

State Community Development Block Grant Program
Economic Development Allocation

**NOTICE OF FUNDING AVAILABILITY
AND
APPLICATION PACKAGE**

**PLANNING AND TECHNICAL ASSISTANCE GRANT
Fiscal Year July 1, 2009 through June 30, 2010**



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Department of Housing and Community Development
Division of Financial Assistance
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SECTION 1: NOTICE OF FUNDING AVAILABILITY (NOFA)

The State of California, Department of Housing and Community Development (Department) administers a federal program known as the State Community Development Block Grant (CDBG) Program.

The Department receives funds annually from the federal Department of Housing and Urban Development (HUD). The Department sets aside part of each annual funding allocation received from HUD for Planning and Technical Assistance (PTA) grants. The Department divides the PTA funds into two allocations, the General Allocation and the Economic Development (ED) allocation. This PTA NOFA is prepared exclusively for the ED allocation only.

In issuing this NOFA, the Department is announcing the availability of funding under the 2009-10 CDBG PTA ED allocation of \$1 million under the ED PTA allocation. The PTA allocations provide funding in the form of grants to small cities and rural counties for planning and feasibility studies related to CDBG ED eligible activities and project-specific activities.

Authorizing Legislation and Regulation

The CDBG Program is authorized by the Housing and Community Development Act of 1974 as amended, and Subpart I of the Federal Community Development Block Grant Regulations. The requirements of the State Program are found in the State CDBG Regulations, Title 25 of the California Code of Regulations, Section 7050, et seq.

Application Due Dates

NOFA Release	June 25, 2009
Application Release	June 25, 2009
Final Filing Date	March 31, 2010 or until all funds are awarded

First Come First Served Basis and Threshold Review

The PTA process is not competitive. Applications are not rated and ranked against each other. Applications will be accepted as of the release date of the PTA grant NOFA. Applications received in the office will be date and time stamped and reviewed for threshold compliance in the order of the date and time received.

Applications that do not meet threshold requirements will be returned and may be resubmitted once the threshold item has been corrected. The final date for submission of an application by an eligible applicant is March 31, 2010. It is anticipated that all funds may be exhausted prior to this date.

Note about reading NOFA and Application

It is highly recommend that the NOFA document and application package are read in their entirety, including the application forms and attachments. This is to become familiarized with this year's PTA ED Allocation, 2009-10, prior to completing and submitting an application to the Department.

The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such action occurs, the Department will notify all interested parties.

SECTION 2: CHANGES TO NOFA

Project Specific Maximum Grant Amounts

In this year's NOFA, applicants can request up to \$70,000 for project specific planning activities under the ED Allocation. Examples of project specific activities include Over-the-Counter projects; develop a site (bare land or rehabilitation of an existing facility) for a new business; or expansion of an existing facility. In no instances will an ED project specific planning grant application request exceed \$70,000.

If an applicant does not request a full \$70,000 in planning funds for a project specific activity, the applicant may request up to \$35,000 in funds for one or more proposed ED studies not directly focused on development of a specific project (non-project specific activity). Examples of non-project specific activities are: a Regional or Local ED Plan, a Military Base Conversion Assessment and Development Plan; or a Regional or Local Market Development Plan.

Contact the ED program representative in your jurisdiction with any questions about determining if a proposed activity is project specific or non-project specific. An attachment will be included in the 2009-10 planning grant application providing a sample list of project specific and non-project specific activities.

Using Local Program Income Funds for Project Implementation

Traditionally, CDBG funds under planning grants or local match funds were not allowed to be used for project "implementation" activities. The furthest a project could be developed with PTA funds was "preliminary" engineering or architectural activities. Furthermore, final plans and specifications and construction costs were not allowed under previous planning grants. Under this NOFA, project implementation costs can be paid, but only with local program income or other local non-CDBG funding sources.

As stated above, no State CDBG planning grant dollars **or** local match funds can be used for project implementation costs. Planning grant and match funds must be used for non-implementation/pre-development costs. If a grantee wishes to fund the implementation of a project, then local program income funds must be properly committed to the project activity and the project must be completed within the term of the 24-month grant term.

Committing program income to a grant activity can occur at the application approval stage or after the PTA funding award is announced. In either case, the proper public hearing process must be conducted with formal public noticing and requests for public comments as well as a formal resolution passed by the governing body as part of the public hearing.

In addition, when project implementation is proposed, the final project completion is required so that documentation of meeting a CDBG national objective is achieved within the grant contract term.

If the project is not completed and no national objective is achieved, the Department may request CDBG program income funds used for implementation costs be repaid back to the grantee's CDBG program income reuse plan.

Because of the short timeframe of the PTA grant agreement, typically smaller projects with shorter timeframes or projects that have all their funding in place and are ready to develop will be feasible for implementation. Larger projects can be studied as in past planning grants, up to, but not including, final plans and specifications.

Please contact your ED representative about project implementation activities proposed under a PTA grant prior to submitting an application or committing local program income for implementation costs.

Original ED Application & One Copy Must be Submitted

Under last year's NOFA, If a jurisdiction chose to submit proposals under the General allocation and ED allocation for PTA activities, then two separate applications were to be submitted.

For this new 2009-10 PTA Grant – ED Allocation, jurisdictions are required to send one original and one copy to the ED allocation staff for review.

Project Specific and Non-project Specific PTA Activities

Please remember that a public hearing for approval of the submittal of the PTA ED Allocation application is needed along with the hearing notice describing the planning activity(ies) proposed in the application.

There are two types of planning activities under this ED PTA allocation; 1) Project Specific Activities and 2) Non-project Specific Activities.

The first type of planning activity, project specific activity, or study, provides up to \$70,000 in PTA funds that can be requested to complete one or more activities. An attachment is included in the 2009-10 application with a sample list of project specific activities.

The second type of planning activity, non-project specific activity, provides up to \$35,000 in PTA funds. Examples of non-project specific activities can include: a jurisdiction-wide Marketing Plan; Military Base Conversion Assessment Development Plan; or a Downtown Economic Development Revitalization Strategy.

Applicants are reminded that under the two different types of PTA activities, project specific and non-project specific, multiple studies can be done. For example, if an applicant has two separate site development projects which are being developed, they could propose two project specific studies under one ED grant application as long as the total for both studies does not exceed \$70,000. Please note that a separate set of activity forms, one for each proposed study, must be submitted in a single application, and NOT TWO separate applications.

Federal Debarred List Requirement

To participate in any CDBG program, the Department will require that all applicants/jurisdictions confirm they are not on the Federal debarred list.

What is the easiest way to check if my organization is not on a Federal Debarred list?

To check whether or not a jurisdiction is on the debarred list, here are some helpful steps...

- Go to the epls website: www.epls.gov.
- On the left hand side of the screen, click on Multiple Names.
- A message about searching will pop up. Check the box and close out the window.
- In CAPS, enter the jurisdiction name with the word "AND" in between each word.
- For example, for the City of Los Banos, you would enter, '**CITY AND LOS BANOS**'. (Note: do not type CITY OF LOS BANOS, but 'CITY AND LOS BANOS').
- Print out the message stating that "Your search returned no results." And include a printout in your loan application and in your personal file.

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SECTION 3: PLANNING AND TECHNICAL ASSISTANCE GRANT – GENERAL INFORMATION

Cash Match Requirement

Commitment of required cash match must be included in the authorizing resolution as part of approving submittal of a planning grant application. Required cash match percentages are included in **Attachment 2** of the application document. In-kind staff time by jurisdictional staff should not be stated in the resolution. **Cash match must be expended prior to requesting CDBG funds from the Department.**

HUD National Objectives

PTA ED Activities being studied or planned must meet a HUD national objective. These studies can meet either low-income benefit or elimination of slums and blight:

1. Low-Income Benefit (to persons or households). HUD low-income benefit is also referred to as Targeted Income Group (TIG) benefit by the Department. In order to meet this national objective, at least 51 percent of the households or persons who would benefit from the activity being studied, if the activity were implemented, must be at or below 80 percent of the county median income. See **Attachment 4** in the PTA ED application for a detailed description of how this TIG benefit is established for different planning studies.

If the application's objective is to benefit TIG, the planning activity must be reasonably related to an economic development activity, which could result in the creation or retention of permanent, private sector jobs that will be principally (51 percent) filled by TIG persons.

2. Elimination or Prevention of Slums or Blight. This means aiding in the prevention or elimination of slums and blight on an area or spot basis. The applicant must submit proper documentation for the Department to determine that the proposed planning activity would result in the elimination or prevention of a slum or blighted condition.

Federal Overlay Requirements for Planning Studies

PTA grants are subject to various HUD overlay requirements. These include, but are not limited to:

- Citizen participation
- Environmental review
- Procurement of services
- Section 504 of the Rehabilitation Act of 1973

For additional information on National Objectives and Overlay Requirements, see the PTA application attachments and the most recent Grant Management Manual.

Federal Overlays for Project Implementation

As stated above, under “Using Program Income for Project Implementation,” program income may be used to pay for actual project implementation costs. However, before incurring project-specific implementation costs, a grantee must meet all federal overlay requirements for that project activity and receive a written release of funds from the Department.

Funding Allocations And Availability - One PTA ED Allocation

PTA ED funds for this fiscal year will be provided as one allocation.

Economic Development Allocation	\$1,000,000 Maximum
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Limitations on Grant Amount

- Maximum of up to \$70,000 for one or more ED project specific studies.
- Maximum of up to \$35,000 for one or more ED non-project specific studies.
- Multiple studies can be done for up to \$70,000 (e.g., \$35,000 for one ED project specific study, and up to \$35,000 (non-project specific maximum) for one ED non-project specific study, totaling \$70,000).

SECTION 4: ESSENTIALS FOR SUCCESSFUL APPLICATIONS

ELIGIBLE APPLICANTS

Eligible Applicants

Eligible applicants are generally:

- Cities with populations of less than 50,000; or
- Counties with populations of less than 200,000.

Cities and counties may apply on behalf of other local entities, such as water districts, non-federally recognized tribes, economic development corporations, and other non-profit community development organizations. See **Section 6** of the NOFA for a list of eligible jurisdictions.

Joint Applications

Applicants considering “on behalf of” or joint applications with one or more other eligible jurisdictions may apply for up to the maximum grant limitation per eligible jurisdiction for each allocation annually. Such joint applicants are advised to contact the ED representative assigned to the jurisdiction to discuss their proposal before submitting it to CDBG. If CDBG determines that an application is inconsistent with HUD’s joint application or grant benefit policies, it will return the application to the applicants.

If applicants are submitting joint applications with one or more other eligible jurisdictions, the application must include a joint powers agreement that complies with Section 6500 et seq. of the Government Code.

ELIGIBLE APPLICANTS RESTRICTED FROM APPLYING

Reasons Applicants are Restricted from Applying

Two reasons why an applicant might be restricted or “Held Out” from applying include:

1. Unresolved performance or audit findings on current or prior CDBG grants; or the administration of CDBG program income which resulted in the applicant receiving a holdout letter from CDBG;
2. Growth control measure is in effect at the local level; and
3. Housing element is not in procedural compliance with state law.

Contact the ED Representative assigned to your jurisdiction if you are unsure of your hold-out status.

Waiver of Holdout Status

Waiver of performance issue is possible through following steps:

1. A formal written request for a waiver of hold-out status has been submitted along with documentation that the performance issue is resolved.
2. The Department will review status, and if approved issue a formal written waiver.

Housing Policy staff confirms housing element or growth control is acceptable. See **Attachment 2** of the application package.

ELIGIBLE USES OF FUNDS

Types of Projects

The ED allocation focuses on business development and job creation through assisting micro-enterprise businesses and larger businesses to locate or expand within the applicant's jurisdiction.

See **Attachment 3** of the application package for sample list of eligible types of activities. Call your CDBG representative if there are any eligibility questions.

INELIGIBLE USES OF FUNDS

Ineligible Activities

The list below gives examples of activities that are ineligible and their possible exceptions. CDBG encourages applicants to contact the ED representative for its jurisdiction if there are any eligibility questions.

Ineligible Activity	Exception
Housing element preparation for jurisdictions in which fewer than 51 percent of residents are TIG as documented by the federal census.	Costs incurred for the preparation of that portion of the element in which affordable housing is addressed is eligible. See also below under comprehensive planning.
Day-to-day operations of local government or private or public organizations serving the community or region.	
Comprehensive, general or long range planning. <ul style="list-style-type: none">• <i>Comprehensive</i> means the study was conducted for more than half of the geographic area in the jurisdiction, and includes two or more topics regarding the physical development of the jurisdiction.• <i>General</i> means the documents include summaries of broad policies or proposals that are not site specific.• <i>Long-range</i> means the time-frames for the policies and proposals are five years or more.	Comprehensive planning is allowed if the planning is carried out in a geographic area in which 51 percent or more of the residents are TIG as documented by the federal census or income survey completed within the last five years, and the applicant can document that the comprehensive plan will primarily benefit TIG persons.

APPLICATION PROCESS

Application Forms

The application may be obtained by using the Internet, at the Department's website: www.hcd.ca.gov/ca/cdbg/funds; or by e-mail by contacting the Program Administrative Assistant, MeLisa Adams, at madams@hcd.ca.gov or by calling (916) 552-9398.

Application Submittal

Submit one complete, "Original Application" for this PTA ED allocation in a binder. Submit a separate binder with one "Complete Copy", and all required additional Section copies as stated below.

Include the following document in the front pocket of the **copy** binder set: One additional copy of Sections 1.a through 11 of the Application Summary Form.

Continuous Funding Round – Applications will be accepted from June 25, 2009 through March 31, 2010 on a continuous basis. Jurisdictions will be notified when all PTA funds have been awarded or by March 31, 2010, whichever date occurs first.

Threshold Review

The application must meet threshold requirements to be accepted for review. If any of the required components are missing, CDBG will return the application to the applicant for correction of deficiencies.

See **Attachment 1** in the application package for Threshold Review criteria.

Application Review and Award Process

CDBG Review: Following the receipt of the application, CDBG will review the application within approximately six weeks of receipt and will notify the applicant of approval or denial within approximately eight to ten weeks of receipt.

Grant Award: Successful applicants will receive an award letter; unsuccessful applicants will receive a denial letter and maybe an invitation to resubmit the application. The jurisdiction's state and federal legislators will also be notified of awards.

State Contract: Successful applicants will enter into a standard agreement with the Department.

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SECTION 5: AFTER A GRANT IS AWARDED

STATE CONTRACT PROCESS

State Contract

Successful applicants will enter into a standard agreement with the Department. The contract contains all the relevant state and federal requirements, as well as specific information about the grant award and the work to be performed.

Contract Term

The term of the contract will be twenty-four (24) months.

Implementing the Contract

Receiving grant funds: Grantees may incur costs prior to contract execution upon receiving written approval from the Department. Grantee must spend 100 percent of cash match prior to requesting CDBG funds.

New Funds Request Forms

Reporting Requirements: Grantees must submit a Financial and Accomplishment Report (FAR) every six (6) months starting at the execution date of the grant contract. Grantees will draw funds through a Funds Requests Forms as needed for cost reimbursements. All jurisdictions must use the new Funds Request form. Please note that there is a \$1,000 minimum amount for all funds requests (1/09).

Implementation of Projects: Grantees who use program income funds to develop a project through construction must submit Annual Grantee Performance reports to document beneficiaries of the project.

Managing the Grant: The Department publishes a Grant Management Manual to help grantees comply with the program requirements. The Grant Management Manual can be found on the CDBG website: <http://www.hcd.ca.gov/fa/cdbg/manual/> (please contact your ED representative for assistance).

Completing the Contract

Closeout Package: At the end of the contract, grantees must submit documents to close out the grant. These documents are described in the Grant Management Manual (GMM), Chapter 13.

Final Product and 10 percent Retention: By contract expiration, grantees must submit the Final Product(s) for each proposed activity. 10 percent of the grant amount will be held until all final products are received.

Procurement Process: At contract expiration, grantees must submit procurement compliance documentation per GMM Chapter 8.

CDBG Compliance Review: At the end of the contract term, CDBG performs a desk compliance review of the study activities and closeout documentation. Project implementation activities will be monitored on site by Department staff using Chapter 12 of GMM.

Notice of Public Hearing: At the end of the grant, the jurisdiction must hold a public hearing to notify the public about accomplishments of the grant, and accept the final product.

SECTION 6: HOW TO REACH US FOR ASSISTANCE

CDBG Program

State of California
 Department of Housing and Community Development
 Division of Financial Assistance
 State Community Development Block Grant Program (CDBG)
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