ADVANCED CDBG: PRIMER

Managing an Effective Community Development Program

Washington, DC

January 22, 2019

N C D A
NATIONAL COMMUNITY DEVELOPMENT ASSOCIATION

ADVANCED CDBG

Trainer – Shirletta Best

About NCDA

- National Community Development Association
  - Made up of cities and counties that are:
    1. CDBG Entitlement Grantees; and/or
    2. HOME Program Participating Jurisdictions (PJs)
    3. Celebrating 50 years in 2019!
  - Provides:
    - 2 Conferences per year
      - Legislative Conference in Washington, DC
      - Annual Conference – Member Cities/Counties around the country
    - Training in CDBG (Basic & Adv.) and HOME (Basic)
    - Direct link to Legislative & HUD Information
    - Staff & Member support on Technical Issues

AGENDA: What's in Store Today?

Advanced CDBG: Primer

1. Introductions & Items You Need to Know
2. The Big Picture – What are we trying to achieve?
3. **Planning** – Making it real
   - Consolidated Plan/Annual Plan/Citizen Participation
   - Conflict of Interest
   - Politics or Community responsiveness or Both
4. **Allocation** – Running a fair process
   - Allocation process
   - Eligibility and Project Selection
5. **Implementation** – Facing difficult issues
   - Special challenges of economic development
   - Keeping the Program Moving: Team. Talent. Problem Solving.
6. **Leveraging Resources**
   - Rethinking Your Process
   - Thinking as an entrepreneur
7. **Communicating about the Program**
   - With HUD and Elected Officials: Performance measures/technical assistance/monitoring
   - Your Community: Tell. Listen. Show.
8. **Revisit The Big Picture: What's Next?**

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Your Contribution Important

- **Speak up about:**
  - Your Experiences – Good and Bad
  - How your City Implements the Program
  - Encourage and Support Your Peers
- **Our specific request:**
  - Problems/Issues
  - Policies to share
  - Sit by people from another community

Introductions

- Name and City/County/Organization
- Title/ Your Major Responsibility (Name just One)
- # of Years in CDBG

- Did You Take CDBG Basics? Advanced?
- Your Goal for this Primer Experience

Big Picture and Quick Basics

The Big Picture

- ## The CDBG History:
  - Enacted 1974
  - Consolidated 7 previous categorical grants
  - Emphasizes local determination
  - Includes State, Entitlement Programs and set-asides

Overall CDBG Goal

Program Flexibility to provide eligible communities with resources to address community development needs:

- **Grantees:** Providing decent housing. suitable living environment and by expanding economic opportunities, principally for low to moderate-income persons

- Program Types: Entitlement, State, CDBG Non-Entitled Hawaii, Insular Area, Colonias Set-Aside, and Section 108 and Some NSP still active

Entitlement Formula

- ## Formula A (Original):
  - Poverty (50%)
  - Overcrowding (25%)
  - Population (25%)

  OR

- ## Formula B (1978):
  - Growth lag (20%)
  - Age of housing (50%)
  - Population (30%)

The Big Picture –
National Objectives

- Every activity **must** meet one of the three national objectives.
    - Low/Mod Benefit
    - Slums/Blight
    - Urgent Need
- Overall program should meet spirit of national objectives
- *Question:* What is the % of activity funds over 1-3 year period that MUST go to *Low/Mod activities*.

Answer:

- 70% of activity funds over 1-3 year period must go to *Low/Mod activities*.

The Big Picture –

Specific CDBG National Objectives

- Maximum feasible priority to activities which **benefit low- and moderate-income persons**.

- **Prevention or elimination of slums or blight**. (Slum area or spot improvements)

- Serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. (**Urgent Need**)

The Big Picture
Low-Income

- **Household**
  - All the persons who occupy a housing unit.

- **Family**
  - A group of persons living in the same household who meet the definition of family under 24CFR5.403.

- **Low-income:**
  - **Household**
    - Has an income equal to or less than the *Section 8 very low-income limit* established by HUD.
  - **Person**
    - Member of a *family* that has an income equal to or less than the *Section 8 very low-income limit* established by HUD. Unrelated individuals shall be considered as one-person families for this purpose.

Income Limits - I

- **CDBG uses Income Limits that must be followed for determining Low- and Moderate-Income (LMI) benefit**
  - Based on Area Median Income (AMI)
  - Uses HOME Limit tables, but has different names for the same limits
    - HOME "Low Income" = CDBG "Moderate Income"
      - *Usually* 51-80% of AMI
    - HOME "Very Low Income" = CDBG "Low Income"
      - *Usually* 0-50% AMI
    - Except when:
      - ✓ Capped at National Median Income
      - ✓ Changed by high housing costs or very low income

Income Limits - II

- For CDBG, using the HOME Limit tables:
  - HOME "30% Limits" – are used for Consolidated Planning purposes, but not used in CDBG
  - HOME "60% Limits" = Are not used in CDBG
- The following slide is an example of the HOME Limit table

U.S. DEPARTMENT OF HUD
STATE: NEVADA　　　　　　　　---------------------- 2018 ADJUSTED HOME INCOME LIMITS ----------------------

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Carson City, NV MSA								
30% LIMITS	14750	16850	18950	21050	22750	24450	26150	27800
VERY LOW INCOME	24550	28050	31550	35050	37900	40700	43500	46300
60% LIMITS	29460	33660	37860	42060	45480	48840	52200	55560
LOW INCOME	39250	44850	50450	56050	60550	65050	69550	74000
Las Vegas-Henderson-Paradise, NV MSA								
30% LIMITS *Con Plan Only*	14750	16850	18950	21050	22750	24450	26150	27800
VERY LOW INCOME	24550	28050	31550	35050	37900	40700	43500	46300
60% LIMITS *HOME Only*	29460	33660	37860	42060	45480	48840	52200	55560
LOW INCOME	39250	44850	50450	56050	60550	65050	69550	74000
Reno, NV MSA								
30% LIMITS	15450	17650	19850	22050	23850	25600	27350	29150
VERY LOW INCOME	25750	29400	33100	36750	39700	42650	45600	48550
60% LIMITS	30900	35280	39720	44100	47640	51180	54720	58260
LOW INCOME	41200	47050	52950	58800	63550	68250	72950	77650
Churchill County, NV								
30% LIMITS	14750	16850	18950	21050	22750	24450	26150	27800
VERY LOW INCOME	24550	28050	31550	35050	37900	40700	43500	46300
60% LIMITS	29460	33660	37860	42060	45480	48840	52200	55560
LOW INCOME	39250	44850	50450	56050	60550	65050	69550	74000
Douglas County, NV								
30% LIMITS	15050	17200	19350	21500	23250	24950	26700	28400
VERY LOW INCOME	25100	28650	32250	35800	38700	41550	44400	47300
60% LIMITS	30120	34380	38700	42960	46440	49860	53280	56760
LOW INCOME	40150	45850	51600	57300	61900	66500	71100	75650
Elko County, NV								
30% LIMITS	17500	20000	22500	25000	27000	29000	31000	33000
VERY LOW INCOME	29200	33350	37500	41650	45000	48350	51650	55000
60% LIMITS	35040	40020	45000	49980	54000	58020	61980	66000
LOW INCOME	46700	53350	60000	66650	72000	77350	82650	88000
Esmeralda County, NV								
30% LIMITS	14750	16850	18950	21050	22750	24450	26150	27800
VERY LOW INCOME	24550	28050	31550	35050	37900	40700	43500	46300
60% LIMITS	29460	33660	37860	42060	45480	48840	52200	55560
LOW INCOME	39250	44850	50450	56050	60550	65050	69550	74000

CDBG: Low Income ← (points to VERY LOW INCOME, Las Vegas-Henderson-Paradise)

CDBG: Moderate Income ← (points to LOW INCOME, Las Vegas-Henderson-Paradise)

Income Limits - III

- The following give an example of documentation for income limits at:
    1. McAllen, TX (income limits changed by low incomes, high housing costs)

FY 2018 INCOME LIMITS DOCUMENTATION SYSTEM

FY 2018 Income Limits Summary

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

FY 2018 Income Limit Area	Median Family Income [Explanation]	FY 2018 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
McAllen-Edinburg-Mission, TX MSA **US Median Inc. = $71,900**	$40,300	Very Low (50%) Income Limits ($) [Explanation] **70% of AMI**	19,800	22,600	25,450	**28,250**	30,550	32,800	35,050	37,300
		Extremely Low Income Limits ($)* [Explanation]	12,140	16,460	20,780	**25,100**	29,420	32,800*	35,050*	37,300*
		Low (80%) Income Limits ($) [Explanation] **112% of AMI**	31,650	36,200	40,700	**45,200**	48,850	52,450	56,050	59,700

The **McAllen-Edinburg-Mission, TX MSA** contains the following areas: Hidalgo County, TX;

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

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The Big Picture –
Overall Goal

Discussion:

a.) What does a Viable Community look like where you Live?

b.) What's a Key Barrier in Your Community?

The Big Picture – National Objective: Low/Mod Benefit

What Are The Categories?

- Area Benefit
- Limited Clientele
- Housing for LMI Households
- Job Creation/Retention of low/mod jobs

The Big Picture – National Objective
Slum/Blighted

- Slum/blight designation meets state or local definition, AND
- Public improvements throughout the area are in a general state of deterioration; or
- At least 25 percent of the properties exhibit one or more of:
  - Physical deterioration of buildings/improvements;
  - Abandonment of properties;
  - Chronic high commercial/ industrial vacancy/turnover rates;
  - Significant declines in property values or abnormally low property values relative to other areas in the community; or
  - Known or suspected environmental contamination.
- Documentation of blighting conditions and boundaries
- Activity addresses blighting conditions.
- Designated in last ten years

Slum/blight --
Best Practices

- Demolition of vacant/deteriorated buildings
- Reclaim brownfields
- Replace water mains next to a superfund site
- Revitalize downtown
- Build a regional facility in a declining area.

The Big Picture – National Objective
Urgent Need

- Poses a serious and immediate threat to the health or welfare of the community,
- Recent origin or recently became urgent, (recent = last 18 months)
- The grantee is unable to finance the activity on its own, and
- Other resources of funding are not available to carry out the activity.
- *Question: Can anyone share their experience?*

National Objectives: Discussion

- What percentage of your community's activities are
  - Low/mod
  - Slum/blight
  - Urgent need?

  - What are some examples of your own programs in these categories?

The Big Picture:
ELIGIBLE ACTIVITIES

- 24 CFR 570.201-206

- Must Be Meet National Objective *And* be Eligible Activity

- If Not Identified As Eligible in the Regulations, May Assume To Be Ineligible

- Refer To *Desk Guide*

Community Consultation: Issues/Concerns To Think About

- Coordination/leveraging with other community initiatives
- Target neighborhoods
- Target populations
- Sharing information
- Structuring your CDBG allocation process to meet community needs

The Big Picture –
Resources Required by Consolidated Plan Regulations

- Public/private agencies that provide
  - Housing
  - Health
  - Fair Housing
  - Social Services
  - Child Welfare
- Adjacent units of government
- Metropolitan wide planning agencies
- Public Housing Authority

A successful CDBG program cannot be isolated, but has to connect with the community at large

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Other Regulations Impacting Your Program

- 2 CFR 200
- Environmental (Part 58)
- Lead Based Paint Regs
- HOME Regulations
- Discussion: Others?

Translating the national goals to the community

Exercise: You have accepted a new position as Director to the City of Stephenville, population 200,000. LMI Population: 18%.

- What are your initial thoughts of CD issues at your table?
- What available resources will inform your planning?

The Big Picture
Summary Thoughts

- You Must Know the Basics
- Know How to Read Regs
- Ensure Projects are Eligible

and Meet National Objective

- Know your Community and Connect
- Look for Partnerships and Flexibility
- Translate broad needs to eligible CDBG activities.
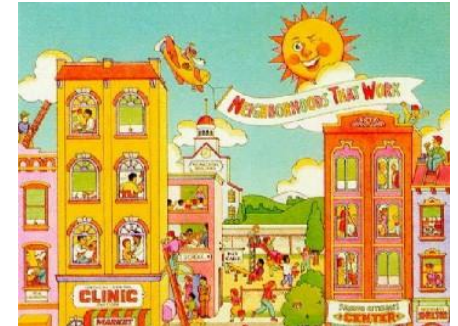
The Big Picture –
Exercises

Welcome
to Watsonville:
A Community to Live, Work, and Play

Foothills

Old Landfill

SENIOR CENTER

Old State Route

RIVERVIEW NEIGHBORHOOD

District 4

Highway

District 1

Motel

Downtown

Stephenville

Bakery

District 2

Railroad

HIGHWAY NEIGHBORHOOD

AERIAL NEIGHBRHD

District 3

Santa

Wings Industrial park

Airport

CITY LIMITS

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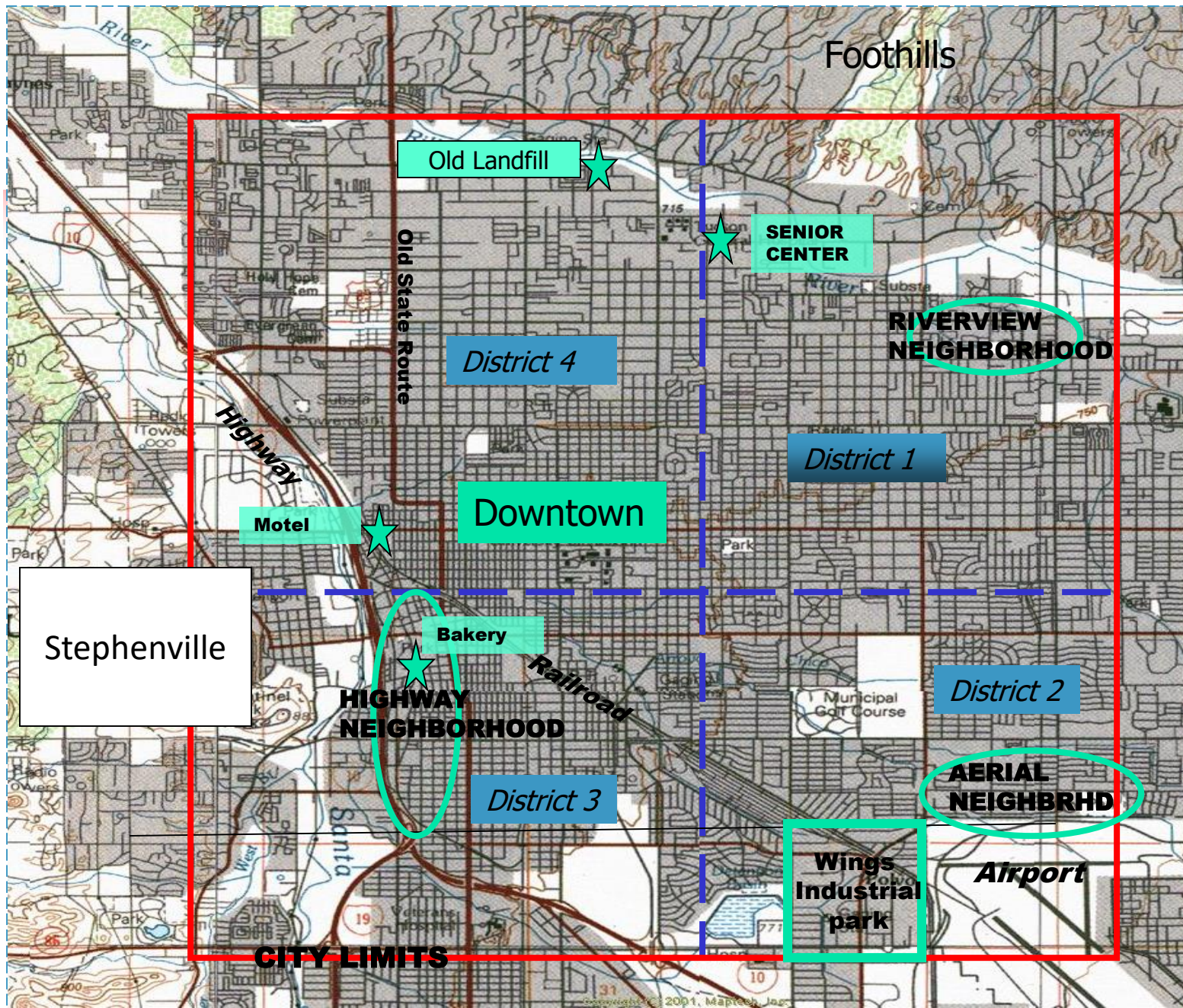
Exercise

- The City Council is willing to set aside $315,000 for you to redesign a CDBG program to address a high priority issue. The Mayor is resistant. Census 2020 is coming up soon. And… it's almost time for your next Con Plan and AI.

- Choose a program/project, and a spokesperson to present the issue and strategy.

- We will pick the best for inclusion in Stephenville's next year's program.

2. Planning
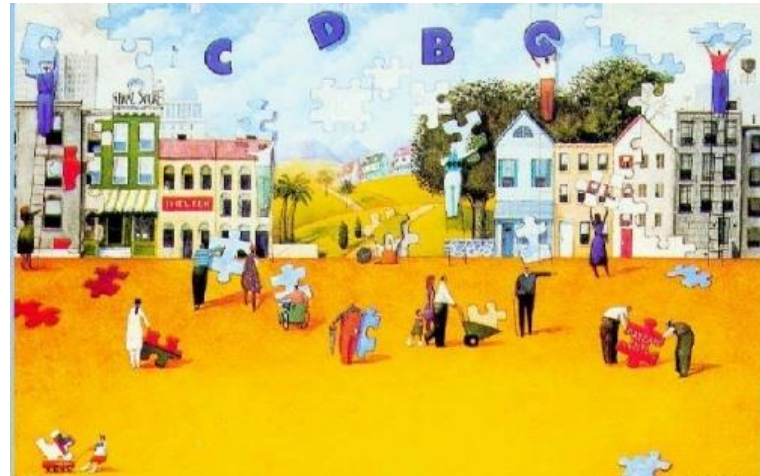
Planning: What Do You Plan?

Planning your CDBG Program

- Minimum HUD Requirements (24 CFR Part 91):
    - Consolidated Plan
    - Citizen Participation Process
    - Annual Plan

Planning-
Typical Local Planning Docs

Comprehensive/General Plan

Consolidated Plan	Sustainability Plan	Long Range Transportation Plan	Parks and Recreation Plan

Continuum of Care Plan	Neighborhood Plans	Major Streets and Routes Plan	Specific park plan	Urban landscaping plan

Planning –
Consolidated Plan--function

- Planning Document
  - Should relate to General/Comprehensive Plan and related plans
- Submission for HUD formula Grants
  - CDBG/HOME/ESG/HOPWA
- Program Strategy
- Management and Tracking tool

Planning –
Consolidated Plan--content

- Housing and Homeless Needs Assessment
- Housing market analysis
- Strategic Plan:
  - Housing (affordable/public/homelessness/special needs)
  - Non-Housing community development needs
  - Neighborhood revitalization
  - Barriers to affordable housing
  - Lead paint
  - Anti-poverty strategy
  - Institutional structure/coordination
- Action Plan
- Certifications/Monitoring

Affirmatively Furthering Housing (AFFH)

- Assessment of Fair Housing (**AFH**) will replace current "Analysis of Impediments" (AI) process.
  - to be submitted by CDBG, HOME, and/or HOPWA grantees

- **AFH Assessment Tool**, provided by HUD, consists of a series of questions designed to help identify, among other things:
  - fair housing issues relating to patterns of integration and segregation;
  - racially and ethnically concentrated areas of poverty;

WITHDRAWN
Must still submit Analysis of Impediments to Fair Housing Choice

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Discussion

What is Your Current AFFH Strategy in the Changing Climate?

Analysis of Impediments to Fair Housing Choice (AI)

- Grantees must conduct an AI

- Consolidated Plans, and Annual Action Plans, must include strategies and actions to affirmatively further fair housing consistent with the goals and priorities in the AI.

- Grantee must certify that will affirmatively further fair housing

AI Must Include:

- Comprehensive review of Grantee's laws, regulations, and administrative policies, procedures, and practices
- Assessment of how those laws, etc. affect the location, availability, and accessibility of housing
- Assessment of conditions, both public and private, affecting fair housing choice for all protected classes
- Assessment of the availability of affordable, accessible housing in a range of unit sizes.

Fair Housing Planning Requirements

- **AFFH Resources (although AFFH suspended this site still contains valuable FH info):**
  - **AFFH Website at https://www.hudexchange.info/programs/affh/; including:**
    - AFFH Final Rule
    - AFFH Tools & Resources
    - AFFH Training Material
    - AFFH FAQs

FAIR HOUSING/EQUAL OPPORTUNITY (FHEO)

- **DISABILITY ACCESS**
  - Americans With Disabilities Act (ADA)
  - Fair Housing Act
  - Section 504 (Rehab. Act of 1974)
    - Access to all programs
    - Rental New Construction – Percent units made accessible
      - New construction – 5 or more units
      - Substantial rehab – 15+ units & 75% replacement cost
        - 5% mobility disabilities, 2% sensory disabilities
    - Homeownership Housing

Consolidated Plan: Best Practices - HUD

- **Shifting the Governance Structure**: Combining departments or programs into the same organization

- **Forming New Partnerships**: Forming collaborations within and among local governments, across sectors and with other local, state, and regional partners.

- E**ngaging Community Stakeholders**: Broader and deeper community engagement helps in the development of shared goals and actionable strategies.

- **Using Increased and better data to understand needs and assets**

- **Creating a Shared Vision, Common Goals**: Strong collaboration and leveraging resources can eliminate duplication of effort, relieve administrative burden, and help communities achieve more comprehensive community development goals and measurable impact

- **Targeting Resources to Priorities and/or Places**: strategically directing investments to where they are most needed can produce more meaningful outcomes.

Source: promising practices in Consolidated Planning, HUD Exchange

Planning—

Consolidated Plan Questions:

- Can community members pull out section for use in grant applications, studies, etc.?
- Can elected officials identify a coherent strategy?
- Are strategic partners identified?
- Would anybody except HUD reviewers use it for anything?
- Are you using Social Media, Outreach, and Marketing effectively (or *at all??*)

Targeted participation requirements

- Low and moderate income persons, particularly in target neighborhoods
- Local institutions and organizations
- Public and assisted housing residents
- Non-English speaking persons, minorities and people with disabilities.
  - (Should have a Limited English Proficiency Plan)
- People with disabilities

Planning --

Consolidated Plan Discussion:

- How can you make your Consolidated Plan most useful to your community?
  - Share any best practices

Specific Con Plan CP Requirements

- Consolidated Plan Development:
  - Before adoption, information of amount of funding, range of activities that may be undertaken, estimate of low-mod benefit, and displacement plan.
  - Publish proposed Con Plan for comment (may be a summary)
  - Hold at least one public hearing during development of plan.
  - 30 day comment period
  - Consider and include summary of any comments in plan

Planning –
Citizen Participation Requirements

- Outlined in Consolidated Plan Regulations
- An Adopted Plan that encourages citizens to participate in Consolidated plan:
  - Development
  - Substantial Amendment
  - Performance Report

Citizen participation:
Content of CP Plan

- Citizen comment on CP Plan and *amendments*
- Outreach for Consolidated plan
- Public hearings (two)
- Meeting notices.
- Access to records
- Technical assistance
- Complaints

Citizen Participation Plan

The start of Your Communication Plan

- You must follow your own plan
- Therefore, write it carefully
- Talk to your beneficiaries/stakeholders!

Specific Con Plan Requirements

- Con Plan Amendments:
  - *Criteria defining an amendment*
  - Describe how public will be allowed to comment
  - 30-day comment period
  - Comments considered and summary included in amendment

Citizen participation:
Performance Reports (CAPER)

- Reasonable opportunity to comment
- 15-Day Public Comment period
- Consider and summarize comments
- Think about Outreach and Media opportunities to Engage

Exercise: Watsonville's Community Input process

You attended a Consolidated Plan public meeting held by Watsonville staff at your office to obtain input. It was advertised in the local paper. There were 5 staff people, and 2 citizens present.

What ideas do you have to solicit better community input?

Target areas –
NRSA requirements

- 24 CFR 91.215(g)
- Included in Con Plan
- Must be specifically approved by HUD
- Duration of up to 5 years
- Contiguous boundaries; small enough to have signficant impact
- High poverty (70% lmi or top quartile)
- Primarily residential
- Housing and ec dev assessment and strategy
- Stakeholder consultation process
- Performance reporting
- leverage

NRSA incentives

- ## Aggregation of housing units
  Only 51% need to be l/m

- ## Job creation as area benefit
  no need to collect income info on applicants

- ## Aggregate public benefit exemption

- ## Public service cap exemption
  (if conducted by CBDO)

Target Areas –
Best Practices

- Set a limit to number of target areas at any one time.
- Set a menu of activities that may be carried out in TA (e.g. housing, street paving; neighborhood parks, public services.)
- Cap duration
- Set goals and track progress for target area
- Describe criteria in Consolidated Plan
- Set "exit strategy" (e.g., continue housing rehab after certain number of years of concentrated activity)
- Neighborhood residents set funding priorities

3. Allocation

Selecting eligible, feasible and timely projects

Broad Principles

- Fairness of process, both real and perceived.
- Encourage high quality projects
- Encourage timeliness
- Support community goals

Allocation Process:
Minimum Requirements

- Timeline: annual plan submitted 45 days before beginning of fiscal year.
- Citizen participation:
  - Follow your own plan
  - 2 public hearings, with opportunity to comment by the public prior to adoption

Politics or community responsiveness?

- Flexibility of CDBG is its strength, but also can be a challenge

- CDBG staff responsibility to make sure program meets significant community need

- "Well, the City Council wanted to fund it" not sufficient planning answer.

Allocation process --
Fairness Discussion

1. Many non-profit officers financially support political campaigns of elected officials. When does this become a problem?

2. A popular community based organization is not performing well, but is funded annually anyway. What can/should you do?

3. How appropriate is a "CDBG project in every ward" approach to funding allocations?

4. Other local examples?

Planning –
Politics or community responsiveness – best practices

- Solicit priorities from elected officials before allocation process
- Require projects to articulate relationship to Con Plan
- Give technical assistance to political offices about CDBG
- Be available as resource for political offices.

Allocation process: Practical questions

- Will City/county administer projects itself?
- Will City/county projects participate in RFP, or be "taken off the top."
- Will there be a one, two or three (or 5) year RFP?
- How much of your community strategy will you dictate in your RFP?
- Who will review proposals ?
  - Citizen group/staff/ Council/supervisors directly
- How will proposals be reviewed?
  - Written proposal only/presentations/previous performance reports
- Contingency/cost overrun fund?

Allocation process –
the challenge of public services

- 15% cap =
  - 15% of entitlement *plus*
  - 15% of program income from *previous year*.

Allocation process –
public services

- The service must be either:
  - **A new service**; or
  - **A quantifiable increase in the level of an existing service *provided by the grantee*** or another entity on its behalf through State or local government funds in the 12 months preceding the submission of the grantee's Annual Plan.
    - Exception if HUD determines decrease in level of a service was result of events not within the control of the local government.
  - The regulations do not prohibit a grantee from continuing to provide funding to a CDBG-funded public service at the same or decreased level in subsequent program years.

Allocation process –
Public Services

- How do you balance continuity of service with supporting new programs within a 15% cap?
- Possibilities:
  - Weigh program performance
  - Limit assistance to certain number of years
  - Provide reducing assistance in subsequent years
  - Give points for responding to growing community need.
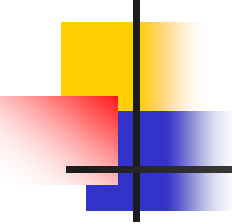 - Give technical assistance to organizations in becoming self-supporting.

Break Time!

Exercise: Revise Watsonville's Allocation Process

- Watsonville's current process:
  - 15% off the top. All other CDBG funds are RFP'd
  - City departments apply with outside entities.
  - All proposals are reviewed by a Citizen Advisory Committee made up of 9 people, 2 appointments by each City Council member.
  - Two sets of recommendations go to Mayor and Council: one from citizen group and one from staff.

Next page

Exercise (continued): Revise Watsonville's Allocation Process

- ## Problem:
  - Citizen's Advisory Committee states that staff recommendations are followed 90% of the time, rather than the committee's. Therefore, they are asking to either be listened to or disbanded.
  - They also claim a conflict with staff proposals and recommendations
  - Citizen Complaint has been filed with HUD and they also posted on Facebook and sent letter to the Mayor and your state Rep.

- ## How would you address these issues?

Discussion: Allocation Process

- What is your community's process?
- Are you satisfied with it?
  - Why, or why not?

Allocation-
Reviewing Proposals

- **Essential questions:**
  1. Eligibility
  2. Do they address community goals?
  3. Can/should the organization implement the project?
  4. Is the project well designed:
     - Timely
     - Correct approach
     - Correct budget
  5. Taken as a whole, do your recommended projects form an effective strategy for the community?

Step 1: Eligibility

- Eligibility includes:
  - National Objective
  - Eligible Activity (acquisition, rehab, housing, economic development, etc.)
  - Cross-cutting Federal Requirements
  - Other local requirements: past performance, local priorities, schedule, etc.

Basic Eligible Activities:

- Housing
- Real property improvements
- Public facilities, special assessments, and utilities
- Public Services
- Economic Development
- Other: interim assistance, relocation, etc.

Special Activity Considerations:

- Some added eligible activities:
  - **Technical assistance** to build capacity for neighborhood revitalization and economic development -- not subject to the 20% admin cap.
  - Certain organizations, and certain target areas can expand eligible activities.

Eligibility considerations: Community Based Development Organizations (CBDO)

- An organization:
    - Limited to a specific geographic area (not city wide)
    - Dedicated to the economic and physical improvements of that area
    - Board with 51% representation from that area. OR
  - SBA organization OR
  - Single neighborhood CHDO under HOME

    AND

- Conducting an activity that is:
  - Neighborhood Revitalization
  - Community Economic development, or
  - Energy conservation.

"Otherwise ineligible activities..."

- CBDO's may conduct certain "otherwise ineligible activities." Most commonly:
    - New housing construction
        - Must be tied to one of three objectives above
    - Job creation public services without counting against 15% cap
    - Any public service in an NRSA without counting against the 15% cap.

Eligibility considerations: Neighborhood Revitalization Strategy Area (NRSA)

- Area:
  - Geographically targeted
  - Concentrated revitalization activities
  - HUD approved strategy for economic empowerment of lower income residents
  - Measurable objectives in Consolidated Plan

Project #	Project Name	Eligible Activity	National Obj.	Budget Amount
	Watsonville Proposed FY2018 CDBG Action Plan Budget			
1	*Living Streets*			
2	Riverview street paving			
3	Bakery			
4	Public housing conversion			
5	Land Trust			
6	Noise abatement			
7	Seniors helping seniors			
8	Sleepy Eye Motel			
9	Dunbar parenting			
10	Land fill			
	City project			215,000
	Admin			285,000
TOTAL:				$1,500,000

Reviewing Proposals

■ Essential questions:

1. Eligibility
2. Does it address community goals?
3. Can/should the organization implement the project?
4. Is the project well designed:
   ■ Timely
   ■ Correct approach
   ■ Correct budget
5. Taken as a whole, do your recommended projects form an effective strategy for the community?

Step 2: Objectives

- Are They Clear?

- Compliance to Your Consolidated Plan?

- Achievable?

Reviewing Proposals

- Essential questions:
  1. Eligibility
  2. Does it address community goals?
  3. Performance
  4. Is the project well designed:
     - Timely
     - Correct approach
     - Correct budget
  5. Taken as a whole, do your recommended projects form an effective strategy for the community?

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Step 3: Performance

- Previous performance
- Organizational capacity
- Performance reporting requirements

Performance measures

	Outcome 1: Availability/Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective #1 Suitable Living Environment	Accessibility for the purpose of creating Suitable Living Environments	Affordability for the purpose of creating Suitable Living Environments	Sustainability for the purpose of creating Suitable Living Environments
Objective #2 Decent Housing	Accessibility for the purpose of providing Decent Housing	Affordability for the purpose of providing Decent Housing	Sustainability for the purpose of providing Decent Housing
Objective #3 Economic Opportunity	Accessibility for the purpose of creating Economic Opportunities	Affordability for the purpose of creating Economic Opportunities	Sustainability for the purpose of creating Economic Opportunities

Performance Data Collection requirements

4 standard data points:
- Amount leveraged
- # assisted
- Income (30%/50%80%AMI)
- Direct service: Ethnicity, race, disability

Samples of other data:
- Rental units rehabbed:
    - years of affordability
    - Units for chronically homeless, persons with HIV/AIDS
- Jobs created: number that have employee sponsored health care.
- Business assistance: DUNS number of each business.

Reviewing proposals: Organizational Capacity

- Is non-profit status secure?
- Status with State Corporation Commission/Secretary of State
- Insurance in place?
- Staff person identified to operate project
- Staff familiarity with regulations
- Adequate financial system

Reviewing Proposals

- Essential questions:
    1. Eligibility
    2. Do they address community goals?
    3. Can/should the organization implement the project?
    4. **Is the project well designed:**
        - **Timely**
        - **Correct approach**
        - **Correct budget**
    5. Taken as a whole, do your recommended projects form an effective strategy for the community?

Reviewing proposals:
Project Design

- Indicators:
  - Realistic schedule
  - Project Readiness -- Status of architectural plans/ site identification/site acquisition
  - Is other funding lined up?

Reviewing Proposals

- Essential questions:
    1. Eligibility
    2. Do they address community goals?
    3. Can/should the organization implement the project?
    4. Is the project well designed:
        - Timely
        - Correct approach
        - Correct budget
    5. Taken as a whole, do your recommended projects form an effective strategy for the community?

Exercise: Watsonville Applications Implementation Review

- Look more closely at 4 proposals:
    - #4 RAD Conversion
    - #5 Watsonville Land Trust
    - #6 Noise Abatement, Aerial Neighborhood
    - #7 Seniors Helping Seniors

- Identify any implementation issues

Break

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4. Implementation
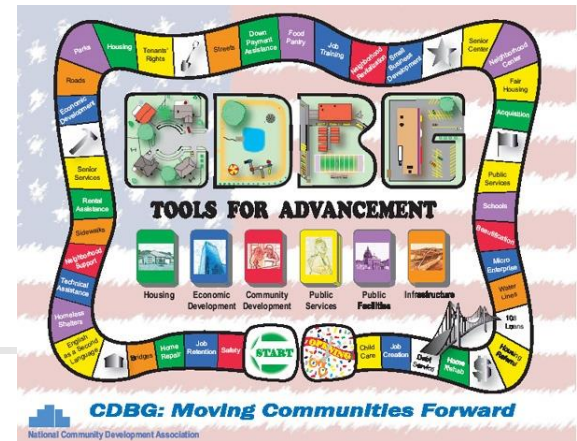
- Special challenges of economic development
- Supporting your partners
- Keeping the program moving
- Problem solving

Economic Development Activities

- Often underutilized

- Aren't as bad as you think

- Two kinds of economic development:

  - Special Economic Development Activities, requiring public benefit test & underwriting guidelines

  - Other activities that support economic development.

- See "Basically CDBG" – Chapter 8
  http://www.hud.gov/offices/cpd/communitydevelopment/training/basicallycdbg.cfm

Economic Development Activities

- Options outside of "special ED activities"/no public benefit test.
  - **Microenterprise Development**
    - 5 or fewer employees
    - Business owner is low income, or business serves a low income primarily residential area.
    - Do not need to document public benefit.
  - **Job training**
    - Public service cap, unless part of a CBDO economic development strategy.
  - **Technical assistance to non-profits** to build economic development capacity/ economic development plans
    - Planning/Administration cost
  - **Rehab commercial business** in low income neighborhood
    - Rehabilitation (limited to code and/or external work)
  - **Public infrastructure improvements** in low mod or slum/blight area to support economic development (e.g. street, sidewalks.)

Economic Development

- Special economic development activities:
  - By the grantee or a non-profit
    - (e.g. build a incubator, or community business)
  - By a for-profit business (loans, grants, loan guarantees, technical assistance)
  - Services that support the above, (including underwriting, job training for jobs created)

Economic development

- Public benefit test for Special ED activities:
  - Projects must meet *either* Job Creation or Area Benefit Standard
  - Job creation—jobs expected to be created or retained.
    - Project: At least one FTE per $50,000 CDBG.
    - Aggregate: At least one FTE per $35,000.
  - Area benefit.
    - Project: At least one l/m person served per $1000.
    - Aggregate: At least one l/m person served per $350.

Public Benefit Job Standards (CDBG $/FTE)		
Project		$50,000
Aggregate		$35,000

PY2018 Project #	# of Jobs (FTEs)	CDBG $	CDBG $/FTE (Cannot exceed $50,000)
1	2	$70,000	$35,000
2	2	$100,000	$50,000
3	4	$80,000	$20,000
4			
5			
6			
7			
8			
9			
Aggregate (CDBG $/FTE cannot exceed $35,000)	8	$250,000	$31,250

Public Benefit Area Standards (CDBG $/LM Person)	
Project	$1,000
Aggregate	$350

PY2018 Project #	# of LM People in Area	CDBG $	Project CDBG $/LMP (Cannot Exceed $1000)
1	800	$70,000	$88
2	900	$175,000	$194
3	750	$500,000	$667
4	2000	$750,000	$375
5			
6			
7			
8			
9			
Aggregate Totals (CDBG $/LMP cannot exceed $350)	4450	$1,495,000	$336

Economic development

- Low/mod job:
    - One *held* by low/mod person
    - One *made available* to low/mod people:
        - Needs no more than high school diploma
        - Evidence of outreach to low income persons

Foothills

Old Landfill

SENIOR CENTER

RIVERVIEW NEIGHBORHOOD

Old State Route

District 4

Highway

District 1

Downtown

Motel

Watsonville

Bakery

HIGHWAY NEIGHBORHOOD

Railroad

District 2

AERIAL NEIGHBRHD

District 3

Wings Industrial park

Airport

CITY LIMITS

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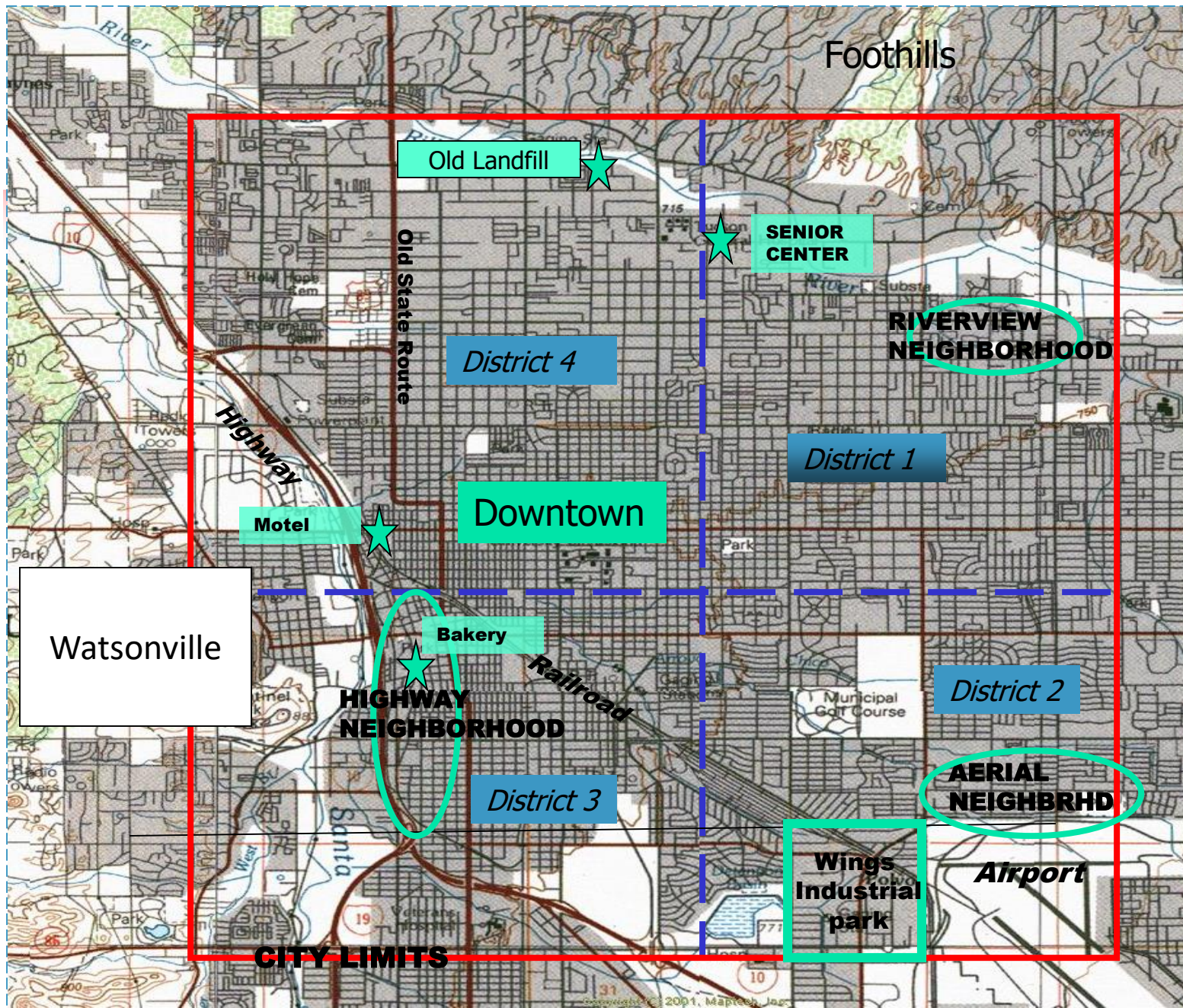
Implementation -- Keeping the program moving.

- Timeliness
- Team
- Talents
- Problem-Solving

Implementation -- Keeping the program moving.

- Meeting timeliness goals are your responsibility. (Annual Timeliness Test: No more than 1.5X Entitlement undrawn 60 days before end of fiscal year.)
- Run IDIS PR 56 at start of Program Year. Check for Minimum Amount
- Run Report Monthly
- Credibility and continued support of the program.

Implementation: Your Team

- Are you a One-Person Team or Do You have Staff?
- Most Important Resource
- Feedback Engagement
- Investment Tools (Training, Coaching, Delegation)
- Succession Planning **(Any staff, including YOU)**
- Making the Ask

Implementing: Staff Development

Discussion: To Staff or Not to Staff – How Did you Know?
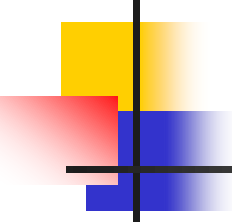
- Send them To Training
- One-to-One Meetings/Check-ins
- Listen and Watch
- Budgeting

Implementation -- Keeping the program moving-subrecipients

The Talent. You Must Select for Readiness

- Begin contract development before beginning of the fiscal year.
- Have clear deadlines established in contract.
- Always have a written agreement, even with other City departments
- Have interim reporting mechanisms.
- Establish consequences for poor performance, and a culture of high expectations.

Keeping your own projects moving. Housing Rehab example

- Common issues:
    - Not enough interested contractors
    - Small contractors who are interested not reliable.
    - More wrong with the house than have funds to fix.
    - Clouded titles.
    - Lack of income documentation.

Implementation -- Keeping the program moving.

- Discussion:
    - What are your biggest timeliness issues?
    - What are the barriers to resolving them?
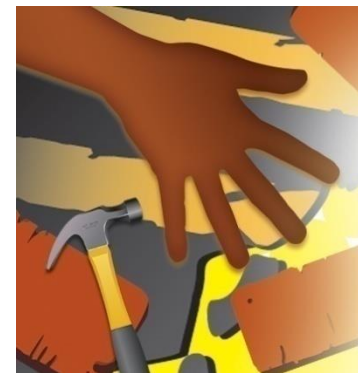
What's Next?

Implementation – Sub-recipient management

Why subrecipients are worth the work:

- They have the Ability to engage community members who might not otherwise participate in CD activities

- Subrecipients may have Mastery of experience and program technologies - not available within the lead agency.

- **Ability to tailor programs to specific needs of communities, based on superior understanding of their characteristics—e.g. with immigrant communities, youth at risk, manufacturing firm owners and employees.**

- They can leverage contributions from other parties —e.g. private contributions and foundation grants.

- Subrecipients may have Ffexibility to initiate and discontinue programs without erecting, then dismantling, government infrastructure.

- Provision of services: Local government may not be authorized to provide.

- **Great showcase of Community Partnerships.**

Implementation – Sub-recipient management

- Pre-award assessment
- Subrecipient agreements
- Training/Technical Assistance
- Tracking progress
- Monitoring strategies/procedures
- Follow up (rewards/sanctions)

Subrecipient management – best practices

- Conduct pre-contract audits.
- Identify capacity gaps early, and work together to resolve.
  - (e.g. Preparing big specs; developing client surveys)
- Recognize high staff turnover, need for frequent communication.
  - (e.g. quarterly public service roundtables)
- Encourage coordination/mergers
- Use smart risk-assessment based monitoring process.
- Include rewards as well as sanctions in follow-up
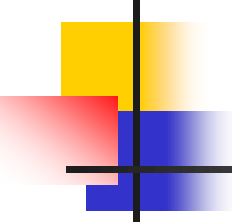
Solving problems

- Develop atmosphere and systems to encourage early problem identification. Examples include:
    - On site TA visits to subrecipients.
    - Regular project progress reviews.
    - Subrecipient "support groups"
    - Make professional assistance available for typical problem areas: bidding, design, cost estimation.

Supporting your partners --
When something goes wrong

- Give them opportunity to fix themselves
- Provide some technical assistance about the problem
- Give written requirements (fix by certain date, or we will cancel contract)
- Follow through
- It is never personal.
- It is about performance, not politics.

Exercise: Implementation Problem Solving

- Discuss the 3 problems --the undecided neighborhood, volunteer problems, and political opposition, and how you would resolve them.

Problem Solving

- ## Exercise follow-up
  - Be pro-active. Role cannot simply be to send threatening letters to sub-recipient telling them to get moving.
  - Solutions needed to have deadlines.
  - Need to understand various communities points of view.
  - Know the difference between a technical and a political problem.
  - Having unallocated funds for emergencies can be useful

Problem Solving

- Willing to share a current implementation problem?

Conflict of Interest

- Federal rules:
  - 2 CFR 200.112 & §200.318(c)(procurement of supplies, construction, equipment and services)
    - Requires Conflict of Interest Policy
  - 24 CFR 570.611 All other conditions
    - Grantee responsible for implementing and enforcing (HUD Waiver allowed)
    - State ethics law
- State Rules
- City Rules

General rule

- Persons who have *CDBG responsibilities* or *make decisions* about CDBG funding, or *have inside information* about funding, cannot benefit financially during their term or for one year after.

- Covered persons include the person, immediate family, and business associates.

Exercise: Conflict of Interest

- Citizens have raised objections about the ties of the Mayor and the CAC chair to Habitat.
  - The Mayor was the former Director, and now sits on the Board.
  - It is rumored that the CAC Chair's spouse works for Habitat under contract.
- A secretary in your office has applied for a housing rehab. grant.
- A staff person wants to use a contractor from your rehab. contractor list to do work on their house.
- How would you respond to each?

5. Leveraging
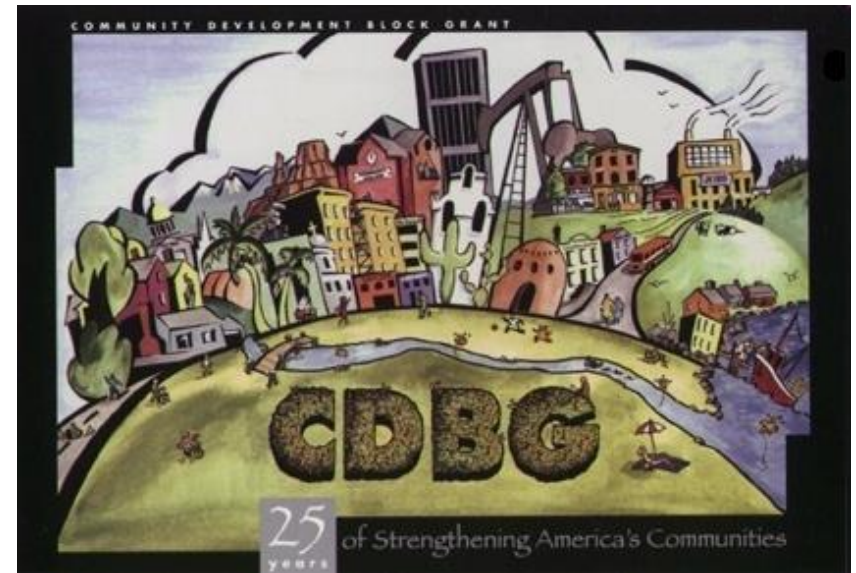
Stretching the Dollars

CDBG as local match/gap funding

- Examples:
  - Older Americans Act funding
  - SAMHSA grants
  - Department of Agriculture
  - Small Business Assistance
  - Economic Development Administration
- CDBG Can be a Non-Fed Match – But not eligible as local match for
  - HOME
  - CDFI
  - (Still can use as gap funding with these programs)

Generate Program Income

- **"Gross Income Received By Recipient or Subrecipient <u>Directly</u> Generated From Use of CDBG Funds"**

- **Examples...proceeds from:**
  - Sale or lease of real property improved with CDBG
  - Disposition of CDBG purchased equipment
  - Principal and interest on CDBG loans
  - Interest earned on program income (except RLF and Escrow)
  - Special assessments paid by non-LMI on a CDBG funded improvement

Program Income II

Excludes…

- Income generated by recipient and all its subrecipients totaling <$25,000 per year
- Fundraising by subrecipients
- Certain activities under §108 loans
- Proceeds from real property sale > 5 yrs after grant close
- Return of grant funds

Program Income III

- PI must be spent first *before Grant Funds in Treasury Account*

- PI must be tracked and reported

- PI can increase your admin and public service caps…tracking is good!

- All CDBG requirements apply to PI

- Subrecipients can use PI if you include it in grant agreement

Program Income – Best Practices

- Turn grant programs into loan programs
- Loans for public facilities
- Revolving Loan funds
- Sell your loan portfolio
- Collect special assessments from non LMI households for CDBG funded public improvements

Section 108 Loan Program

- Borrow up to 5X entitlement
- CDBG eligible projects only
- Secured by letter of credit or other security
- Final back stop is future entitlement
  - Can plan for payment by future CDBG for large public projects
- Financed through public offerings. May include interim financing between public offerings.
- Interest Rates: Pegged to U.S. Treasury obligations of similar maturity.

Section 108 Loan Program

- Typical uses:
  - New manufacturing
  - Downtown development: hotels/convention centers
  - Housing rehab loan pool

Section 108 Loan Program

Discussion:

- Pros--

  Leverage

  Undertake larger projects

  Accelerate CDBG activities

  Spread Costs Over Time (Up to 20 years)

  Access funds at an AAA, fixed rate

Section 108 Loan Guarantee

- Cons:
  - Financial risk to CDBG
    - Private companies seek government support only when having trouble getting commercial financing.
  - Perception of large support to a private company over more traditional uses
  - Difficulties of obtaining company compliance with job creation documentation over time.

6. Communicating about the program
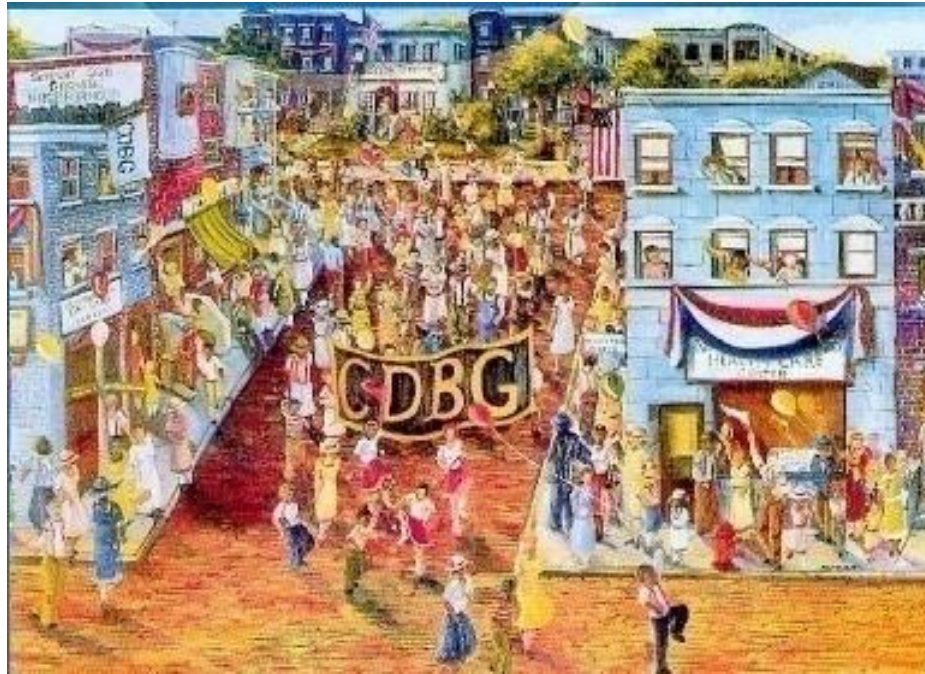
External Communication – target markets

- Congressional delegation
- HUD
- City/county Mayor/Administrator
- City council/Board of Supervisors
- Community partners/subrecipients
- General community

External Communication Best Practices

- Examples:
  - Summary performance report
  - Quarterly updates
  - Social and Print Media
  - Project specific Press releases/ribbon cuttings
  - CDBG week celebration
  - Thank you(s) to congressional delegation

Internal Communication --Communicating with local decision makers

- Talk to them even when you aren't asking for something.
- Be enthusiastic, but factual.
- Under promise, and over deliver.
- Think about what they would want to know, as much as what you want to tell them.

Communication

- How to communicate good news:
    - With enthusiasm.
    - Give credit to everyone who thinks they should have it.
    - Community is about people – bring that point home.

Communication - Crisis

- How SHOULD YOU communicate bad news?
  - Alert Manager/political leader early of potential delays or political issues
  - Talk head-on to critics
  - LISTEN
  - Know the details, even if you aren't reporting them.
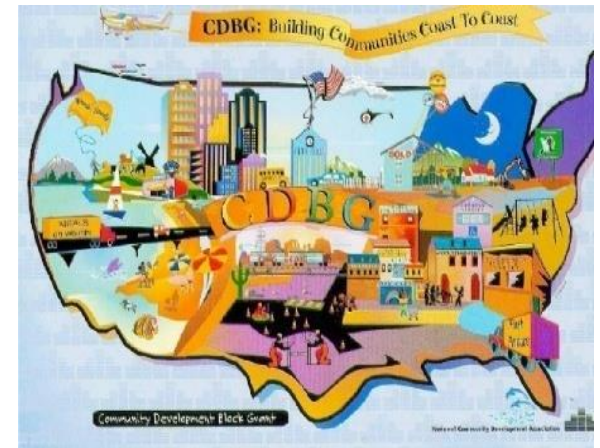
7. The Big Picture Revisited

What can we take back?

Summary

- Know and Community Needs and resources. Reassess Annually.

- Understand CDBG as an Investment Tool. Leveraging Opportunities

- Don't be afraid of change, reasonable risk or bold action

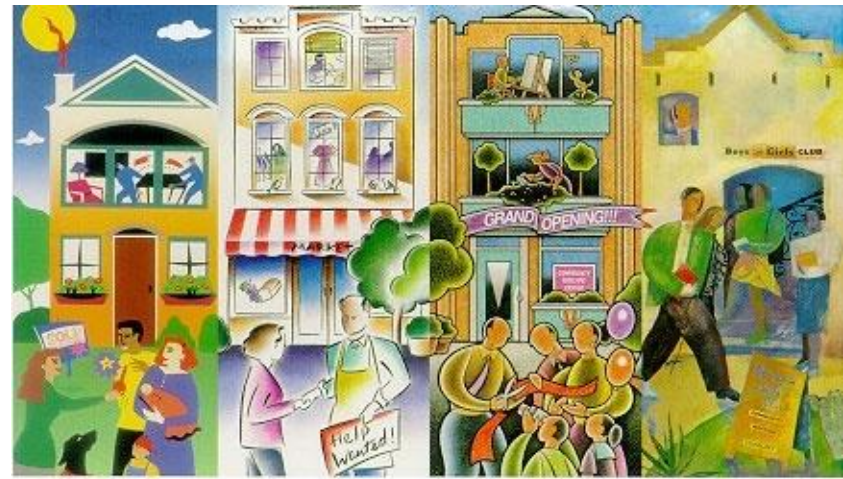- Communicate. Tell Your Story!

The Big Picture

The Last Word:

What is your Summary Advice To Your Peers?

Contribute to Your Viable Community. CDBG is Your City's Community Investment Tool.

ADVANCED CDBG

THANK YOU!

NOW MOVE FORTH AND PROPSPER!

ncda@ncdaonline.org