

CDBG WORKSHOP

Department of Housing and Family Services
Grants Planning Compliance Monitoring

July 14, 2009

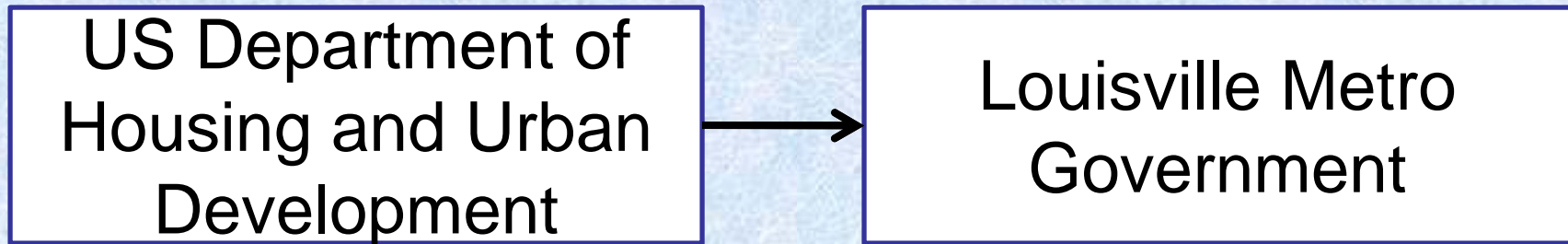
Grants Planning, Compliance, and Monitoring (GPCM)

- Provides oversight and technical assistance for 36 grants in three divisions (Housing, Human Services, CAP) from pre-application through close-out
- Ensures compliance with federal regulations in all formula and competitive grants
- Prepares Consolidated Plan, Action Plan, and CAPER
- Monitors outside recipients for compliance with federal regulations
- Handles citizen complaints regarding Metro's federal grant programs

Community Development Block Grant (CDBG)

- Title I of the Housing and Community Development Act of 1974
- Primary Objective – Development of Viable Urban Communities
 - Decent Housing
 - Suitable Living Environment
 - Expanded Economic Opportunity

Origin of CDBG Funding



- Louisville Metro is an Entitlement Community
- CDBG Funding is given annually based on a population formula
- 2009 Allocation is approximately \$14 million
- Consolidated Plan is created every five years to outline funding priorities

CDBG Funding Determination

- HUD regulations dictate that each activity funded through CDBG must be an eligible activity and meet a national objective
- HUD determines what activities are eligible for CDBG funds
- Louisville Metro determines which activities will be funded with CDBG

CDBG Planning

- Consolidated Plan
 - Outlines priorities for CDBG and other formula funds for a five-year period
 - Next consolidated plan will cover FY 2011-2015
- Action Plan
 - Annual plan determining priorities for upcoming year
- CAPER
 - Annual performance report to HUD

National Objectives

- Benefit to Low- to Moderate-Income Persons
 - Low/Mod Area Benefit
 - Limited Clientele
 - Low/Mod Jobs
- Aid in Prevention or Elimination of Slum or Blight
 - Spot Blight
 - Area Blight
- Meet a need having a particular urgency (must meet specific criteria and is rare)

National Objective: Benefit to Low/Mod Persons

- Sub-category: **Low/Mod Area Benefit**
 - Eligibility based on project area, not on personal income
 - Activity must benefit all residents of a particular area, where at least 51% of residents are low- to moderate-income.
 - Census tracts are currently determined by 2000 census data
 - Examples include street repaving, park improvements, tree planting in low/mod census tracts
 - Also includes Summer Day Camp for children in low/mod census tracts

National Objective: Benefit to Low/Mod Persons

- Subcategory: **Limited Clientele**
 - Eligibility based on income of beneficiary
 - At least 51% of beneficiaries served by project must be considered low- to moderate- income
 - Two ways to determine that a person is low/mod
 - Actual income documentation
 - Presumed low/mod based on category
 - Abused Children, Battered Spouses, Elderly (62+), Severely Disabled Adults, Homeless Persons, Illiterate Adults, Persons living with HIV/AIDS, and Migrant Farm Workers
 - Examples include the construction of a homeless shelter and child care where the income is documented

National Objective: Benefit to Low/Mod Persons

- Subcategory: **Low/Mod Job Creation**
 - Activities designed to create or retain permanent jobs for low/mod persons
 - At least 51% of FTE jobs must be made available to OR held by Low/mod persons
 - Made Available to: Special skills beyond high school are not a requirement to fill job OR business agrees to hire unqualified person and provide training AND actions are taken to ensure that low/mod persons receive 1st consideration
 - Held By: Job is actually held by a low/mod person
 - Person is presumed to be low/mod if he/she resides in a census tract with a 20% poverty rate, in an empowerment zone or enterprise community, or a census tract where 70% of residents are low/mod.
 - Jobs may also be presumed low/mod if the job and business is located in an area with a 20% poverty rate and the area evidences pervasive poverty and general distress OR is part of an empowerment zone or enterprise community

National Objective: Benefit to Low/Mod Persons

- Subcategory: Low/Mod Job Creation
 - For job creation, documentation must show that 51% of jobs will be held by, or made available to low/mod persons
 - For job retention, documentation must show that jobs would have been lost without CDBG funds and that at least 51% of jobs are held by a low/mod person or the job can be expected to turn over within 2 years and steps will be taken to ensure that the job will be filled by or made available to a low/mod person

National Objective: Elimination of Slum and Blight

- Focus is on a change in the physical environment of a deteriorating area (not benefit to people)
- Activity must address one or more conditions that contributed to the deterioration of an area
- Subcategory: Area Basis
 - Activities cover a designated area that meets the definition of slum, blighted, deteriorated area under state and local law
 - Public improvements are in a state of deterioration throughout the area
 - At least 25% of properties exhibit physical deterioration, abandonment, chronic high turnover or vacancy rates, significant declines in property values, and/or known or suspected contamination
 - Examples include infrastructure improvements in a deteriorated area and economic development assistance to a business locating a branch within a redeveloping blighted area

National Objective: Elimination of Slum and Blight

- Subcategory: Spot Basis
 - Activities that eliminate specific conditions of blight or physical decay on a spot basis
 - Project is not located within a slum or blighted area
 - Activities limited to acquisition, clearance, relocation, historic preservation, remediation, and building rehabilitation (limited to health and safety issues)
 - Examples include acquisition and demolition of a dilapidated property

CDBG Eligible Activities

- **Housing**
 - Homeowner Rehabilitation
 - Home Purchase Activities
 - Rental Housing Activities
 - New Construction
- **Other Real Property Improvements**
 - Acquisition
 - Disposition
 - Clearance
- **Economic Development**
 - Commercial Rehabilitation
 - Microenterprise assistance
- **Public Facilities and Improvements**
 - Homeless Facilities
 - Youth Centers
 - Neighborhood Facilities
 - Parks, Recreational Facilities
- **Public Services**
 - Employment services
 - Crime prevention and public safety
 - Child care
 - Fair housing counseling

CDBG Ineligible Activities

- Buildings for the general conduct of government
- General government expenses
- Financing for political activities or to engage in other partisan political activities
- Purchase of equipment is *generally* ineligible
- Purchase of personal property, including equipment, fixtures, motor vehicles, furnishings, or other personal property is *generally* ineligible
- Operating and maintenance expenses of public facilities, improvements, and services (Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program)
- New housing construction *except* under certain conditions
- Income payments made to an individual or family for items such as food, clothing, housing, or utilities

CDBG Eligible Activities: Public Service

- Eligible Activities

- Employment services (e.g., job training)
- Crime prevention and public safety
- Child care
- Health services
- Substance abuse services (e.g., counseling and treatment)
- Fair housing counseling
- Education programs
- Energy conservation
- Services for senior citizens
- Services for homeless persons
- Welfare services (excluding income payments)
- Down payment assistance
- Recreational services

- Ineligible Activities

- Income payments to an individual or family, which are used to provide basic services such as food, shelter
- Political activities

- Metro Activity

- Children's First Summer Day Camp

CDBG Eligible Activities: Public Facilities

- Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements
- **Eligible Facilities**
 - Infrastructure improvements (construction or installation) including, but not limited to streets, curbs, and water and sewer lines
 - Neighborhood facilities including, but not limited to public schools, libraries, recreational facilities, parks, playgrounds
 - Facilities for persons with special needs such as facilities for the homeless or domestic violence shelters, nursing homes, or group homes for the disabled
- **Ineligible Activities**
 - The maintenance and repair of public facilities and improvements is *generally* ineligible
 - Operating costs associated with public facilities or improvements (unless part of a CDBG-assisted public service activity or eligible as an interim assistance activity)
- **Metro Activities**
 - Street Program
 - Tree Program
 - Park Improvements

CDBG Eligible Activities: Clearance

- Usually related to demolishing structures or preparing a site for development
- Often go hand-in-hand with other CDBG-eligible activities
- Eligible Activities
 - Demolition of buildings and improvements
 - Removal of demolition products, rubble, and other debris
 - Physical removal of environmental contaminants or treatment of such contaminants to render them harmless
 - Movement of structures to other sites
- Metro Activity
 - Vacant Property Demolition

CDBG Eligible Activities: Disposition

- Sale, lease, and donation of real property.
- Eligible Activities
 - Preparation of legal documents
 - Surveys
 - Marketing
 - Financial services
 - The transfer of taxes
 - Other costs involved in the transfer of ownership
- Metro Activity
 - Vacant Lot Maintenance


CDBG Eligible Activities: Economic Development


- Purpose is to create economic opportunities and jobs
- Eligible Activities
 - Acquiring, constructing, reconstructing, rehabilitating, or installing commercial or industrial buildings, structures, and other real property equipment and improvements
 - Technical Assistance to Businesses
 - Commercial Rehabilitation
 - Microenterprise Development
 - Public Facilities and improvements relating to economic development
 - Job Training
- Metro Activity
 - Business Loan Program


Louisville Metro CDBG Activities

Metro Activity 2009	National Objective	Eligible Activity
Park Improvements	Low/Mod Benefit – Area	Public Facilities
Park Summer Day Camp	Low/Mod Benefit – Area	Public Services
Street Improvements	Low/Mod Benefit – Area	Public Facilities
Tree Program	Low/Mod Benefit – Area	Public Facilities
Vacant Lot Maintenance	Low/Mod Benefit – Area	Disposition
Vacant Property Demolition	Slum/Blight – Spot	Clearance
Business Loans	Low/Mod Benefit – Job Creation/Retention	Economic Development


CDBG Interdepartmental Agreement Process

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- LMHFS Business Office (Freida Winkfield) provides Metro Department with Work Program and Budget Template
 - Template for FY 2010 will be available by end of this week

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- Metro Department completes Work Program and Budget and submits to Freida Winkfield
 - Metro Department completes IDIS Setup Form and submits to GPCM

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- Department of Housing and Family Services verifies eligibility and applicability of other federal regulations

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- Agreement is routed for signatures

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- After agreement is fully executed, financial and beneficiary information is entered into IDIS and LeAP

CDBG Compliance Requirements

- IDIS
- Environmental Review
- Procurement
- Labor Standards
- Monitoring

Integrated Disbursement and Information System (IDIS)

- Database system used by HUD for formula funds, including CDBG
- Enables grantees to draw down CDBG funds
- Data collection and reporting tool grantees use to record the results of CDBG-funded activities
- IDIS is where all the data collected on CDBG activities is reported to HUD
- HUD pulls reports sporadically to check progress of funding and also program management
- IDIS Setup Form

Environmental Review Requirements

- Levels of Review
 - Exempt
 - Planning, Administration, Purchase of tools, Tenant-based rental assistance, Child Care or other service-related activities, vacant lot maintenance
 - Categorically Excluded
 - Residential rehabilitation, single-family demolition, tree planting, street improvements, potentially commercial rehabilitation, park repair projects, acquisition
 - Assessed
 - Commercial new construction
 - Commercial rehabilitation with over 20% change in capacity and/or change in land use
 - Park project involving new spray ground, etc.

Environmental Review Overview

- ERR must be kept both at GPCM and in project file
- For environmental reviews conducted by other Departments, LMHFS will review

Dept.	Program	Level of Review	Documentation	Who is responsible?
Parks	Summer Day Camp	Exempt	Exempt form on record -1 per year	LMHFS
Parks	Park Improvements	CEST or Assessed	Statutory Checklist or Assessment Form	Parks
Public Works	Streets	CEST	Statutory Checklist – 1 every 6 months	PW provides addresses – LMHFS conducts review
Public Works	Trees	CEST	Statutory Checklist – 1 every 6 months (Endangered Species)	PW provides addresses-LMHFS conducts review
Public Works	Vacant Lot Maintenance	Exempt	Exempt form on record – 1 per year	LMHFS
Codes and Regs	Code Enforcement/ Demolition	CEST	Statutory Checklist (floodplain and historic pres) per site	Codes and Regs
Economic Dev	Business Loan Program	CEST or Assessed	Statutory Checklist or Assessment Form / Phase I required	Economic Development

Environmental Review Requirements

- Exempt Activities
 - Environmental Review Record (ERR) must include documentation of project description and level of review required
 - For exempt activities, one file per year is adequate for documentation purposes

Environmental Review Requirements

- Categorically Excluded Subject To Activities
 - Environmental Review Record (ERR)
 - Level of review determined
 - Documentation of Compliance with 58.6 (flood insurance, clear zone notification, coastal zone)
 - Documentation of Compliance with statutory checklist
 - Maps, etc. used for documentation
 - May require public notice and Request for Release of Funds from HUD

Environmental Review Requirements

- Categorically Excluded Subject to Activities
- Requires Compliance with Statutory Checklist (24 CFR 58.5)
 - Floodplain Management (MSD Website)
 - Wetlands (LOJIC Development Information)
 - Historic Preservation (Section 106 review, if needed)
 - Coastal Zone Management (none in Louisville Metro)
 - Sole Source Aquifers (none in Louisville Metro)
 - Endangered Species (most activities are not applicable)
 - Wild and Scenic Rivers (none in Louisville Metro)
 - Air Quality (must follow Air Pollution Control Board regulations for demo/rehab)
 - Farmlands Protection (not applicable in Louisville Metro)
 - Noise (generally not applicable to non-residential activities)
 - Toxics (Phase I required for non-residential structures)(other activities not applicable)
 - Explosive Hazards (applicable to residential activities)
 - Environmental Justice (CDBG-funded activities benefit low/mod income households)
 - Airport Clear Zone (not applicable to non-residential projects)

Environmental Review Requirements

- Assessed Activities
 - Requires Statutory Checklist and additional information related to potential impacts (fire, police, educational, zoning, etc.)
 - LMHFS maintains a list of contacts for impact categories
 - Environmental Assessments require more time to complete due to the added impact categories
 - Requires public notice and formal Request for Release of Funds from HUD
 - If you know the potential project will be assessed, begin environmental review as soon as possible

Procurement Requirements

- Procurement Policies determined by HUD and by Metro
- Four types of Procurement
 - Small purchase procedures
 - Generally used for purchased under \$10,000
 - Competitive proposals
 - Generally used for procurement of professional services
 - Non-competitive proposals
 - Used for sole source providers (e.g. LGE, USPS) or emergency situations
 - Competitive Sealed Bid
 - Construction contracts
 - Requires publication and formal bid opening

Federal Labor Standards

Regulations

Compliance

Process

Federal Labor Standards

- Three Key Federal Statutes
 - Contract Work Hour and Safety Standards Act (CWHSSA)
 - Copeland Act
 - Davis-Bacon and Related Acts

CWHSSA and Copeland Act

- Overtime for all work over 40 hours/week
- Applies to contracts over \$100,000
- Liquidated damages apply to violations (\$10 per day, per violation)
- Regulates deductions from wages
- Prohibits “kick-backs” of pay
- Requires submission of weekly payrolls

Davis-Bacon and Related Acts

- Requires the payment of prevailing wage rates (determined by DOL) to all laborers and mechanics on Federally funded construction projects in excess of \$2,000
- Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works

Davis-Bacon Applicability for CDBG

- Construction contract greater than \$2,000
- Soft costs generally do not trigger DB (for example-purchase of equipment or legal fees)
- If CDBG funds are used to finance only part of the construction, the entire project is subject to labor standards
- Metro employees are not subject to labor standards
- Only applies to residential construction of 8+ unit properties

Metro Labor Standards Administration

- Determine Davis-Bacon applicability
 - all contracts over \$2,000 unless a reason for exclusion
- Prepare bid documents/contract
 - Requirements for Federally Funded Projects*
 - Include the applicable wage decision
- Verify Contractor Eligibility
 - ensure no contractor/subcontractor is on the debarred contractor list
- Provide contractor training
 - Pre-bid and pre-construction conferences (if necessary)

Metro Labor Standards Enforcement

- Construction Site Postings
 - Wage Determination or Project Wage Rate Sheet (HUD-4720)
 - Notice to All Employees
- Conduct On-site interviews with laborers and mechanics
 - Sample interview form in bid/contract packet
- Review weekly certified payrolls
 - contractor and subcontractor's payrolls must be submitted timely
- Investigate/Enforcement of violations

Other Federal Regulations

Applied only to contracts that reach specified dollar amount thresholds

Equal Employment Opportunity (contracts in excess of \$10K)

All contractors and subcontractors receiving contracts in excess of \$10,000 must comply with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity.”

Forms to be completed by contractor/subcontractors:

- EEO-1: Annual report required for any contract and subcontract over \$50,000 and contractor has 50 or more employees
- OFCCP Subcontract Notification: Required for all subcontracts over \$10,000
- Section 3: Applies to all contracts and subcontracts over \$100,000.
- Affirmative Action Plan: Must be submitted for contracts and subcontracts over \$50,000 and having 50 or more employees.

- **Environmental Compliance**

- Contracts that exceed \$100,00 require compliance to the regulations listed in our contract packet. (ie. Clean Air and Clean Water Act)

- **Anti-Lobbying Compliance**

- Contractors that are awarded a contract exceeding \$100,000 must certify that the funding will not be used for lobbying activity (Form included in bid/contract packet).

- **Record Access/Retention**

- Contractors and subcontractors must retain federally funded activities' records for at least three years, and access must to the records must be granted to LMHFS' staff and Federal agency representatives.

Federally Funded Projects Process

- Refer to “Notice of Federally Funded Projects”



CDBG Monitoring

- Monthly reports are submitted to Gary Rockne by 10th of each month (please send reports to metrocompliance@louisvilleky.gov)
- Pay requests are reviewed by each Metro Department for completeness and accuracy
- A mock monitoring of each program, similar to the one performed by HUD, may be scheduled in the future, as time permits

Helpful Links

- HUD Guide: Basically CDBG:
 - <http://www.hud.gov/offices/cpd/communitydevelopment/training/basicallycdbg.cfm>
- HUD CDBG Regulations:
 - http://www.access.gpo.gov/nara/cfr/waisidx_07/24cfr570_07.html