% of the annual loan repayments and interest earnings.
<b>Environmental Review</b> - Refer to Chapter 3 of the Grant Management Handbook for more details.	Up to \$15,000 per project	\$15,000	None – There will no longer be any federal requirements.
<b>LEP Translation Services</b> - Refer to Chapter 5 for details.	Up to \$3,000 per project	\$3,000	None – There will no longer be any federal requirements.
<b>Legal</b>	There is no maximum limit	There is no maximum limit	None
<b>Audit</b>	Refer to page 5-1 for details	Refer to page 5-1 for details	None – There will no longer be any federal requirements.
<b>HRRLF</b> <ul style="list-style-type: none"> <li>• Eligible health and safety activities including lead, septic tanks and private sewer lines and drainfields, private water lines and wells and asbestos tests, inspections and assessments.</li> <li>• Improvements necessary to fulfill reasonable accommodation requests.</li> <li>• Construction, rehabilitation, reconstruction, or the installations of improvements to upgrade substandard electrical, plumbing, roofing, siding, insulation, weatherization, heating systems, hot water heaters and dry rot repairs.</li> </ul>	Maximum Grant \$400,000 less the items listed above.	\$295,000, less costs for legal, audit, and LEP	The loan repayments and interest earnings less the allowance for program management can be used for either continuing the HRRLF or they can be used for other community economic development, energy conservation and/or neighborhood revitalization projects, as allowed by 105(a)(15) of the HCDA.

• Purchase and installation of equipment that is an integral structural fixture. (Items not normally removed from the home, light fixtures and built-in appliances.)			
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\*Program management services are performed by the sub-grantee for the city or county grant recipient. Sub-grantees typically develop or prepare such items as: application procedures, process applications, verification of program eligibility, notices of loan approvals, filing of trust deeds, construction oversight, owners certification that improvements were accepted and other necessary documents.

### Ineligible Activities

- No indirect costs are allowed under the program;
- Costs associated with providing Regional Housing Center services;
- Any equipment that is not fixed and structurally integral to the residence such as: washing machines, clothes dryers, freezers and window mounted air conditioners;
- Fees, which are considered part of the program management costs already reimbursed with CDBG funds:
  - Application fee
  - Credit Report fee
  - Loan origination fee
  - Loan Servicing fee
  - Grant Processing fee
  - Homeowner training class fees
  - General home inspection fee's by the eligible sub-grantee
  - Miscellaneous fees that are undefined or are considered program management activities already being paid for with CDBG funds. Consult the department's RC about the eligibility of these fees.
  - All fees need to be reviewed and approved by OBDD-IFA's RC for an eligibility determination with the CDBG program requirements and for compliance with the amended program income requirements enacted on May 23, 2012.

### Sub-Grant

The city or county grant recipient enters into a sub-grant agreement with an **eligible nonprofit organization** to implement and **carryout** the housing rehabilitation activities. *All federal CDBG compliance requirements assigned to the (sub-grantee) eligible non-profit remain the obligation of the original city/ county funding recipient until administrative closeout of the CDBG grant with the state.* No formal procurement process is necessary by the city or county when the funding recipient sub-grants the funds to an eligible non-profit.

### Eligible Nonprofit (sub-grantee)

The nonprofit must meet the following requirements of a certified sub-grantee by the department:

- Documentation from the Internal Revenue Service (IRS) that certifies the nonprofit organization is organized under 501(c)(3) or (c)4 of the IRS Code.

- Documentation that the organization must have as one of its primary purposes (as outlined in its bylaws, article of incorporation or charter) to provide affordable housing that is decent, safe and sanitary for low- and moderate-income Oregonians.
- Documentation that the organization serves the development needs of the communities in the non-entitlement areas of the state and is carrying out a neighborhood revitalization, community economic development, or energy conservation project in accordance with 105(a)(15) of the HCDA.
- Provide a copy of their reasonable accommodation policies.
- The sub-granted nonprofit must comply with all CDBG requirements.
- The eligible nonprofit must approve all loans and be named as the lender of the loans against property titles or be the grantor of all grants and owner of all the grant agreements/contracts.
- All loan repayments must be received and reconveyed by the original eligible non-profit.

### **Carry-Out (Program Implementation)**

The original eligible non-profit must carry-out the housing rehabilitation project.

- The eligible nonprofit is responsible for carrying out (implementing) the housing rehabilitation activities and will be the owner of all program policies and procedures.
- The eligible non-profit will be responsible for these minimum activities:
  - All final loan/grant decisions, owner of all loan portfolios, owner of all grant agreements/contracts, compliance with all CDBG requirements, owner of future loans and repayments, and final accountability for all CDBG funds.
  - Lender of all the loans and grantor of all grants.
  - **Type 1 only**—All loan repayments must be received and owned by the original eligible non-profit. Loans made by the eligible non-profit cannot be sold or transferred.
  - **Type 1 only**—The subsequent loan repayments are not subject to the program income requirements as long as the eligible non-profit uses the funds to continue the housing rehabilitation revolving loan fund program or uses them for other community economic development, energy conservation and/or neighborhood revitalization projects, as allowed by 105(a)(15) of the HCDA.
  - The grants and initial loans must be used for activities that will meet the CDBG low and moderate housing direct national objective CFR 570.483(b)(3).

### **Non-Competition with Local Financing Institutions**

Each sub-grantee's (eligible non-profit) Housing Rehabilitation Revolving Loan Fund (HRRLF) must polices must have requirements that loan/grant funds provide gap financing, and will work with local financing institutions to complete the financing package, require letters of rejection from financing institutions, and/or otherwise demonstrate that the loan/grant amount requested is not available from any conventional banking source of funds.

### **Reasonable Accommodation Policies**

As federally required, each sub-grantee (eligible non-profit) must have reasonable accommodation policies. A copy of their reasonable accommodation policies must be submitted with the application.

## Lead-Based Paint

All applicants must demonstrate how the rehabilitation work will be conducted in accordance with the Lead Based Paint Poisoning Prevention Act and HUD implementing regulations at 24 CFR 570.487(c) and any subsequent amendments. Effective September 15, 2000, revisions to the Lead Based Paint regulations 24 CFR Part 35 were implemented. More information about these requirements can be found in the Grant Management Handbook.

## Entitlement Area Review

State Community Development Block Grant resources cannot be used to benefit entitlement counties and cities. If the geographic area served by the non-profit's (sub-grantee's) Housing Rehabilitation Program contains an entitlement county or city (entitlements include: the counties of Multnomah, Washington and Clackamas, and the cities of Ashland, Bend, Corvallis, Eugene, Gresham, Hillsboro, Medford, Portland, Salem and Springfield. **Note:** Albany has been invited by HUD to become an Entitlement, any application which includes Albany in the geographic service area will require additional review by OBDD-IFA.) within their service area must provide documentation to satisfy the following with the application:

1. Documentation of the screening procedures, forms and policies used to determine if the beneficiaries of the Housing Rehabilitation activities are entitlement or non-entitlement residents.
2. Documentation that ensures that CDBG funds are only benefitting non-entitlement beneficiaries.

## Type 1—Additional Requirements

### Eligible Non-Profit Asset Reversion

If for some reason the original eligible non-profit dissolves or is re-organized under state law and an asset reversion occurs contact Oregon Business Development Department for assistance. An asset reversion could change the federal identity of these funds.

### De-Federalization of Loan Repayments

The housing rehabilitation revolving loan fund category is designed under 105(a)(15) of the HCDA so the loan repayments lose their federal identity (de-federalized) as long as the income generated by the loan repayments and interest earnings continue to be used by the original eligible non-profit to continue housing rehabilitation activities, provide neighborhood revitalization, community economic development, or energy conservation projects.

This section is meant as a guide to assist applicants and eligible non-profits in pursuing this outcome. By not following this guide an entity risks failing to de-federalize their repaid funds resulting in the retroactive application of HUD rules on all expenditure of these repaid funds.

- A city/county grant recipient must sub-grant the CDBG funds to a 105(a)(15) HCDA eligible nonprofit entity.
- The eligible non-profit (sub-grantee) entity will carry-out the program with its own staff or, will contract for professional staff (enter into a **professional services agreement**), or a combination of the two.
- A **professional services agreement** between the eligible non-profit (sub-grantee) and the professional services provider for grant administration and limited program management is

acceptable to OBDD-IFA, and must be entered into for any contracted staff. This contract must:

- ✓ Pay for eligible CDBG expenses on a reimbursement basis. This basis may be by the hour, by the number of successfully completed rehabilitation projects, or lump sum,
- ✓ Clearly define the roles and responsibilities of the professional services covered by the agreement,
- ✓ Direct the contracted staff to follow the policies and procedures set by the eligible non-profit (sub-grantee),
- ✓ Clearly define the eligible non-profit (sub-grantee) as the final authority for all decisions pertaining to the housing rehabilitation activities.
- The eligible non-profit (sub-grantee) must retain control of the funds, manage the bank accounts and disbursements through its Secretary/Treasurer, even if it has no employed staff. The non-profit board must retain approval authority for all expenditures.
- The composition of the eligible non-profit (sub-grantee) board must be established as outlined in the By-laws and Articles of Incorporation of the eligible non-profit entity, cannot be comprised substantially of individuals of any one government agency to where it contains a quorum of any one government entity and must be independent and void of any conflict of interest with any government agency.
- The eligible non-profit (sub-grantee) cannot relinquish its responsibility for the oversight and management of the CDBG funds.
- Contracts/agreements must be approved by OBDD-IFA to determine that the eligible non-profit (sub-grantee) entity is maintaining control and will carry out the activities as the active and responsible party of the CDBG funds.

### **Loan Portfolio Requirements**

The state is requiring that loan portfolios will not be sold or transferred and that all loans must be repaid to the original eligible non-profit under 105(a)(15) of the Housing and Community Development Act.

### **Defaults**

OBDD encourages the eligible non-profit (sub-grantee) to set-aside 10 percent of the loan receivables to cover legal remedies in pursuit of default collection.

**Outcome and Performance Measures for BOTH Type 1 and Type 2 projects:**

Decent affordable housing as a housing program that meets individual family needs is our objective. Sustainability as a project that promotes livability by improving neighborhoods is our desired outcome. The amount of money leveraged from other sources is also a factor. Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

Objective	Outcome (Pick One)	Indicators	Performance Measures
Decent Affordable Housing	Sustainability/ Promoting Livable or Viable Communities	Number of owner occupied units rehabilitated or improved: <ul style="list-style-type: none"> <li>Number using lead safe working practices (Pre-1978 units, where \$5,000 or more of rehab work is to be completed and any lead safe practices were used.)</li> <li>Number subsidized by federal, state, or local program</li> <li>Number occupied by elderly (head of household or spouse age 60 or older)</li> <li>Number of units made handicapped accessible</li> </ul>	Amount of money leveraged from other federal, state, local and private resources)
			Number of persons, households or units assisted (pick the one most appropriate to your project – pick only one)
			Number of low and moderate-income persons served by the project.
			Number of communities assisted,
			Race, ethnicity, disability (current categories for beneficiary reporting still apply)
			Number of units rehabilitated

## Chapter 13 Community Capacity/Technical Assistance

Community Development Block Grant (CDBG) 1 percent funds will be used to make grants for the development of local capacity and to provide technical assistance to units of general local government and nonprofits (IRS documentation of 501c(3) or c (4) status) and to fund state administration of the program.

### Maximum Grant

The maximum grant cannot exceed the state's annual allocation for this category.

### Project Eligibility

All funds will be used for projects that comply with HUD Community Planning and Development Notice CPD 99-09. The state has used and will continue to use un-obligated prior year One-Percent (1%) funds for local capacity development and technical assistance projects in accordance with the requirements of CPD 99-09.

Beginning in Fiscal Year (FY) 2004, states may spend up to \$100,000 + 3 percent of their annual HUD allocation on state administrative costs and spend \$0 on Technical Assistance, or they could spend up to 3 percent of the annual allocation on technical assistance and \$0 on state administration costs beyond the \$100,000 automatic allowance. The department will reserve the right to use all flexibility provided by the program and to focus the funding on priority training for the state's program.

### Eligible Activities

Eligible activities for these funds include:

- Giving workshops on applying for and implementing CDBG programs;
- Writing technical assistance handbooks or developing assistance in other media;
- Compiling infrastructure needs of the non-entitlement jurisdictions;
- The purchase of appropriate materials and equipment including computers and software for units of general local government to aid in developing and sustaining increased capacity;
- Funding attendance by units of general local government and nonprofit personnel at workshops and academic courses that will enable the attendees to improve their capacity to implement a CDBG project;
  - In general the department will strive to equitably fund each workshop using the following:
    - \$3,000 for each full day
    - The workshop sponsor can demonstrate the topics/content will improve local capacity to implement a CDBG project.
- State staff time provided for technical assistance sessions to assist potential applicants for state CDBG funds learning the application process;
- Training of state staff to provide technical assistance on specific aspects of the CDBG program;
- Assistance to further fair housing;
- Plan and implement community revitalization strategies;
- Development and implementation of a community development certified practitioner certification program; and
- State administration.

## Ineligible Activities

Ineligible activities include:

- Local administration expenses not related to community development; and
- Any activity that cannot be documented as meeting a technical assistance need.
- CDBG 1 percent funds cannot be used to fund any activity that is otherwise already eligible for funding under this MOD.

## Matching Funds Requirement

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

## Financial Review

No financial review is conducted for these projects.

## Applications Accepted

Applications are accepted year round - contact a regional coordinator for assistance and more information.

### Step 1 (Initial Contact/Project Concept)

The project proponent must contact the department prior to submitting an application. One of the IFA’s CDBG Program and Policy Coordinators (PPC) will be assigned to work with the project proponent to develop and review the proposed concept. The potential applicant must submit a written proposal explaining the need and the technical assistance to be provided. This proposal must identify how the funds would be used, a scope of work, the deliverables, a detailed budget, time lines for completion etc. The Project Notification and Intake Form can be used for this purpose, but is not required.

### Step 2 (Review)

The CDBG Program and Policy Coordinators will review the information from the proponent to ensure it meets the following eligibility requirements:

- The project is eligible under CPD 99-09 and this MOD;
- The costs are eligible under the CDBG program;
- The applicant is unable to finance the activity on its own;
- Other sources of funds are not available to carryout the activity; and
- The project is ready to proceed.

### Step 3 (Processing)

Concepts will be reviewed the PPC for completeness and preparation of the initial staff recommendation. The initial staff recommendation will be reviewed by the Program Services Manager and the CDBG Program and Policy Coordinator for development of a funding recommendation.

### Step 4 (Decision)

The funding recommendation will be forwarded to the Infrastructure Finance Authority Director for review and approval.

The department reserves the right to not fund any proposal, which it deems not eligible, properly developed or not ready to proceed. All funding decisions made by the department's Infrastructure Finance Authority Director and/or if applicable, department director are final.

**Step 5 (Notification)**

The department shall notify project proponents, in writing, of their funding status approximately 60 days after receipt of a compete concept for funding.

## Chapter 14 Emergency Projects

The state may use CDBG funds at any time during the program year to provide grants to eligible applicants for projects arising from bona fide emergencies. To be considered a bona fide emergency the situation must be:

- Officially declared by the Governor as a “State of Emergency” needing immediate action; and/or
- A Presidential declared federal disaster declaration has been issued for the event.

CDBG Emergency project funds may only be used to repair or mitigate damages that were a direct result of the qualifying disaster.

**Note:**

An applicant for a CDBG award is considered a recipient under the Environmental Review and URA requirements starting with the date of submission of a CDBG application. An “Applicant” is one who submits an application, request, plan or statement required to be approved by an official as a condition of eligibility for federal financial assistance.

The federal program regulations, under Part 58-Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities, Subpart C, 58.22(a), specifies that neither a recipient nor any participant in a HUD CDBG funded project may commit HUD assistance on an activity or project until HUD or the state has approved the recipient’s Request for Release of Funds (RROF) and related certification from the responsible entity (recipient). In addition, until the RROF and related certification have been approved, neither a recipient nor any participant may commit non-HUD CDBG funds on or undertake an activity or project if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Under 58.22(b), if a project or activity is exempt or categorically excluded, no RROF is required and the recipient may undertake the activity immediately after the responsible entity has documented its determination activity but must comply with applicable requirements. Before committing any HUD and non-HUD funds to a project or activity, the recipient should consult with the department’s Regional Coordinator.

HUD Handbook 1378 provides HUD policy guidance on acquisition and relocation under the federal Uniform Relocation Assistance and Real Property Acquisition Act (URA) and other HUD requirements. Chapter 1-4-I-2, identifies the date of submission of an application as an event that establishes a rebuttable presumption that a project begins and triggers the Initiation of Negotiations requirement of URA and the need for issuance of the Notice of Eligibility for Relocation Assistance or Notice of Nondisplacement. Before initiating any real property acquisition activity, an applicant should consult with the department’s Regional Coordinator.

## **Available Funds**

Funds available for emergency grants will be limited to 5 percent of the state's annual allocation from the U.S. Department of Housing and Urban Development. Actual funds available at any given point in time may be less than the 5 percent of the annual allocation.

## **Priority**

In the event that an emergency grant is needed while one or more projects are on the backup funding list, the emergency project will have priority.

## **Maximum Grant**

The maximum grant per project will be \$500,000.

The maximum grant for projects receiving federal disaster funds also is limited to the amount required by the local government to match the federal disaster grant funding, but in no case shall it exceed \$500,000.

## **Matching Funds Requirement**

There is no minimum match requirement. All matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

## **Financial Review**

All applications will undergo a financial review to assure that the grant is the minimum necessary, in combination with other resources, to ensure the completion of the project. In addition to determining that the applicant is unable to finance the activity on its own and other sources of funds are not available to carry out the activity.

## **National Objective**

Prior to awarding an emergency project grant, the state must determine that the proposed use of grant funds will meet the urgent need national objective as defined by 24 CFR Part 570.483(d). Refer to Chapter 3 for more information. The Housing and Community Development Act of 1974, as amended and promulgated, further assists in determining eligible activities.

## **Urgent Need**

This national objective requires a project to be designated to alleviate existing conditions the local government certifies and the state determines:

- Pose a serious and immediate threat to the health or welfare of the community (Governor declared “State of Emergency” or Presidential declared disaster, through FEMA declaration);
- Recently became urgent (application must be received within 12 months from the date of the Presidential or Governor disaster declaration);
- The applicant is unable to finance the activity on its own; and
- Other sources of funds are not available to carryout the activity.

## Urgent Need Documentation

The applicant must submit written certification of the following to the state:

- A description of the nature and degree of seriousness/urgency of the conditions requiring assistance.
- Eligibility certification from the applicant's governing body that the CDBG activity is designated to address an urgent need.
- The timeline of the development of the urgent need condition.
- Evidence confirming that other financial resources to alleviate/remedy the situation are not available.
- A description of how the proposed project addresses a need identified in the applicable jurisdiction's hazard mitigation plan and/or hazard element of the local land use plan.

## Eligible Projects

The proposed project must be for an activity that is eligible under Section 105(a) of the Housing and Community Development Act. The portions of the Act, applicable to the state's program and "urgent" need projects, are listed below.

- **105(a)(1)** the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;
- **105(a)(2)** the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;
- **105(a)(3)** code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;
- **105(a)(4)** clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings);
- **105(a)(5)** special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

- **105(a)(6)** payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;
- **105(a)(7)** disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;
- **105(a)(8)** provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the state in which it is located) during any part of the twelve month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government;
- **105(a)(9)** payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this title;
- **105(a)(11)** relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;
- **105(a)(12)** activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;
- **105(a)(14)** provision of assistance including loans (both interim and long term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and (C) planning;
- **105(a)(15)** assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in nonentitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of

assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

- **105(a)(17)** provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that (A) creates or retains jobs for low- and moderate-income persons; (B) prevents or eliminates slums and blight; (C) meets urgent needs; (D) creates or retains businesses owned by community residents; (E) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or (F) provides technical assistance to promote any of the activities under subparagraphs (A) through (E);
- **105(a)(19)** provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);
- **105(a)(20)** housing services, such as housing counseling, in connection with tenant-based rental assistance and affordable housing projects assisted under title II of the Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under title II of the Cranston-Gonzalez National Affordable Housing Act;
- **105(a)(22)** provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by (A) providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises; (B) providing technical assistance, advice, and business support services (including assistance, advice and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and (C) providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;
- **105(a)(23)** activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low- and moderate-income neighborhoods;

- **105(a)(24)** provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to (A) subsidize interest rates and mortgage principal amounts for low- and moderate-income homebuyers; (B) finance the acquisition by low- and moderate-income home buyers of housing that is occupied by the homebuyers; (C) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees); (D) provide up to 50 percent of any down payment required from low- or moderate-income homebuyer; or (E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by low- or moderate-income home buyers; and
- **105(a)(25)** lead-based paint hazard evaluation and reduction, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

### **Ineligible Projects/Costs**

- Buildings for the general conduct of government
- Typical government expenses
- Political activities
- Purchase of equipment that is not fixed and integral
- General operating and maintenance expenses
- New housing construction
- Income payments—a series of subsistence type grant payments for food, clothing, housing, (rent and mortgage) or utilities. **Note:** Under the entitlement regulations 24 CFR Part 570.207(b)(4) allows emergency grant payments made over a period of three consecutive months directly to a provider of such items or services on behalf of an individual family. One time grants for such purposes may be authorized under the category of public services.
- Pre-award costs. Refer to Chapter 5 for more information.

### **Eligible Costs** (Refer to Chapter 5 for more details about eligible costs)

- Grant Administration, as detailed in Chapter 5.
- Program Management, as detailed in Chapter 5. (Restricted in use to revolving loan fund projects).
- Preparation of the environmental review for the proposed project in compliance with the National Environmental Policy Act (NEPA) and other applicable federal authorities implemented by HUD. Refer to Chapters 4 and 5 for more information.
- Architectural/engineering design, oversight and construction management, including as-built drawings and operation and maintenance manuals, as detailed in Chapter 5.
- Construction and construction contingencies, as detailed in Chapter 5.
- Work write-up and bidding expenses for eligible projects.
- Public services.
- Housing Rehabilitation.

- Appraisals and acquisition of real property, including permanent easements, clearance and disposition. Refer to Chapter 4 for more information.
- Relocation Assistance to meet federal requirements. Refer to Chapter 4 for more information. Due to the specialty calculations and detailed requirements for relocation activities, any applicant with a proposed project that involves relocation will be required by OBDD-IFA to hire a specialist acceptable to OBDD-IFA to complete the required URA relocation process.
- Construction, rehabilitation, reconstruction or installation of improvements.
- Purchase and installation of equipment that is fixed and integral.
- Clearance—Demolition of buildings and improvements, removal of demolition products (rubble) and other debris.
- Legal services.
- Costs associated with labor standards monitoring. Refer to Chapters 4 and 5 for more information.
- Pre-agreement costs, requested in accordance with the requirements contained in Chapter 5.

## **Applications Accepted**

Emergency project applications are accepted year round—contact a regional coordinator for assistance and more information. Complete applications for emergency projects must be received by the department within 12 months of either the Governor’s declaration or a Presidential disaster declaration of emergency for the event creating the emergency.

### **Step 1 (Initial Contact/Project Concept)**

The project proponent must contact the department prior to submitting an application. One of the department’s regional coordinators (RC) will be assigned to work with the project proponent to develop and review the proposed concept.

The RC will work with the proponent and the department’s Program and Policy Coordinators to provide project development and to determine if the proposed project will meet the CDBG funding criteria and is ready to proceed with a well defined statement and scope of work, including the following:

- The project is eligible under 105(a) of the HCDA;
- The project will meet the urgent need national objective;
- The costs are eligible under the CDBG program;
- The applicant is unable to finance the activity on its own;
- Other sources of funds are not available to carry-out the activity; and
- The project meets the “Readiness to Proceed” criteria contained in Chapter 5.

A “One Stop” meeting will be scheduled if warranted or requested by the proponent. A Project Notification and Intake Form will be developed and the RC will then route the form for internal agency comment.

### **Step 2 (Invite Application)**

The RC will inform the proponent and the unit of general local government (city or county) about the department's review of the Project Notification and Intake Form. If the proposed project is determined to qualify for CDBG funding by the Program Services Manager, the applicant will be invited in writing to submit a complete application for CDBG funding.

### **Step 3 (Application)**

One signed original and two copies (3 total) of the complete application must be received by OBDD no later than 12 months after the disaster declaration by the President or Governor. The applicant's highest elected official must sign the application. Applications transmitted electronically or by fax will not be accepted.

### **Step 4 (Review)**

The RC will review applications for completeness and prepare the initial staff report. The CDBG Program and Policy Coordinator will evaluate the initial staff report for final recommendation.

### **Step 5 (Decision)**

The final recommendation prepared by the CDBG Program and Policy Coordinator will be forwarded to the Infrastructure Finance Authority Program Services Manager and the IFA Director for review and approval.

Ineligible, improperly developed, untimely or not “ready to proceed” applications will not be funded. All funding decisions made by the department director are final.

### **Step 6 (Notification)**

The department shall notify applicants, in writing, of their funding status approximately 60 days after receipt of a complete application.

## Chapter 15 Certified Sub-grantee Program

To become a certified sub-grantee, a potential grantee must submit the required documentation identified within each funding category under “eligible nonprofit (sub recipient)” and evidence that the sub-grantee has a qualified grant administrator employed to manage the Community Development Block Grant sub-grants. In addition each request from a sub-grantee also must contain a copy their existing reasonable accommodation policies.

Within 30 days of receipt of the information identified above the agency will mail a certification letter to each sub-grantee, which will either certify the sub-grantee’s eligibility or identify the items still needed for certification.

A certified sub-grantee will not have to resubmit the information identified in each funding category under “eligible nonprofit (sub-recipient)” with the application. They need only submit a copy of the state’s certification with the application.

Sub-grantee certification expire 5 years after issuance or on the date the state becomes aware that the certified sub-grantee no longer has a qualified grant administrator employed or the nonprofit’s by laws, charter or other documents have been amended. If this occurs, the state will issue a letter to the sub-grantee revoking their certification. A sub-grantee can become re-certified once the deficiency(s) that caused the de-certification have been rectified and the appropriate documents submitted to the state for review and approval.

## Chapter 16 Outcome and Performance Measure Reporting

### Summary of CDBG Projects Funded

During Consolidated Plan Year 2011-1015

#### Code Index:

Outcomes →	Availability/Accessibility	Affordability	Sustainability
Objectives ↓			
Decent Housing	DH1	DH2	DH3
Suitable Living Environment	SL1	SL2	SL3
Economic Opportunity	EO1	EO2	EO3

### Program Year 2012 award data and actual accomplishments through July 31, 2012 (Second Quarter)

Outcome/ Objective	Funding Category	Performance Indicators [See note #2 below]	Actual Number Funded in 2012	OUTCOMES [See note #1 below]				
				Total Number Funded by 12-31-15	Short Term Annual Goal	Actual Number Funded in 2012	Long Term Goal by 12-31-2015	Actual Number Funded by 12-31-15
EO3	Economic Development	Jobs Created/Retained	0	35	Fund 1 project per year	0	Fund 5 projects	1
		Total LMI Jobs created/Retained	0	19				
		Funds Leveraged	\$0	\$0				
EO3	Microenterprise Assistance	Total Microenterprises Assisted	0	132	Fund 5 projects per year	0	Fund 25 projects	4
		Total LMI Microenterprises Assisted	0	79				
		Funds Leveraged	\$0	\$0				
SL3	Public Works – Water/Wastewater and Downtown Revitalization	Number Systems Assisted	8	17	Fund 5 systems per year	8	Assist 25 systems	17
		Total Persons Assisted	8,849	18,465				
		Total LMI Persons Assisted	5,432	11,450				
		Funds Leveraged	\$484,009	\$2,134,009				
DH3	Publicly Owned Off-Site Infrastructure	Total Housing Units Assisted	0	0	Fund 1 project every other year	0	Fund 2.5 projects	0
		Total LMI Housing Units Assisted	0	0				
		Funds Leveraged	\$0	\$0				
SL1	Public/Community Facilities (fire stations, libraries, senior centers, food banks, family resource centers, community centers)	Total Facilities Assisted	2	4	Fund 1 project per year	2	Assist 5 facilities	4
		Total Persons Assisted	11,000	16,735				
		Total LMI Persons Assisted	11,000	15,375				
		Funds Leveraged	\$402,799	\$1,795,799				

SL3	Public/Community Facilities (drug and alcohol treatment, head starts, mental health, health clinics, shelters/workshops for persons with disabilities)	Total Facilities Assisted	0	1	Fund 1 project every other year	0	Assist 2.5 facilities	1
		Total Persons Assisted	0	170				
		Total LMI Persons Assisted	0	170				
		Funds Leveraged	\$0	\$0				
DH1	Public/Community Facilities (domestic violence shelters, emergency/homeless shelters, transitional housing)	Total Number of Beds Created	8	8	Fund 1 project per year	1	Assist 5 facilities	1
		Funds Leveraged	\$0	\$0				
DH3	Housing Rehabilitation	Total Number of Units rehabbed	33	196	Fund 6 projects per year	2	Fund 30 projects	8
		Funds Leveraged	\$0	\$578,500				
SL1	Public Services	Total Persons Assisted	0	0	Fund 3 projects per year	0	Fund 15 projects	0
		Total LMI Persons Assisted	0	0				
		Funds Leveraged	\$0	\$0				
SL3	Emergency Projects	The Department does not anticipate future disasters but will ensure that is a bona fide disaster occurs in the future the projects will meet the CDBG program requirements and will be reported accordingly.						
N/A	Community Capacity/Technical Assistance	Number of Training Events Held	0	3	Fund 3 per year	3	15 training events funded	7
		Number of Attendee's	0	610				

**Note #1: Outcomes—Actual Number Funded.** The actual number funded is based upon the awards made during the program year. The final actual outcomes/accomplishments from each grant awarded by the state will be collected when the grant activities are complete and the grant contract between the city/county and the state is administratively closed and will be reported in IDIS as part of the CAPER.

Each grant recipient is allowed a specified period of time to complete the CDBG funded activities and this time period varies by type of grant. This time period is referred to as the Project Completion Date (PCD). The state allows PCD extensions if the local circumstances warrant the extensions. Each PCD extension is reviewed on a case-by-case basis. A summary of the standard PCD time periods are:

- 1 year PCD—Applies to microenterprise assistance grants and housing center grants.
- 2 year PCD—Planning grants, final design only grants, construction only grants, off-site infrastructure grants and housing rehabilitation grants.
- 3 year PCD—Final design and construction activities combined into one grant.

**Note #2:** The state may select activities/priorities for the 2011-2015 CDBG program from the table above. The proposed outcome and performance measure requirements, performance indicators and the short and long term goals for each activity will only be triggered, if the activity is actually offered by the program.