



**2019/20 Community Development Block Grants (CDBG)
Application Guidance Manual**

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SECTION I - INSTRUCTIONS AND OVERVIEW

Answer all application questions as succinctly as possible, check all appropriate boxes, and complete all relevant tables.

Priority consideration will be given to CDBG applications that address (1) City of Mesa Consolidated Plan Priority Goals, (2) serve homeless, (3) create jobs, and (4) address Mesa City Council 19/20 Council Funding Priorities:

- Activities that assist homeless persons and families
- Activities that use CDBG dollars to leverage other funds for proposed activities
- Activities that create partnerships with other non-profit organizations to maximize resources
- Activities that create partnerships with Mesa area schools which focus on the needs of children from low and very low-income families
- Activities that support permanent solutions to homelessness: tiny homes, mixed-use housing, acquisition, rehabilitation, construction, clearance, and financing activities.

ELIGIBLE APPLICANTS

- Must serve Mesa residents
- Public or private non-profit 501(c)(3) agencies
- For-profit agencies assisting with microenterprises
- Institutions of higher learning
- County departments or other public or quasi agencies
- Faith based organizations (non-religious purposes)
- Community Based Development Organizations (CBDO)

INELIGIBLE APPLICANTS

- Private individuals
- Individual homeowners or landlords
- Individual businesses
- Religious institutions/churches for religious purposes

APPLICATION SUBMISSION REQUIREMENTS

- A. Eligible applicants may access applications at City of Mesa (COM) Housing and Community Development (HCD) web page. You will then be directed to ZoomGrants, the application software. ZoomGrants will ask you to create your password. If your organization currently has a CDBG Agreement with HCD, you may use your current password to access ZoomGrants.
- B. A separate proposal must be submitted for each project or activity (e.g., Affordable Housing project, Economic Development project for microenterprise, or Economic Development project for job creation). **There is no limit on the number of proposals your agency may submit for funding consideration.**
- C. Incomplete applications will not be considered for funding.
- D. ZoomGrants technical assistance questions should be directed to Deanna Grogan, (480) 644-2320, deanna.grogan@mesaaz.gov.
- E. The deadline for submission of proposals in ZoomGrants is January 16, 2019 @ 6:00 p.m.

APPLICATIONS RECEIVED AFTER THE DEADLINE WILL NOT BE ACCEPTED.

ECONOMIC DEVELOPMENT ACTIVITIES AND MICROENTERPRISES

Minimum Requirements

Organizations that wish to apply for funding under the Economic Development category must meet the following minimum requirements:

- A. Must be an IRS 501(c)3 or (501(c)4 nonprofit organization in good standing with the IRS; or a for-profit entity that is currently engaged in job creation activities.
- B. Demonstrate experience with the management of funding and/or programs funded in whole or in part by any of the following federal agencies: U.S. Treasury, U.S. Small Business Administration, U.S. Department of Housing and Urban Development; U.S. Department of Health and Human Services; or U.S. Department of Agriculture.
- C. Be a U.S. Treasury Community Development Financial Institution with full-time staff engaged in the practice of small business development, economic development lending, technical assistance, commercial real estate lending or a Community Housing Development Organization (CHDO); **OR**
- D. Be a nonprofit organization with full-time, professional staff certified in commercial real estate development, development finance, or economic development **AND** be able to provide at least four years of tax returns and audited financial statements.

Nonprofit applicants must also submit a current written strategic or business plan for the whole organization that covers at least 24 months which includes the organization's entire current fiscal year and includes (a) mission statement, (b) evidence of an environmental scan for similar/comparable services, (c) stakeholder participation (staff, board, etc.), (d) strategic goals and measurable objectives, and (e) implementation.

Applicant's failure to meet these minimum qualifications will be considered as non-responsive and no further review of the application will be conducted by HCD.

(Note: This section is not applicable to City of Mesa economic development or commercial rehabilitation funding requests.)

APPLICATION CHECKLIST

Requests for funding **must** include the following documents:

- A. Proposal Description (**500 words or less - on a separate form**)
- B. Organizational Information (does not apply to COM applicants)
- C. Project Narrative
- D. Sample Budget (may submit own form as long as it meets the minimum requirements set forth in the sample budget form)
- E. Performance Measurement Form
- F. Conflict of Interest Questionnaire (does not apply to COM applicants)
- G. Articles of Incorporation and Bylaws (limited to new first-time CDBG applicants) (does not apply to COM applicants)
- H. Federal Tax Exemption Determination Letter (limited to new first-time CDBG applicants) (does not apply to COM applicants)
- I. List of Current Board of Directors (does not apply to COM applicants)
- J. Most recent audit (if not previously funded)
- K. Housing Counseling Program Supplement (HUD-approved counseling agencies only)
- L. Match documentation and/or other funding source documentation
- M. Public Facilities and Improvements attachments
- N. Project Video (2 minutes)
- O. Proof of Insurance (does not apply to COM applicants)
- P. Copy of most recent IRS 990 (does not apply to COM applicants)

APPLICATION PROCESS

Submitted applications are evaluated in a three-step process: (1) eligibility review, (2) project evaluation, and (3) funding recommendation.

A threshold review will be done for completed applications that are received by the deadline. To meet the threshold requirements, the project must (1) meet a National Objective as required by HUD, (2) include proposed eligible activities as defined by HUD, and (3) meet a City of Mesa Council priority ([see Section 1, page 5](#))

Projects that meet the threshold requirements will go forward for project evaluation. All projects that meet the threshold requirements will be evaluated by Housing and Community Development (HCD) staff and by the Housing and Community Development Advisory Board (HCDAB). The HCD Division has oversight over the CDBG program and the use of CDBG funds. After evaluating all applications and receiving recommendations from the HCDAB, HCD will present recommendations to the Mesa City Council for final approval.

Mesa City Council reserves the right to accept HCD recommendations, or to modify or reject any and all recommendations.

FAIR HOUSING AND EQUAL OPPORTUNITY

Outreach activities undertaken (during CY 2019) or expected to be undertaken as a part of this grant that help promote fair housing and/accessibility should be included in your application.

As a recipient of federal grant funds from the U.S. Department of Housing and Urban Development (HUD), the City of Mesa (COM) has established a commitment to provide equal housing opportunities for existing and future residents. Through the federally-funded Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs, in cooperation with other state and local programs, COM works to affirmatively further fair housing to ensure grants are administered in compliance with Title VI of the Civil Rights Act of 1964 and the Title VIII of Fair Housing Act of 1968 (Analysis of Impediments to Fair Housing Choice).

The Housing and Community Development Act of 1974, as amended, is the dominant statute for the Community Development Block Grant (CDBG) program. It requires that each federal grantee certify to HUD's satisfaction that (1) the awarded grant will be carried out and administered according to the Fair Housing Act, and (2) the grantee will work diligently to affirmatively further fair housing.

Under the Consolidated Plan, HUD funded recipients are required to: (1) examine and attempt to alleviate housing discrimination within their jurisdiction; (2) promote fair housing choice for all persons; (3) provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin; (4) promote housing that is accessible to and usable by persons with disabilities; (5) and comply with the non-discrimination requirements of the Fair Housing Act.

COM will review applications for conformance with the five-year goals that are provided in the Analysis of Impediments to Fair Housing Summary Document. [Analysis of Impediments](#)

SELECTION CRITERIA

HCD will consider the following factors when evaluating a CDBG project for funding:

- A. Does the project/activity meet a National Objective? ([See Section II, page 16](#))
- B. Is the activity eligible per CDBG guidelines and the City of Mesa 2015-2019 Consolidated Plan (Con Plan)? [Con Plan Summary](#) [2015-2019 Consolidated Plan](#) [Analysis of Impediments](#)
- C. Which of the priorities as identified in the Con Plan does the activity address? (May be more than one priority.)
- D. What is the extent of public benefit achievement relative to the project cost?
- E. Past performance (for organizations requesting continued funding).
- F. When describing a service to be provided, does the organization define the anticipated outcomes and measurement of those outcomes? (For example, for an employment training activity, the number of persons securing a job as a result of the training should be emphasized rather than just the number of persons that will be provided employment training.)
- G. Does the project leverage other funding sources to the greatest extent possible, demonstrating cost-sharing opportunities and in-kind contributions?
- H. Does the organization have the administrative capacity to successfully carry out the project?
- I. Does the application describe collaborative efforts (as applicable) with other service providers and/or agencies?

HCD makes no guarantee that applicants requesting continued funding will be renewed for an additional year. **Future funding is subject to applicants' compliance with all rules and regulations governing the CDBG program, a quantifiable increase in the level of service from the previous year, and the continued availability of funds.**

ORGANIZATIONAL INFORMATION

- A. Experience/Organizational Capacity - Provide a brief narrative on the types of activities undertaken by the organization and, if appropriate, the success in carrying out the activity for which funding is requested.
- B. Financial Capacity supplement
 - 1. Describe the organization's projected budget and the major sources and uses of funding.

2. Describe the agency's fiscal management, disbursement methods, financial reporting, recordkeeping and accounting procedures.
 3. Indicate the ability to comply with the audit requirements specified under "Contracting Requirements" [Section 1, Page 13](#) .
 4. Indicate whether the organization is current on all payroll taxes and worker's compensation as required by federal and state law. Provide evidence (copies of most recent IRS Form 990 and quarterly tax forms) that the organization is current on federal and state taxes, or the organization has an agreement in place to address any tax liability.
 5. Indicate whether the organization has adequate insurance. (The required coverage for general and automobile liability insurance, fidelity bonds, worker's compensation, and fire insurance as specified under Contracting Requirements ([Section I, Page 13](#))).
- C. Personnel - Provide the organization's written personnel policy, affirmative action plan, and grievance procedure.
- D. Describe Staff Capacity - List the staff, consultants, tutors, and volunteers, as applicable, who will be involved in carrying out the proposed activity. Provide a resume of the individuals who will be responsible for program implementation.
- E. Conflict of Interest
1. Generally, no persons, as defined below, who exercise or have exercised any functions or responsibilities with respect to CDBG activities, or who are in decision-making positions or can access inside information with regard to such activities may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to CDBG assisted activity, or with respect to proceeds of the CDBG activity, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. (Section 24 CFR 570.611(b) – "Conflicts prohibited" of the CDBG regulations). The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or sub-recipients who are receiving funds under this part.
 2. No employee, officer, or agent of the grantee shall participate in selection, or in the award or administration of a contract supported by federal funds if a real or apparent conflict of interest exists. Such a conflict would arise when any of the parties noted below have a financial or other interest in the firm selected for award:

- a) the employee, officer or agent;
- b) any member of his/her immediate family;
- c) his or her partner; or
- d) an organization, which employs, or is about to employ any of the above. The officers, employees or agents shall neither solicit nor accept gratuities, favors of anything of monetary value from contractors or parties to sub-agreements (24 CFR Part 84.42 – “Codes of Conduct”). Conflicts of interest that are not properly addressed can result in a loss of CDBG funding to the program and/or to the County, and in some cases can result in civil or criminal liability. HCD staff should be contacted immediately if you suspect that there may be a conflict of interest.

To ensure compliance, please review the regulations above to determine whether an actual or perceived conflict of interest exists, and if so, what action should be taken to avoid a violation of the law. All applicants must complete the “Conflict of Interest Questionnaire” and submit with the proposal.

CONTRACTING REQUIREMENTS

Organizations awarded CDBG funds will be required to contract with the City of Mesa. At that time, organizations will be required to submit a scope of services, a program and grant budget, and to meet other requirements.

Applicants should state in their proposals whether they can comply with these requirements that include, but are not limited to:

- A. Timely adherence to the stipulated contract execution process and submission of required documentation to complete a subrecipient agreement with the City of Mesa.
- B. Worker's Compensation/Fidelity Bond - Worker's Compensation and Unemployment Insurance as required by the State of Arizona, as well as any similar coverage required for this work by applicable federal or state laws.
- C. Davis-Bacon wage rates - The Davis-Bacon and Related Acts apply to contractors and subcontractors performing on federally-funded construction contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. The Davis-Bacon Act (40 U.S.C.A. §§ 276a to 276a-5) is a federal law requiring that prevailing wages be paid to laborers and mechanics employed on federally-funded projects. This Act is applicable to Public Facilities and Improvement projects and some multi-family housing construction projects.
- D. Certification regarding debarment and suspension. Appendix II, 2 CFR Part 200 requires that the HCD ensures subrecipients or contractors receiving awards are not suspended or debarred from participation in federal award programs.
- E. Limited English Proficiency (LEP) - HCD receives federal funds to help support many innovative programs and services. In return for these funds, the City of Mesa undertakes specific obligations imposed by federal law, including Title VI of the Civil Rights Act of 1964, and Executive Order 13166. These two provisions mandate that recipients of federal financial assistance must take reasonable steps to provide persons with Limited English Proficiency (or "LEP") meaningful access to their programs and activities. Nongovernmental organizations, i.e., nonprofits, whose programs are supported by or assisted with federal funds, will be contractually obligated to comply with Title VI, which includes an obligation to provide language assistance to LEP individuals.
- F. Adherence to the Americans with Disabilities Act - The Americans with Disabilities Act (ADA) of 1990 was established to ensure inclusive and equal opportunity for persons with disabilities in all aspects

of American life. By breaking down and eliminating barriers, the ADA provides individuals with disabilities equal opportunity to participate in all aspects of community life.

The ADA prohibits discrimination on the basis of disability. Under the law, CDBG recipients must ensure that its programs, services and activities are readily accessible and usable by qualified persons with disabilities. Should a request for a reasonable accommodation be received, CDBG recipients must reasonably modify its policies, practices and procedures to ensure the full participation of everyone.

- G. Audit Requirements - In accordance with 2 CFR Part 200 (which supersedes OMB Circular A-133), any entity that expends \$750,000 or more in federal awards in a fiscal year must secure a program specific or single audit. Financial statements, as determined by HCD, will be required for grantees that expend less than \$750,000.
- H. National Environmental Policy Act (NEPA) – Environmental Clearance - CDBG regulations require that all programs and projects proposed for funding must receive a National Environmental Protection Act (NEPA) clearance. The primary purpose of the NEPA clearance is to protect and enhance the quality of our natural environment. An Environmental Review Record (ERR) and clearance must be prepared by COM and clearance must be received from HUD before federal dollars are expended or costs incurred for any CDBG-approved program or activity.

In addition, no contracts may be executed, loans settled, or work started on a project awarded CDBG funds before the environmental review process is completed, even if that work is being done using non-HUD funds. In other words, environmental clearance must be obtained for each project prior to the firm commitment of federal or non-federal funds. A violation of this requirement may jeopardize federal funding to the project and disallow all costs that were incurred before the completion of the Environmental Review. HCD will also determine whether the project meets other applicable statutory and regulatory requirements. Every project undertaken with CDBG funds, and all activities related to that project, is subject to the provisions of the NEPA and the environmental review regulations at 24 CFR Part 58.

SECTION II - CDBG PROGRAM HISTORY, CDBG GOALS AND OBJECTIVES OUTLINED IN 5-YEAR CONSOLIDATED PLAN

CDBG PROGRAM HISTORY

The Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act of 1974 and is administered by the U.S. Department of Housing and Urban Development. CDBG evolved out of the consolidation of eight programs under which communities competed nationally for funds. The consolidated programs were:

- Open Space
- Urban Renewal
- Neighborhood Development Program grants
- Historic Preservation grants
- Model Cities supplemental grants
- Public Facilities loans
- Neighborhood Facilities grants and
- Water and Sewer grants

CDBG Program regulations are found at 24 CFR Part 570.

CDBG goals and objectives outlined in City of Mesa's 5-year Con Plan. Each proposed program or project must address one or more of the federally-mandated Outcome Performance Measurements implemented by HUD (see [Outcome Performance Measurement System](#) for additional guidance).

Applicants are required to state how proposed programs or projects will meet the objectives outlined in the City of Mesa's 5-year Consolidated Plan.

FEDERAL PERFORMANCE MEASUREMENT OBJECTIVES

- A. Creating Suitable Living Environment - relates to activities that provide benefit to communities, families or individuals by addressing issues in their living environment such as poor infrastructure, crime, literacy, etc.
- B. Providing Decent Housing - relates to any housing activity designed to meet the housing needs of individuals and families

- C. Creating Economic Opportunities – applies to activities related to economic development, commercial revitalization, or job creation

MEETING A NATIONAL OBJECTIVE

The Community Development Block Grant (CDBG) program helps with housing and community development activities. For a project or activity to qualify for CDBG funding, it must meet at least one of the three statutory National Objectives established under Title I of the Housing and Community Development Act of 1974, as amended. An activity that fails to meet a national objective will not qualify for CDBG funding.

National Objectives

A. Activities Benefiting Low- and Moderate-Income (LMI) Persons

1. Area-benefit activities - An activity, the benefits of which are available to all the residents in a particular area, where at least 51% of the residents are LMI persons. The service area must be primarily residential, and the activity must meet the identified needs of LMI persons. Examples include: street improvements, water and sewer lines, neighborhood facilities, and façade improvements in neighborhood commercial districts. This activity must meet one of the following qualifying criteria:
 - (a) A determination that there is a sufficiently large percentage of LMI persons residing in the service area by using the most recently available decennial Census information, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau; or
 - (b) A determination is made of the percent of LMI residents by means of a current survey of the area, if it is believed that the census data does not reflect current income levels, or where the census boundaries do not coincide sufficiently with the service area. The survey results must meet statistical reliability standards and be approved by HUD.
2. Limited-clientele activities – An activity which benefits a limited clientele where, at least 51% of those persons served are LMI persons. Examples include: construction of a senior center, public services for the homeless; meals on wheels for the elderly, and construction of job training facilities for the handicapped. The activity must meet one of the following qualifying criteria:

- (a) The activity benefits a clientele that is generally presumed to be principally LMI persons such as abused children, battered spouses, elderly persons, severely disabled adults, and migrant farm workers; or
- (b) Information is required on family size and income in order to show that at least 51% of the clientele is LMI; or
- (c) The activity has income eligibility requirements which limit the activity exclusively to LMI persons; or
- (d) The activity is of such nature and in such location that it may be concluded that the clients are primarily LMI.

In addition, the following activities may qualify under the limited-clientele National Objective:

- (a) Removal of architectural barriers to enhance mobility for the elderly or the severely disabled. [NOTE: Certain restrictions do apply to these activities].
- (b) Microenterprise activities carried out in accordance with HUD regulations when the person owning or developing the microenterprise is LMI; or
- (c) Activities that provide training and other employment support services when the percentage of persons assisted is less than 51% LMI may qualify if: the proportion of total costs borne by CDBG is no greater than the proportion of LMI persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for job training and/or supportive services.

Records to be maintained

One of the following types of documentation must be kept for each activity:

- (a) Documentation showing that the activity is designed for and used by a segment of the population presumed by HUD to be LMI persons; or
 - (b) Documentation describing how the nature and, if applicable, the location of the activity establishes that it is used predominantly by LMI persons; or
 - (c) Data showing the size and annual income of the family of each person receiving the benefit.
3. Housing Activities – An activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households. Examples include: property acquisition or rehabilitation of property for permanent housing; conversion of non-residential structures into permanent housing; and new housing construction by a Community-Based Development Organization (CBDO). The activity must meet one of the following qualifying criteria:

- (a) One-unit structures must be occupied by LMI households.
 - (b) Two-unit structures must have at least one unit occupied by LMI households.
 - (c) Structures containing more than two units must have at least 51% of the units occupied by LMI households.
 - (d) Rental buildings under common ownership and management which are located on the same or contiguous properties may be considered as single structures.
 - (e) For rental housing, occupancy by LMI households must be at affordable rents, consistent with the standards adopted and publicized by the Department of Housing and Community Development for determining “affordable rent” levels.
4. Job creation or retention activities – An activity designed to create or retain permanent jobs where at least 51% of which, (computed on a full-time equivalent basis), will be made available to or held by LMI persons. Potentially eligible activities include: construction by the grantee of a business incubator designed to offer office space and support services to new firms to help them become viable small businesses; loans to pay for the expansion of a plant or factory; and assistance to a business to prevent closure and a resultant loss of jobs for LMI persons.

Generally, each assisted business shall be a separate activity for purposes of determining whether the activity qualifies. However, in certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses, which locate on the property, provided such businesses are not otherwise assisted by CDBG funds. Additionally, where CDBG funds are used to pay for the staff and overhead costs of a CBDO making loans to businesses from non-CDBG funds, this requirement may be met by aggregating the jobs created by all the businesses receiving loans during any one-year period. Jobs are only considered to be available to or held by LMI persons when:

- (a) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and
- (b) Local government and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

Records to be maintained for benefit based on job creation:

Where the grantee chooses to document that at least 51% of the jobs will be available to LMI persons, documentation for each assisted business shall include a copy of a written agreement, containing:

- i. A commitment by the business that it will make at least 51% of the jobs available to LMI persons and will provide training for any of those jobs requiring special skills or education;
- ii. A listing by job title of the permanent jobs to be created, indicating which jobs will be available to LMI persons, which jobs require special skills or education, and which jobs are part-time; and,
- iii. A description of the actions to be taken by the grantee and business to ensure that LMI persons received first consideration for these jobs; and
- iv. A listing by job title of the permanent jobs filled, which jobs were available to LMI persons, and a description of how first consideration was given to such persons for these jobs. The description shall include what type of hiring process was used; which LMI persons were interviewed for a job; and which LMI persons were hired.

OR

Where the grantee chooses to document that at least 51% of the jobs will be held by LMI persons, documentation for each assisted business shall include a copy of a written agreement, containing:

- i. A commitment by the business that at least 51% of the jobs, on a full-time equivalent basis, will be held by LMI persons; and
- ii. A listing by job title of the permanent jobs to be created (identifying which are part-time, if any).
- iii. A listing by job title of the permanent jobs filled and which jobs were initially held by LMI persons; and
- iv. For each LMI person hired, information on the size and annual income of the person's family prior to the time the person was hired for the job.

For benefit based on job retention, the following documentation must be kept:

- (a) Evidence that in the absence of CDBG assistance, the job would be lost; and,
- (b) For each business assisted, a listing by job title of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by LMI persons at the time the assistance is provided; and,

- (c) Where applicable, identification of any of the retained jobs (other than those known to be held by LMI persons) which are projected to become available to LMI persons through job turnover within two years of the time CDBG assistance is provided, and information on how the turnover projections were calculated; and,
- (d) For each retained job claimed to be held by a LMI person, information on the size and annual income of the person's family; and,
- (e) For each retained job claimed to be available to LMI persons based on job turnover: a listing of each job which has turned over to date, indicating which of those jobs were either taken by, or available to LMI persons; and a description of how "first consideration" was given to LMI persons for those jobs.

B. Activities which aid in the prevention or elimination of slums or blight (HCD staff must be consulted prior to application submission regarding this National Objective).

1. Activities to address slums or blight on an area basis

An activity which helps to prevent or eliminate slums or blighting conditions within a designated area. Examples include: assistance to commercial or industrial businesses; public facilities or improvements; code enforcement. The activity must meet the following qualifying criteria:

- a. The area, delineated by the grantee, must meet a definition of a slum, blighted, deteriorated or deteriorating area under state or local law.
- b. Within the area, there must be a substantial number of deteriorated or deteriorating buildings or public improvements.
- c. The activity must address one or more of the conditions that contributed to the deterioration of the area.
- d. If rehabilitation of residential buildings is to be undertaken in a slum/blighted area, the building must be considered substandard under local definition and all deficiencies making the building substandard must be corrected before other rehabilitation work is undertaken.

Records to be maintained:

- a. Boundaries of the area.
- b. A description of the conditions, which qualified the area at the time of its designation in enough detail to demonstrate how the area met the qualifying criteria.
- c. For each residential rehabilitation activity:

- d. Local definition of “substandard” that must be at least as stringent as the housing quality standards used in the Section 8 Housing Assistance Payment Program – Existing Housing; and,
- e. Pre-rehabilitation inspection report describing the deficiencies in each structure to be rehabilitated; and,
- f. Details and scope of CDBG-assisted rehabilitation by structure.

C. Activities designed to meet community development needs having an urgency

Use of this category is extremely rare. It is designed only for activities that alleviate emergency conditions resulting from natural disasters or similar emergencies.

SECTION 8 INCOME LIMITS

Media Income	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household	6 Person Household	7 Person Household	8 Person Household
30%	\$13,200	\$15,100	\$17,000	\$18,850	\$20,400	\$21,900	\$23,400	\$24,900
50%	\$22,050	\$25,200	\$28,350	\$31,450	\$34,000	\$36,500	\$39,000	\$41,550
60%	\$26,460	\$30,240	\$34,020	\$37,740	\$40,800	\$43,800	\$46,800	\$49,860
80%	\$35,250	\$40,250	\$45,300	\$50,300	\$54,350	\$58,350	\$62,400	\$66,400
								May 2018

2018 HOME, CDBG and NSP AMI, INCOME LIMITS

FY 2018-2019 Income Limits of Dept. of HUD Area Median Maximum Gross Income Limits for the City of Mesa, AZ

<https://www.hudexchange.info/manage-a-program/home-income-limits/>

SECTION III - INSTRUCTIONS FOR COMPLETING THE PROJECT NARRATIVE, ORGANIZATIONAL INFORMATION, PROPOSED BUDGET, AND OUTCOME-BASED PERFORMANCE MEASUREMENT SECTIONS

PROJECT NARRATIVE

Provide enough detail that would allow a fair assessment of the program/project. Be realistic as to what can reasonably be achieved within one year. All CDBG programs/projects must comply with federal requirements and meet at least one of the three statutory objectives established under Title I of the Housing and Community Development Act of 1974, as amended. An activity that fails to meet a national objective will not qualify for CDBG funding.

See [Section 7, page 35](#), which provides an overview of the CDBG listings of eligible uses. See [Section VIII, page 41](#), for a listing of ineligible uses. Applicants should review this information and review the HCD Consolidated Plan to ensure that the program/project will satisfy HUD and HCD requirements. Limit this narrative to 500 words.

ORGANIZATIONAL INFORMATION

A. Experience/Organizational Capacity

Provide a brief narrative on the types of activities undertaken by the organization and the success in carrying out the activity for which funding is requested.

B. Financial Capacity Supplement

Provide the following:

1. The organization's projected budget and the major sources and uses of funding.
2. The fiscal management, disbursement methods, financial reporting, recordkeeping, and accounting procedures.
3. The organization's ability to comply with the audit requirements specified under Contracting Requirements ([See Section I, Section G, Page 14](#)).

4. Provide evidence (copies of most recent IRS Form 990 and quarterly tax forms) that the organization is current on federal and state taxes or, the organization has an agreement in place to address any tax liability.
5. Provide proof of coverage for general and automobile liability insurance, fidelity bonds, and fire insurance.

C. Personnel

Indicate whether the organization has a written personnel policy, affirmative action plan, and grievance procedure.

D. Staff Capacity

List staff, consultants, tutors and volunteers, as applicable, who will be involved in carrying out the proposed activity. Describe the experience and expertise of the individuals who will be responsible for program implementation.

PROPOSED BUDGET

- A. The CDBG application includes a two-page budget form for all program staff and operating costs. b. Note that there are limitations on the use of CDBG funds: Before completing the budget form, pay careful attention to the following:
1. For all Public Services activities, grantees are not allowed to expend over 20% of your CDBG award on program administration.
 2. CDBG funds may not be used for acquisition of property used primarily for religious purposes or to promote religious interest regardless of the use of the property.
 3. A request for property acquisition should identify the proposed site and sales price as well as the estimated value based upon comparable market values.
 4. Religious organizations or organizations that have religious affiliations may use CDBG funds only for minor repairs of a facility that is used exclusively for non- religious purposes and houses eligible public services.
 5. Costs that are ineligible and unallowable under the CDBG Program include, but are not limited to:
 - a) Bad debts
 - b) Contingencies
 - c) Contributions and donations
 - d) Food

- e) Entertainment costs (including meals, awards, banquets, etc.)
- f) Gifts or incentive awards to individuals
- g) Fines and penalties resulting from violations of or noncompliance with Federal, state and local laws
- h) Interest on borrowed capital
- i) Fundraising
- j) Investment management
- k) Losses on other awards
- l) Litigation expenses

IMPORTANT- Any request for an increase in CDBG funding over the prior year's award must be justified. If no justification and rationale for increase is provided, the request will not be considered.

FEDERAL OUTCOME PERFORMANCE MEASUREMENT SYSTEM

The U.S. Department of Housing and Urban Development (HUD) has implemented an Outcome Performance Measurement System to provide a standardized methodology to demonstrate the outcomes of the CDBG Program. This system has three specific OBJECTIVES and three specific OUTCOMES. For each activity, applicants are required to select an objective and provide an outcome on the "Outcome and Performance Measurement form."

Please note that certain types of CDBG activities are not subject to a specific OBJECTIVE or OUTCOME. These activities include Non-profit Organization Capacity Building, Planned Repayment of Section 108 Loan Principal, Planning, General Program Administration, Public Information, Indirect Costs, and Fair Housing Activities.

IMPORTANT!! The CDBG application process is competitive! Performance Measurement will have a direct impact on an application.

Definition of terms used in the Outcome & Performance Measurement form.

GOALS describe future expected outcomes. They are not measurable and focus on ends, not means to an end.

OBJECTIVES are based on the broad statutory purpose of the CDBG, HOME, and ESG programs and include –

- *Creating Suitable Living Environment* relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment. This objective relates to activities that are intended to address a wide range of issues faced by low- and moderate-income persons, from physical problems with their environment, such as poor-quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services.
- *Providing Decent Housing* covers the wide range of housing activities that are generally undertaken with HOME and CDBG funds. This objective focuses on housing activities and the purpose is to meet individual family or community housing needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements, since such programs would be more appropriately reported under Suitable Living Environments.
- *Creating Economic Opportunities* applies to activities related to economic development, commercial revitalization, or job creation.
- INPUTS are resources an agency uses to achieve objectives, e.g., staff, staff time, facilities, equipment, supplies, dollars. Inputs also include constraints on the program, such as laws, regulations, and requirements for receiving funds.

A program uses INPUTS to support ACTIVITIES

ACTIVITIES are the actual work or services provided to clients, residents, homeowners, or renters. They may include construction or rehabilitation work, direct client services, or administrative functions carried out by an agency.

OUTPUTS are the direct products of an agency's activities. They are measurements of the amount of work accomplished. Examples would include the number of households served, number of units constructed or rehabilitated, or linear feet of sidewalk.

All OUTPUTS must have identified OUTCOMES

OUTCOMES are closely related to the OBJECTIVES. The program outcome helps further refine the objective and is designed to capture the nature of the change or the expected result of the objective that an organization seeks to achieve. Outcomes correspond to the question "What is the type of change the project, program, or activity is seeking?" Or, "What is the expected result of the activity?" HUD's specific outcomes are:

- Availability/Accessibility applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers but also to the necessities of daily living being available and accessible to low-and moderate-income people where they live.
- Affordability applies to activities that provide affordability in a variety of ways to low- and moderate-income persons. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.
- Sustainability: Promoting Livable or Viable Communities applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income, or by removing or eliminating slums or blighted areas through multiple activities or services that sustain communities or neighborhoods.

OUTCOME Measurement – the final step

What indicators, verifiable information or data will be used to measure an outcome to determine if it was attained? These outcome measurements vary from project to project. In addition to traditional measures of OUTPUTS, i.e., number of persons served, services provided, etc., OUTCOME language describes the impact of the activity on the client.

Outcomes are defined as: (S) Simple, (M) Measurable, (A) Attainable, (R) Realistic, (T) Time Based

Example - HOUSING PROJECT

OBJECTIVE - Decent Housing

GOALS - Rehabilitation of existing housing occupied by low- and moderate-income persons

INPUTS - \$85,000 budget Two Rehab Specialists

ACTIVITIES - Financial writing, cost estimates, and job specifications. Coordination with weatherization program

OUTPUTS - 25 homes rehabilitated

OUTCOMES - Sustainability of 25 homes previously considered substandard will be brought to local city code and pass city housing code inspections

OUTCOME MEASUREMENT - Number of units brought up to property standards

Example - PUBLIC FACILITIES/IMPROVEMENT PROJECT

OBJECTIVE - Suitable Living Environment

GOALS - Creation of a park for public use

- INPUTS \$350,000 budget
- City Project manager
- City Park staff

ACTIVITIES - Engineering bid; Construction bid Davis-Bacon oversight

OUTPUTS –

- 9 cubic yards of cement removed
- 1 acre covered with top soil, grass planted
- 20 trees planted for beautification.

OUTCOMES - Availability/Accessibility. At completion of project, 11,400 persons will have access to a park with a small tot lot and benches

OUTCOME MEASUREMENT - Before and after photographs

Example - PUBLIC SERVICES PROJECT

OBJECTIVE - Suitable Living Environment

GOALS - Youth will have a safe place for constructive after-school activities

INPUTS -

- Agency provides budget of \$125,000
- Program Manager
- Part-time volunteer recruiter

ACTIVITIES - Tutoring – children meet with volunteer tutors 4 afternoons per week for 2 hours

OUTPUTS - 25 children receive individual tutoring in after-school program

OUTCOMES - Availability/Accessibility. 25 youth will have improved math and reading scores on standardized test 50% of the children will make honor roll after 6 months of individual tutoring

OUTCOME MEASUREMENT - School Honor Roll records, test scores and progress reports for each child

SECTION IV - ELIGIBLE ACTIVITIES FOR AFFORDABLE HOUSING, ECONOMIC DEVELOPMENT, PUBLIC SERVICES AND PUBLIC FACILITIES & IMPROVEMENTS

ELIGIBLE ACTIVITIES AND NATIONAL OBJECTIVES PER PROGRAM

Affordable Housing

CDBG funds may be used to assist existing homeowners with the repair, rehabilitation, or reconstruction of owner-occupied units. Grantees have the flexibility under the CDBG Program to design repair and rehabilitation programs that meet the needs of their residents.

Eligible Activities:

- Substantial rehabilitation which brings the property up to local codes and standards
- Energy efficiency programs, including insulation, new windows, and doors
- Handicapped accessibility through the installation of ramps and grab bars
- Emergency repair for certain elements of a house such as a leaking roof
- Weatherization programs designed to improve a house's ability to withstand the elements such as insulation and weather stripping
- Other housing activities include: property acquisition or rehabilitation of property for permanent housing, conversion of non-residential structures into permanent housing, and new housing construction by a Community Based Development Organization (CBDO) National Objectives:
- Housing: LMI persons must occupy structures with one unit. If the structure contains more than one unit, at least 51% must be LMI occupied. (Documented per household)
- Limited Clientele: Removal of architectural barriers to improve mobility for elderly or the severely disabled. (Documented per individual)
- Slum and Blight: Area Basis (Must receive prior approval from HCD to qualify for category)
- Slum and Blight: Spot Basis ECONOMIC DEVELOPMENT CDBG funds may be used to undertake certain economic development activities applicants must meet with Housing and Community Development Department staff prior to applying for economic development activities to ensure your idea is an eligible economic development project. Please note, job training/soft skills training and employment search assistance are defined as a public service and are not eligible under CDBG Economic Development Regulations.
- Business and Job Development is an HCD Priority Goal.
- Eligible Activities: Special Economic Development Projects
- Assisting a private, for-profit business (e.g., loans, grants, interest subsidies) for the specific purpose of creating jobs

- Job training, placement, and other types of services are eligible as for-profit business assistance or building acquisition/rehab/construction

Microenterprise Development

- Loans and technical assistance/training to persons owning or developing a microenterprise (defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise)
- Programs to assist persons who want to own or develop a microenterprise Community Based Development Organizations
- CBDOs may use Economic Development funds to carry out certain activities in connection with neighborhood revitalization, community economic development, or energy conservation projects.

National Objectives:

- Area Benefit: In order to qualify under the area benefit criteria, the economic development activity must benefit all residents in a block group area. In addition, at least 51% of the residents in the identified block group service area must be LMI, the service area must be primarily residential, and the activity must meet the identified needs of LMI persons.
- Job Creation/Retention: Designed to create or retain permanent jobs, at least 51% of which will be made available to or held by LMI persons.

If activities create jobs, there must be documentation indicating that at least 51% of the jobs will be held by or made available to LMI persons.

- A. If activities retain jobs, there must be enough information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51% of the jobs: a) the job is held by an LMI person.
- B. The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by or made available to an LMI income person.

For jobs to be considered available to LMI persons, created or retained jobs require that special skills that can only be acquired with substantial training, work experience, or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide

training; and the recipient and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

Created or retained jobs are only considered to be held by LMI persons when the job is held by LMI persons. Limited Clientele: Individuals carrying out microenterprise assistance activities must be LMI.

Organizations that wish to apply for funding under the Economic Development Microenterprise category ([Section VII, page 38](#)) must meet the following minimum requirements:

- A. Must be an IRS 501(c)3 or (501(c)4 nonprofit organization in good standing with the IRS; or a for-profit entity that is currently engaged in job creation activities.
- B. Demonstrate experience with the management of funding and/or programs funded in whole or in part by any of the following federal agencies: U.S. Treasury, U.S. Small Business Administration, U.S. Department of Housing and Urban Development; U.S Department of Health and Human Services; or U.S. Department of Agriculture.
- C. Be a U.S. Treasury Community Development Financial Institution with full-time staff engaged in the practice of small business development, economic development lending, technical assistance, commercial real estate lending or a Community Housing Development Organization (CHDO); **OR**
- D. Be a nonprofit organization with full-time, professional staff certified in commercial real estate development, development finance or economic development, **AND** be able to provide at least four years of tax returns and audited financial statements.

PUBLIC SERVICES

CDBG regulations are very broad and allow the use of grant funds for a wide range of public service activities. For the current grant term, CDBG public service funds will be granted to programs that meet Consolidated Plan Goals and Mesa City Council Goals.

Eligible Activities

- CDBG funds may be used to pay for staffing for carrying out the activity, supplies, and materials to operate and/or maintain the portion of a facility in which the public service is located. This includes the lease of a facility, equipment, and other property needed for the public service.
- To utilize CDBG funds for a public service, the service must be either a new service or a quantifiable increase in the level of an existing service which has been provided by the grantee or another entity.
- The service must not discriminate against any person on the basis of religion and will not limit such services or give preference to persons on the basis of religion.
- The service must not provide religious instruction or counseling, conduct religious worship or services, engage in religious proselytizing, or exert religious influence in the provision of services.
- HUD strictly prohibits the use of CDBG funds to replace (supplant) an agency's existing costs. In other words, you cannot meet a budget shortfall in your current services with new grant funds. CDBG grant funds must relate directly to NEW budget items.

National Objectives

- Benefit to Low- and Moderate-Income Persons or Households is referred to as the “primary” objective. This is due to the statute requirement that at least 70% of CDBG recipient (City) funding goes toward LMI activities.” ([See Section 8 Income Limits found on page 22](#)).
- Limited Clientele: An activity which benefits a limited clientele where at least 51% of those persons served are LMI persons or serves clients who are presumed benefit. For example: homeless, senior citizens, or victims of domestic violence. Contact HCD staff for guidance on this National Objective.
- Area Benefit: The activity must benefit a specific group of people in a defined block group area where at least 51% of the residents are low income.

SECTION VI - MINIMUM GRANT AWARD - PUBLIC SERVICES ACTIVITIES

Minimum grant award – COM has established a minimum application amount of \$50,000.

PUBLIC FACILITIES AND IMPROVEMENTS

The acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements is an eligible activity under CDBG and can be performed by COM or a sub-recipient nonprofit organization. Applicants are required to consult with HCD staff prior to submission of a CDBG public facilities application for funds.

Eligible Activities

- A. Infrastructure improvements (generally construction or installation)
- B. Neighborhood facilities (e.g., recreational facilities, parks, playgrounds);
- C. Facilities for persons with special needs (e.g., facilities for the homeless or nursing homes or group homes for the disabled)
- D. Energy efficiency improvements;
- E. Handicapped accessibility improvements;
- F. Architectural design features and other treatments aimed at improving safety, function, and aesthetic quality

National Objectives

- A. Area Benefit: CDBG-funded public improvements are typically categorized as an area benefit activity. Under the area benefit criteria, the public facility must benefit all residents of an area where at least 51% have low or moderate incomes. Eligibility is determined by identification of the block group area to be served by the proposed project and calculation of the percentage of LMI residents. The area is required to be primarily residential.
- B. Limited Clientele: Public facilities funded by CDBG may sometimes qualify under the limited clientele criteria because the facility will benefit a specific targeted group of people, of which at least 51% must have low or moderate incomes. Public facilities such as homeless shelters or group homes for persons with special needs are two examples that qualify under the limited clientele criteria. The populations served by these facilities are populations that are presumed to be low- and moderate income.

C. Other requirements for the applicant are as follows:

- (1) Must own the facility
- (2) Submit a cost estimate from a qualified contractor that will not be bidding on the project
- (3) Submit plans and specifications for project
- (4) Have the required zoning in place for the project

SECTION VII - CDBG ELIGIBLE ACTIVITIES

24 CFR § 570.201- § 570.204, § 570.207, Title 42 Section 105(a) (12)

CDBG ELIGIBLE ACTIVITIES - Note that all CDBG eligible activities may NOT be eligible for funding. Please make sure your application reflects activities supported in the Consolidated Plan Goals and Objectives.

ACQUISITION

Acquisition, in whole or in part, by the subrecipient or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property for any eligible public purpose. In order to be considered acquisition, a permanent interest in the property must be obtained. Long-term leases only qualify as acquisition if they are for 15 years or more. Acquisition of real property is subject to Section 570.606, "Displacement, relocation, acquisition, and replacement of housing of the CDBG regulations". Additionally, acquisition of real property is subject to the requirements under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601- 4655).

DISPOSITION

Disposition, through sale, lease, donation or otherwise, of any real property acquired with CDBG funds or its retention for public purposes.

PUBLIC FACILITIES AND IMPROVEMENTS

Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements carried out by a public or private nonprofit entity: including, but not limited to, streets, curbs, sidewalks, storm drainage, sanitary sewers, parks and recreational facilities, community centers, and libraries. Design features and improvements that promote energy efficiency may be included. Activities may also include architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance such as decorative pavements, railing, sculptures, pools of water and fountains, and other works of art. Facilities containing both eligible and ineligible uses are subject to special policies contained under 'Section 570.200(b) &(c) of the CDBG Regulations.

CLEARANCE

Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites. Demolition of HUD-assisted housing units may be undertaken only with the prior approval of HUD.

PUBLIC SERVICES

Provision of public services (including labor, supplies, and materials) including but not limited to housing counseling, tenant landlord counseling, senior services, handicapped services, legal, youth, transportation, services for battered and abused spouses, employment training, crime awareness/prevention, child care, health, substance abuse, education/literacy, fair housing activities, mental health, subsistence payment (one time), homeownership assistance (not direct), neighborhood cleanups, and food banks. To be eligible for CDBG funding, a public service must be either a new service, or a quantifiable increase in the level of an existing service.

INTERIM ASSISTANCE

The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where it has been determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable.

- A. The repairing of streets, sidewalks, parks, playgrounds, publicly-owned utilities, and public buildings;
- B. The execution of special garbage, trash debris removal including neighborhood cleanup campaigns, but not regular curbside collection of garbage or trash in an area.

PAYMENT OF NON-FEDERAL SHARE

Payment of non-federal share required in connection with a federal grant-in-aid program undertaken as part of CDBG activities, provided that such payment shall be limited to eligible activities and in compliance with application requirements.

RELOCATION

Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, where the assistance is (1) required under the provisions of Section 570.606(b) or (c) of the CDBG Regulations; or (2) if determined by HCD to be appropriate. **LOSS OF RENTAL INCOME** Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under the CDBG program.

HOMEOWNERSHIP ASSISTANCE

CDBG funds may be used to provide financial assistance to LMI households to assist them in the purchase of a home. Specific purposes for which financial assistance, using CDBG funds, may be provided are to:

- A. subsidize interest rates and mortgage principal amounts for LMI homebuyers;
- B. finance the cost of acquiring property already occupied by LMI households at terms needed to make the purchase affordable;
- C. acquire guarantees for mortgage financing obtained by LMI homebuyers from private lenders (except that amount received under this title may not be used under this category 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 for LMI homebuyers; or
- E. assist with reasonable closing costs (normally associated with the purchase of a home) incurred by an LMI homebuyer.

PRIVATELY-OWNED UTILITIES

CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately-owned utilities, including the placing underground of new or existing distribution facilities and lines.

CONSTRUCTION OF HOUSING

CDBG funds may be used in limited circumstances to finance the construction of new permanent residential structures. These limited circumstances include: construction of housing under a Housing

Development Grant (HODAG); or construction of housing of last resort under 24 CFR Part 42, Subpart I; or the project is being carried out by a qualified Community-Based Development Organization (CBDO).

MICROENTERPRISE ASSISTANCE

CDBG funds may be used to facilitate economic development through the establishment, stabilization and expansion of microenterprises. "Microenterprises" has been defined as a business having five or fewer employees, one or more of whom owns the business; "persons developing a microenterprise" means a person who has expressed an interest and who is, after an initial screening, expected to be actively working towards developing a business that is expected to be a microenterprise at the time it is formed.

TECHNICAL ASSISTANCE

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.

ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION

Assistance may be provided to an institution of higher education (i.e., secondary schools or higher) when it has been determined that such an institution has demonstrated a capacity to carry out activities that fall under one or more of the basic eligibility categories under the CDBG program.

REHABILITATION AND PRESERVATION ACTIVITIES

CDBG funds may be used to finance rehabilitation and related costs for buildings and improvements. Rehabilitation services, such as rehabilitation counseling, housing counseling, energy auditing, preparation of work specification, loan processing, inspection, 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 authorized under this section, or under Title II of the Cranston-Gonzalez National Affordable Housing Act, except that activities under this paragraph shall be subject to any limitation on administration expenses imposed by law.

CODE ENFORCEMENT

Costs incurred for inspection of code violations and enforcement of codes in deteriorating or deteriorated areas where such enforcement together with public improvements, rehabilitation, or services to be provided may be expected to arrest the decline in the area.

HISTORIC PRESERVATION

Rehabilitation preservation or restoration of historic properties, whether publicly or privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance. Historic Preservation, however, is not authorized buildings for the general conduct of government.

RENOVATION OF CLOSED BUILDINGS

Renovation of closed buildings such as school buildings, for use as an eligible public facility or to rehabilitate such buildings for housing.

LEAD-BASED PAINT HAZARD EVALUATION AND REDUCTION

Lead-based paint hazard evaluation and reduction as defined in Section 1004 of the Residential Lead Based Paint Hazard Reduction Act of 1992.

SPECIAL ACTIVITIES BY COMMUNITY-BASED DEVELOPMENT ORGANIZATIONS (CBDO)

CDBG funds may be provided to certain types of subrecipients to carry out several types of community development activities. Such organizations must meet certain qualifying characteristics outlined under Section 570.204(c) of the CDBG Regulations to carry out neighborhood revitalization, community economic development or energy conservation projects.

ECONOMIC DEVELOPMENT

Acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structures, and other real property, equipment and improvements, including railroad spurs or similar extension. Such activities may be carried out by HCD or public or private non-profit subrecipient.

Assistance to private for-profit businesses, where it is determined that the assistance is appropriate to carry out an economic development project. An analysis must be conducted to determine that the amount of any financial assistance is not excessive, considering the actual needs of the business in making the project financially feasible and the extent of public benefit expected to be derived from the economic development project.

ELIGIBLE PLANNING ACTIVITIES

CDBG funds may be used for studies, analysis, data gathering, and preparation of plans and identification of actions that will implement such plans. Types of plans that may be paid for with CDBG funds include but are not limited to: comprehensive plans; individual project plans; community development plans; capital improvement programs; small area and neighborhood plans; analysis of impediments to fair housing choice; environmental and historical studies; functional plans.

PROGRAM ADMINISTRATION COSTS

Payment of reasonable administrative costs, including, but not limited to salaries, wages and related costs of grantee staff or others engaged in program management, monitoring and evaluation.

FAIR HOUSING ACTIVITIES

Provision of fair housing services designed to further fair housing objectives of the Fair Housing Act (42 U.S.C. 3601-20) by making all persons without regard to race, color, religion, sex, sexual orientation, national origin, familial status, or handicap, aware of the range of housing opportunities available to them through education and outreach activities.

PUBLIC INFORMATION The provisions of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of activities being assisted with CDBG funds.

HOUSING SERVICES

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-Gonzales National Affordable Housing Act.

SECTION VIII - CDBG INELIGIBLE ACTIVITIES

The following are ineligible CDBG activities:

- A. Buildings or portions thereof used for the general conduct of government.
- B. General government expenses.
- C. Political activities. CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.
- D. The purchase of equipment with CDBG funds is generally ineligible.
- E. Construction equipment is generally ineligible.
- F. The purchase of equipment, fixtures, motor vehicles, furnishing, or other property not an integral structural fixture is generally ineligible.
- G. The maintenance and repair of publicly owned streets, parks, playgrounds, and water and sewer facilities is generally ineligible (e.g., filling potholes, repairing cracks in sidewalks, moving grass at public recreational areas, etc.). Payment of salaries for staff, utility costs, and similar expenses necessary for the operation of public works and facilities are generally ineligible.
- H. New construction of low- or moderate-income housing is generally ineligible except under certain circumstances as outlined under Section 570.207(b) (3) of the CDBG regulations.
- I. CDBG funds shall not be used for income payments. Income payments means: a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage) or utilities, but excludes emergency grant payments made over a period of up to three consecutive months on behalf of an individual or family.
- J. Fundraising activities.