



New York State Housing Trust Fund Corporation
Office of Community Renewal

***Community Development Block Grant Program
2012 Application Guidance***

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I. INTRODUCTION

In accordance with New York State's 2011-2015 Consolidated Plan and its 2012 Annual Action Plan, the Office of Community Renewal (OCR) invites eligible applicants to submit an application for Community Development Block Grant (NYS CDBG) funding. NYS CDBG funds provide small communities and counties in New York State with a great opportunity to undertake activities that focus on community development needs, such as creating or expanding job opportunities, providing safe affordable housing, and addressing local public infrastructure and public facilities issues. OCR encourages communities to propose activities that are creative and innovative in addressing their needs.

The 2012 Application Guidance provides information necessary to document the eligibility of the activity, compliance with the Primary and National Objectives, the need for the activity, and its overall impact on the community. It contains information to assist Applicants in compiling a complete, relevant and competitive application. Therefore, it is important for prospective Applicants to read it carefully and to become familiar with all applicable guidelines and requirements. The Federal regulations set forth at 24 CFR Part 570 and specifically, Subpart I of 24 CFR 570 are the governing regulations of the NYS CDBG Program for non-entitlement communities.

II. PROGRAM OBJECTIVES

A. Objectives of the Community Development Block Grant Program

As set forth in the Federal Housing and Community Development Act, the Primary Objective of the CDBG program "is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (LMI)."

B. Objectives of the New York State CDBG Program

Financial assistance will be provided for the development of projects that meet the NYS CDBG Program Objectives and that provide decent, safe affordable housing, access to clean drinking water, proper disposal of household wastewater, access to local public facilities, and economic opportunities for persons from LMI households by supporting development projects that are designed to create or retain employment opportunities or foster microenterprise activities.

In support of New York's community development goals, the NYS CDBG Program will:

1. Support a mix of rehabilitation and conversion activities to preserve and increase affordable housing, for both renters and homeowners;
2. Encourage investment in communities by assisting local governments in devising and implementing economic development strategies to revitalize viable communities and provide economic opportunities that principally benefit LMI persons;
3. Revitalize the vibrancy of New York's communities and enhance the quality of life;
4. Develop and implement strategies that facilitate the coordination of NYS CDBG funding with other Federal, State, and local community development resources.

III. PROGRAM OUTLINE

A. Funding Availability

Approximately \$40 million of NYS CDBG funds may be available for Program Year 2012. Available funds may be allocated in the following manner: Community Development Funding (60%); Economic Development Assistance (34%); Imminent Threat (3%); Technical Assistance & Capacity Building (1%); and Program Administration (2%).

Applicants seeking assistance for housing activities including housing rehabilitation, homeownership, and private water/wastewater activities, should apply for funding under the 2012 Unified Funding Application process. Applicants seeking funding for public infrastructure, public facilities and economic development activities should apply for assistance through the New York State Consolidated Funding Application available from <http://nywork.ny.gov>.

Additional economic development funds may be available throughout the 2012 Program Year for projects that may meet the New York State priorities for economic development. Imminent Threat funding may also be made available throughout the 2012 Program Year for CDBG eligible activities that address situations affecting the public health, welfare, and/or safety, which require immediate resolution, typically in a Federal- or State-declared disaster area. For more information on additional economic development funds or Imminent Threat funding, contact our office at (518) 474-2057.

This application guide provides the requirements that must be met for applicants to request NYS CDBG funding under community development assistance for Housing, Public Infrastructure, and Public Facility activities and Economic Development Assistance. New York State must ensure that at least 70% of the NYS CDBG annual allocation be used to fund activities where at least 51% of the beneficiaries are low- and moderate-income. To that end, each activity proposed must satisfy the requirements of the National Objective selected and evidence of compliance must be submitted with the application as an exhibit, as requested in the Additional Requirements Section A, National Objective Compliance. If satisfactory evidence of compliance with a National Objective is not provided, the proposed activity will be considered ineligible and will not be considered for funding.

PROJECT TYPE	NATIONAL OBJECTIVE CODES AND BENEFICIARIES						
	LOW- AND MODERATE-INCOME				URGENT NEED	SLUMS AND BLIGHT	
	LMH	LMA	LMC	LMJ	URG	SBA	SBS
Homeownership Assistance	Households						
Housing Rehabilitation and Residential Water and Wastewater	Housing Units				Housing Units		
Public Infrastructure and Public Facility		Persons	Persons	Jobs	Persons	Persons	Persons
Economic Development/Small Business				Jobs	Businesses	Businesses	

LMH – Low/Mod Housing direct benefit: activities that are carried out for the purpose of providing or improving permanent residential structures, which will be occupied by low/mod income households. 24 CFR 570.208(a)(3)

LMA – Low/Mod Area benefit: the service area identified for activities is primarily low/mod income. 24 CFR 570.208(a)(1)

LMC – Low/Mod Limited Clientele benefit: activities that benefit a limited clientele as identified in 24 CFR 570.208(a)(2)

LMJ – Low/Mod Job Creation or Retention Benefit: Activities designed to create or retain permanent jobs, at least 51% of which will involve the employment of low/mod persons. 24 CFR 570.208(a)(4)

URG – Urgent Need: activities that are carried out for the purpose of addressing an immediate threat to health, safety or welfare of the beneficiary and is of recent origin. 24 CFR 570.483(d). **Note:** This should only be selected for activities that are being proposed to address non-LMI needs within the designated disaster areas impacted by Hurricane Irene and Tropical Storm Lee.

SBA – Slum/Blight Area benefit: activities that address prevention or elimination of slums or blight in a designated area. 24 CFR 570.208(b)(3)

SBS – Slum/Blight Spot basis: site-specific activities that address conditions of blight or physical decay. 24 CFR 570.208(b)(2)

B. Funding Limits

<i>Town, Cities or Villages:</i>	<i>Minimum</i>	<i>Maximum</i>
Housing/Public Facilities		\$400,000
Public Infrastructure (water/sewer only)		\$600,000
Economic Development	\$100,000	\$750,000
Small Business Assistance	\$25,000	\$100,000
<i>Counties:</i>	<i>Minimum</i>	<i>Maximum</i>
Housing/Public Infrastructure/Public Facilities		\$750,000
Economic Development	\$100,000	\$750,000
Small Business Assistance	\$25,000	\$100,000
<i>Joint Applicants:</i>		
Public Infrastructure (water/sewer only)		\$900,000

Applicants should only apply for the amount of funding that can be fully expended and the type of activities that can be completed within the specified project completion period of twenty-four (24) months. Applicants should not proceed with a project that cannot be completed within the specified timeframe or with the assumption that an extension of the project deadline will be considered. Grant recipients who are unable to satisfy the term of their grant agreement may be unable to secure further OCR funding until such time as the prior grants have been completed or the funds recaptured. Inability to meet the required timeframe may be viewed as an issue of project readiness and/or inadequate local capacity to carry out grant activities in a timely manner and may require significant additional actions on the part of the municipality to insure that any potential future grants will be completed within the term of the grant agreement.

Applicants may submit multiple applications, but the total requested amount within the categories of Housing, Public Infrastructure, and Public Facilities may not be exceeded. For example, an Applicant may submit multiple housing applications, but the cumulative total of all requests cannot exceed \$400,000 for Towns, Cities or Villages or \$750,000 for Counties. Applicants seeking economic development funds may also submit multiple applications. However, the total amount awarded in a program year for both Economic Development and Small Business Assistance may not exceed a total of \$750,000. Please note that the NYS OCR may exceed these caps if a project or projects have significant and transformational impacts beyond the immediate public benefit.

C. Eligible Applicants

Eligible applicants are non-entitlement units of general local government (city, village, town or county), excluding metropolitan cities, urban counties, and Indian Tribes that are designated Entitlement communities. Non-entitlement areas are defined as cities, towns, and villages with populations of less than 50,000 except those designated principal cities of Metropolitan Statistical Areas, and counties with populations of less than 200,000. A list of eligible communities is available at <http://nysdhcr.gov/Programs/NYS-CDBG/EligibleCommunities.htm>.

Counties may apply on behalf of units of general local government located within their jurisdiction when the unit of general local government has authorized the county to apply. The unit of general local government will be considered the Applicant for determining grant limits, and its statistics will be used for purposes of the selection factors. A cooperation agreement between the county and the local government, an authorizing resolution issued by the local government, and an explanation as to why the arrangement is needed must be included as an attachment to the application.

When a joint effort is required to solve a common water or sewer problem faced by two or more eligible local governments, a joint application may be submitted. Local governments, however, must not only share a common problem that crosses their municipal boundaries but must also be able to demonstrate that a joint effort is required to solve the problem. A cooperation agreement between the local governments must be included as an attachment to the application. Joint applications submitted only for administrative convenience are not eligible and will not be considered for funding.

D. Eligibility Restrictions

Prior Recipients of NYS CDBG Program funds are subject to an evaluation of capacity and performance and must resolve all outstanding audit, monitoring and/or non-compliance issues which involve a violation of Federal, State or local law or CDBG program requirements prior to the submission of an application for funding. An Applicant may be ineligible for a grant when its performance evidences significant lack of capacity to carry out the proposed project or program as required and according to the applicable laws, regulations, policies and procedures governing the NYS CDBG Program.

E. Types of Applications

Applicants must address and resolve a specific community development need within one of the following areas: (a) Housing, (b) Public Infrastructure, (c) Public Facilities or (d) Economic Development.

Applications may consist of more than one activity if one of the activities is incidental to or in support of the primary activity. For a project consisting of more than one activity, the activity that directly addresses the primary need must represent the majority of the funds requested. For example, an application for housing rehabilitation includes a public improvement activity that supports the housing activity and represents a relatively small percentage of the funds in comparison to the primary housing rehabilitation activity. The public improvement activity must clearly be in support of the housing rehabilitation project as well as demonstrate compliance with a National Objective and the NYS Smart Growth Public Infrastructure Act (Chapter 433 of the Laws of 2010). NYS CDBG funds should not be requested for more than one activity in a single application if the additional activities are not incidental to, or in support of, a principal activity.

F. Funding Categories

1. Housing

There are three distinct types of housing activities eligible for NYS CDBG funding: housing rehabilitation; direct homeownership assistance; and residential water/wastewater system assistance. Based upon a needs analysis and a detailed survey of housing conditions, each Applicant must determine the activity best suited to increase and/or stabilize the supply of safe affordable housing for its LMI residents.

a. Housing Rehabilitation

Rehabilitation activities include mobile and manufactured home rehabilitation and replacement and conversion of non-residential properties that provide safe and habitable housing for LMI households at standards of quality meeting New York State and local building codes and federal and local regulations. A determination on whether to rehabilitate or replace a mobile or manufactured home should be based on the age and condition of the home. Based on the prevalence of substandard housing conditions within a community, Applicants must determine whether a non-targeted or targeted approach or a combination thereof best addresses the needs of the community. A non-targeted approach is used to address the most severe needs on a scattered-site basis.

b. Direct Homeownership Assistance

Direct assistance activities provide homeownership opportunities to LMI households and/or individuals. Counseling of prospective homeowners is encouraged to ensure an understanding of program obligations, budgeting and responsibilities of homeownership, including home maintenance and overhead costs. Homeownership programs subsidize the closing costs or purchase price of homes in price ranges affordable to LMI households or individuals. The costs of minor rehabilitation of structurally-sound homes purchased through a homeownership program are eligible expenses under the program.

c. Residential Water/Wastewater System Assistance

Direct assistance activities that provide safe drinking water and wastewater systems to LMI households, such as the drilling of wells, the construction or rehabilitation of septic systems, and the installation of lateral connections from the LMI house to the public water/sewer mains.

2. Public Infrastructure

Public Infrastructure includes activities consisting of, but not limited to, water source development, storage, and distribution; sanitary sewage collection and treatment; flood control and storm water drainage. Eligible projects may include the repair or replacement of existing systems, construction of new systems, or expansion of existing systems into areas previously unserved that are in compliance with the NYS Smart Growth Public Infrastructure Act (Chapter 433 of the Laws of 2010). Applications requesting funding solely for residential water and sewer lateral connections are considered for funding under the Housing Funding Category. However, applicants may seek funding for lateral connections under the public infrastructure category as long as the activity is incidental to a larger public infrastructure project.

3. Public Facilities

Public facility activities include, but are not limited to, funding for: structures to house or serve special-needs populations; senior services; child care centers; removal of architectural barriers for the disabled (installing lifts, automatic doors, ramps, etc.); and multi-purpose buildings housing several qualifying activities for low- and moderate-income persons. NYS CDBG funds can be used for construction or renovation of facilities, but cannot be

used to cover the day-to-day operational costs, nor can funds be used for buildings that are primarily for the general conduct of government business (i.e. town halls). Any public facility funded with NYS CDBG funds must be maintained in the same capacity as funded for a period of five (5) years after the project is formally closed out by OCR. OCR reserves the right to inspect such facilities during the five (5) year period to substantiate compliance. Grant funds may also be used for standalone public works activities such as sidewalks, streets, parking, open space, and publicly owned utilities. Eligible projects may include the repair or replacement of existing systems, construction of new systems, or expansion of existing systems into areas previously unserved that are in compliance with the NYS Smart Growth Public Infrastructure Act (Chapter 433 of the Laws of 2010).

4. Economic Development

Funding is provided for traditional economic development activities such as business attraction, expansion, and retention projects to provide financial assistance to for-profit businesses for an identified CDBG eligible activity. The project must result in the creation or retention of permanent job opportunities principally benefitting low and moderate income persons.

- NYS CDBG can fund up to 40% of a total project cost.
- A minimum of one (1) full-time equivalent job must be created or retained for every \$15,000 in NYS CDBG funds.
- NYS CDBG funds should be used as gap funding to induce project completion.

5. Small Business Assistance

Funding is provided to eligible communities to foster small business development and growth. For the purposes of the Small Business Assistance program, a small business is defined as a commercial enterprise with twenty five (25) or fewer full-time equivalent employees at the time of application.

- NYS CDBG can fund up to 40% of a total project cost.
- A minimum of one (1) full-time equivalent job must be created or retained for every \$25,000 in NYS CDBG funds.
- A minimum of 20% owner equity contribution to the project is required. However, the required equity contribution may be reduced to 10% if the project qualifies as “Green”. The CDBG Green Incentive Checklist must be completed and submitted through the CFA.

Applicants may determine that an application addressing the needs of a target area is the best approach for addressing the needs of its community. In determining this approach, applicants must define the target area as a recognizable neighborhood, including natural boundaries, such as a railroad tracks, city limits, busy streets, etc. Boundaries should not be gerrymandered for LMI purposes. If streets are proposed, houses on both sides of the street should be surveyed and included in the target area. Target area lines may be drawn down back alleys or property lines to include all needed households.

G. Application Evaluation Criteria

The review process for the NYS CDBG Program is designed to ensure that the limited NYS CDBG funds available are awarded to communities that meet all of the Federal CDBG requirements, demonstrate a significant need for the proposed activity, demonstrate that the project is financially feasible, and show a significant positive impact to the community.

HOUSING FACTOR RATING

Applications within the Housing funding category are rated and scored against the factors below. Applications are evaluated and ranked against applications within the same category. Applications with the highest scores are considered the most competitive and have a greater chance of being awarded.

Municipal Poverty Score		20 Points
Absolute number of persons in poverty	10 points	
Percent of persons in poverty	10 points	
Project Assessment Points		75 Points
Fair Housing		5 Points
		Total = 100 Points (maximum)

Municipal Poverty Score

Absolute number of persons in poverty - Available Census data will be used to determine the absolute number of persons in poverty residing within the Applicant's unit of general local government. Applicants which are county governments are rated separately from all other Applicants. Individual need scores are obtained by dividing each Applicant's absolute number of persons in poverty by the greatest number of persons in poverty of any Applicant and multiplying by 10.

Percent of persons in poverty - Available Census data will be used to determine the percent of persons in poverty residing within the Applicant's unit of general local government. Individual need scores are obtained by dividing each Applicant's percentage of persons in poverty by the highest percentage of persons in poverty of any Applicant and multiplying by 10.

Project Assessment Points

Applications within the funding categories will be assessed based on the extent to which they meet the category-specific assessment criteria identified below. Scoring will be based on a maximum of 100 points, with the most points being awarded to projects that have demonstrated exceptional compliance with the assessment criteria identified for each category. An applications' project assessment score will be determined by averaging the assessment criteria points. **Applications will be required to score a minimum of 30 project assessment points to be considered for funding.**

Housing Rehabilitation:

Need - The degree to which the applicant has demonstrated:

- the severity of need, in terms of the percent of units that are severely substandard, and the lack of income and resources of the residents;
- a sufficient market of eligible LMI households interested in participating in a housing rehabilitation program.

Impact - The degree to which the proposed program:

- addresses homes that are occupied by persons with the lowest incomes and have the most severe housing conditions;
- addresses the need and market identified and the financial conditions of the proposed beneficiaries;
- addresses methods to ensure the sustainability of the housing rehabilitation and ensures the long-term affordability of rental units;
- includes a detailed plan for marketing the proposed program to potential participants;
- addresses measures taken to ensure quality rehabilitation and compliance with the Section 8 Housing Quality Standards and applicable Federal, State and local codes.
- addresses measures taken to encourage participation of special needs populations identified within the area.
- a sufficient market of eligible and available contractors.

Financial Capacity - The degree to which the applicant has demonstrated that:

- the rehabilitation costs are reasonable given the extent of substandard conditions, as documented in the housing conditions surveys, descriptions of housing conditions, and the cost estimates prepared by professional rehabilitation specialists;
- the project is financially feasible and includes costs associated with regulatory compliance;
- leveraged funds are available and committed, including CDBG program income generated from previously funded HUD and NYS CDBG projects;
- the costs of program delivery and administration are reasonable and based on the work to be performed, as detailed in the application;
- the subsidy proposed is financially feasible and addresses the housing rehabilitation needs of the population being served;

Direct Homeownership Assistance:

Need - The degree to which the applicant has demonstrated:

- the need to provide homeownership opportunities to LMI persons, in terms of the current real estate market, the homeownership and vacancy rate, and financial and market trends that limit homeownership for LMI persons;
- a sufficient market of eligible LMI households indicating an interest in participating in a homeownership assistance program;
- a sufficient number of homes available that will be affordable to LMI households.

Impact - The degree to which the applicant has demonstrated:

- that the program addresses the need and market identified and the financial conditions of the market;
- a detailed plan to market the proposed program to potential participants;
- efforts to provide homeownership support to the potential participants in the form of counseling;
- the measures to be taken to ensure quality rehabilitation and steps taken to ensure compliance with the Section 8 Housing Quality Standards and all applicable Federal and State codes for those homes that may require housing rehabilitation;
- that the program ensures the long-term affordability of the home, in terms of the percentage of income required for household expenses, long-term maintenance, energy efficiency, and immediate housing rehabilitation needs;
- the measures taken to encourage participation of special needs populations identified within the area;
- an effort to include provisions for homeownership opportunities to persons participating in the Family Self-Sufficiency Program.

Financial Capacity - The degree to which the applicant has demonstrated:

- that the subsidy proposed is financially feasible and addresses the financial need of the LMI household to purchase an affordable home in the identified market;
- for projects that include housing rehabilitation activities, that the rehabilitation costs are reasonable given the extent of substandard conditions, as documented in the housing conditions surveys, descriptions of housing conditions, and the cost estimates prepared by professional rehabilitation specialists;
- that the project is financially feasible and includes the costs associated with regulatory compliance;
- that leveraged funds are available and committed, including CDBG program income generated from previously funded HUD and NYS CDBG projects;
- that the costs of program delivery and administration are reasonable and based on the work to be performed as detailed in the application.

Additional Project Assessment Criteria

In addition to evaluating applications in accordance with the project assessment criteria listed above for each of the funding categories, applicants will be evaluated on the following criteria:

Administrative Capacity - The degree to which the applicant has demonstrated:

- a clear understanding of the program requirements and measures to ensure compliance of the program requirements, including applicable Federal and State regulations, such as environmental, lead-based paint, labor standards, historic preservation, and procurement;
- that no impediments exist, or the degree to which all potential impediments, such as regulatory compliance, community support, site control (i.e. easements, acquisition etc.), and permits and clearances, have been addressed;
- project readiness and the ability to implement the program upon award;
- the ability to complete the proposed project/program within the 24-month term of the grant agreement.

Prior Performance - The degree to which the applicant has demonstrated:

- the successful completion of prior projects as proposed and per the grant agreement;
- the number of project extensions requested and the reasons for extensions;
- monitoring findings and concerns and the timeframe in which they were resolved;
- status of current grants (expenditure rate, suspension of funds, adherence to program schedules);
- the ability to resolve grant administration issues in a timely manner and to address the issues for all grants and Program Years.

Fair Housing

Applicants will receive 5 points toward their total score for meeting the requirements of Fair Housing as outlined in the 2012 Unified Funding Application

PUBLIC INFRASTRUCTURE AND FACILITIES FACTOR RATING

Applications within the public infrastructure and facilities funding categories are rated and scored against the factors below. Applications are evaluated and ranked against applications within the same category. Applications with the highest scores are considered the most competitive and have a greater chance of being awarded.

Municipal Poverty Score		20 Points
Absolute number of persons in poverty	10 points	
Percent of persons in poverty	10 points	
Project Assessment Points		60 Points
Regional Economic Development Council Points		20 Points
Total = 100 Points (maximum)		

Municipal Poverty Score – 20 Points

Absolute number of persons in poverty - Available Census data will be used to determine the absolute number of persons in poverty residing within the Applicant’s unit of general local government. Applicants which are county governments are rated separately from all other Applicants. Individual need scores are obtained by dividing each Applicant’s absolute number of persons in poverty by the greatest number of persons in poverty of any Applicant and multiplying by 10.

Percent of persons in poverty - Available Census data will be used to determine the percent of persons in poverty residing within the Applicant’s unit of general local government. Individual need scores are obtained by dividing each Applicant’s percentage of persons in poverty by the highest percentage of persons in poverty of any Applicant and multiplying by 10.

Project Assessment – 60 Points

Applications within the funding categories will be assessed based on the extent to which they meet the category-specific assessment criteria identified below. Scoring will be based on a maximum of 100 points, with the most points being awarded to projects that have demonstrated exceptional compliance with the assessment criteria identified for each category. An applications’ project assessment score will be determined by averaging the assessment criteria points. **Applications will be required to score a minimum of 30 project assessment points to be considered for funding.**

Public Infrastructure:

Need - The degree to which the applicant has demonstrated:

- serious public health, welfare or safety conditions, as attested by third party documentation (e.g. consent orders, engineering reports, test results);
- that NYS CDBG funds are necessary to undertake the project and the community is unable to secure sufficient funding or assistance through other methods or resources, including other public funding.

Impact - The degree to which the applicant has demonstrated:

- that the proposed project is affordable, viable, and sustainable over the longterm, is of appropriate capacity for the demand, and addresses the need;
- the impact of NYS CDBG funds on the reduction of the debt burden, connection fees, and annual water/sewer fees on LMI households;
- that the proposed project supports a “Smart Growth” development strategy in accordance with the New York State Smart Growth Public Infrastructure Act (Chapter 433 of the Laws of 2010).

Financial Capacity - The degree to which the applicant has demonstrated:

- that the project cost is financially feasible and includes the cost associated with regulatory compliance;
- that leveraged funds are available and committed, including CDBG program income generated from previously funded HUD and NYS CDBG projects, and there are not gaps in funding;
- that the costs of program delivery and administration are reasonable and based on the work to be performed, as detailed in the application;
- a financial and administrative plan for future maintenance and operations.

Public Facilities:

Need - The degree to which the applicant has demonstrated:

- a need and market for the project and the services to be provided;
- that NYS CDBG funds are necessary to undertake the project and the community is unable to secure sufficient funding or assistance through other methods or resources, including other public resources.

Impact - The degree to which the applicant has demonstrated that:

- the proposed project has long-term affordability, viability and sustainability, is appropriate in terms of capacity, and addresses the need;
- the project design includes components accommodating mobility, visual, and auditory handicaps where relevant.

Financial Capacity - The degree to which the applicant has demonstrated:

- that the project cost is financially feasible and includes the cost associated with regulatory compliance;
- that leveraged funds are available and committed including CDBG program income generated from previously funded HUD and NYS CDBG projects;
- that the costs of program delivery and administration are reasonable and based on the actual work to be performed as described in the application;
- a financial and administrative plan for future maintenance and operations.

Additional Project Assessment Criteria

In addition to evaluating applications in accordance with the project assessment criteria listed above for each of the funding categories, applicants will be evaluated on the following criteria:

Administrative Capacity - The degree to which the applicant has demonstrated:

- a clear understanding of the program requirements and measures to ensure compliance of the program requirements, including applicable Federal and State regulations, such as environmental, lead-based paint, labor standards, historic preservation, and procurement;
- that no impediments exist, or the degree to which all potential impediments, such as regulatory compliance, community support, site control (i.e. easements, acquisition etc.), and permits and clearances, have been addressed;
- project readiness and the ability to implement the program upon award;
- the ability to complete the proposed project/program within the 24-month term of the grant agreement.

Prior Performance - The degree to which the applicant has demonstrated:

- the successful completion of prior projects as proposed and per the grant agreement;
- the number of project extensions requested and the reasons for extensions;
- monitoring findings and concerns and the timeframe in which they were resolved;
- status of current grants (expenditure rate, suspension of funds, adherence to program schedules);
- the ability to resolve grant administration issues in a timely manner and to address the issues for all grants and Program Years.

Smart Growth Legislation (Chapter 433 of the Laws of 2010) –

Please note that the New York State Housing Trust Fund Corporation is subject to the State Smart Growth Public Infrastructure Act (Chapter 433 of the Laws of 2010) and must, to the extent applicable, make funding decisions consistent with the provisions of the Act.

Total Vision and REDC Strategies – 20 Points

Applications will be reviewed and scored by the Regional Economic Development Councils. Up to 20 points will be provided to projects that most closely align with the Regional Council’s Strategic Plan. These strategic plans are available from <http://nyworks.ny.gov>.

ECONOMIC DEVELOPMENT FACTOR RATING

Applications within the funding categories of Economic Development and Small Business Assistance are rated and scored using the criteria below. Applications are evaluated and ranked against all applications within the Economic Development Program. Applications with the highest scores are considered the most competitive and have a greater chance of being awarded.

Public Benefit/Impact	20 Points
Implementation	20 Points
Leveraged Resources	20 Points
Performance Measures	20 Points
Total Vision and REDC Strategies	20 Points

Total = 100 Points (maximum)

Public Benefit/Impact – 20 Points

- The demonstrated need for the project.
- The overall employment and economic impact of the project.
- The extent to which the project will create or retain permanent, full-time equivalent jobs for persons from low- to moderate-income families.

Implementation – 20 Points

- The degree of project readiness and ability to implement upon award.
- The degree to which the project is financially and technically feasible within the 24-month term of the grant agreement.
- The reasonableness of the project costs.

Leveraged Resources – 20 Points

- The extent to which the project coincides with previous state or program investments.
- The availability and commitment of non-CDBG leverage.
- The CDBG-funded portion of the project.

Performance Measures – 20 Points

- The number of jobs created/retained in relation to CDBG investment (CDBG cost per job created/retained).
- The administrative capacity of the applicant, and the degree to which the applicant has demonstrated a clear understanding of, and ability to meet, the program requirements.
- The demonstrated viability of the business.
- The project's alignment with green principles and sustainable development practices.
- The overall quality of the jobs to be created/retained, and the ability for future advancement of the employees.

Total Vision and REDC Strategies – 20 points

Applications will be reviewed and scored by the Regional Economic Development Councils. Up to 20 points will be provided to projects that most closely align with the Regional Council's Strategic Plan. These strategic plans are available from <http://nyworks.ny.gov>.

H. 2012 Unified Funding Submission Information

Applicants seeking assistance for housing activities funded through the NYS HCR 2012 Unified Funding Round must submit an original and one copy of an application to OCR by the submission deadline to be considered for funding. **Applications must be postmarked no later than August 17, 2012, or delivered no later than 4:00 p.m. on the deadline date.**

Applications must be received at:

**NYS Homes and Community Renewal
Office of Community Renewal
Hampton Plaza
38-40 State Street, 9th Floor
Albany, NY 12207**

In the interest of fairness to all competing Applicants, the above-stated application deadline is firm. Applications received after 4:00 p.m. on, or postmarked after, August 17, 2012 will be deemed ineligible. Applicants should take this into account and make the necessary arrangements to adhere to the deadline and avoid any risk of loss of eligibility brought about by unanticipated delays or other delivery related problems.

I. NYS CFA Submission Information

Applicants seeking assistance for Public Infrastructure, Public Facilities, Economic Development or Small Business Assistance Activities must submit applications through the NYS Consolidated Funding Application (NYS CFA). Directions for applying for assistance for these funds are available at <http://nyworks.ny.gov>. The on-line application system will be available beginning May 8, 2012 and will close at 4:00pm on July 16, 2012.

J. Technical Assistance

Prior to the application deadline, OCR will provide technical assistance regarding the application, proposed projects, and program regulations to Applicants upon request. Potential applicants with questions regarding the application and/or the NYS CDBG Program should call 518-474-2057 for assistance.

K. Corrections to Deficient Applications

Under no circumstances will unsolicited information from an Applicant or its representative regarding the application be accepted after the application deadline has passed. Applicants may be advised of technical deficiencies in applications and may be permitted to correct those deficiencies. A technical deficiency is an error or oversight which, if corrected, would not alter, in a positive or negative fashion, the review and/or rating of the application. Examples of curable technical deficiencies could be the failure to submit an application form or failure to submit an application containing an original signature. Applicants will be notified in writing of any curable technical deficiencies in an application. **Applicants will have 10 business days from the date of OCR's correspondence to reply and correct the deficiency. If the deficiency is not corrected within this timeframe, Applicants are at risk of their application being deemed incomplete.** If necessary, Applicants may be requested to submit additional information for clarification of material **contained** in the application.

L. Procuring for Professional Services

1. Consultants

Applicants may elect to contract with a consultant for the preparation of an application and/or for the administration of a NYS CDBG funded project.

Before selecting a consultant, engineer, architect or other professional to assist in the preparation of an application, please consider the following:

- a. **“Loss-Leader” Arrangements** – Loss-leader arrangements, in which consultants offer to prepare a grant application or make preliminary engineering designs and estimates at reduced rates or at no cost, in return for receiving a contract for program delivery and/or administration if the application is funded, are prohibited by Federal regulations. Applicants may find this approach attractive because costs they bear prior to the award of NYS CDBG funding, such as application preparation or preliminary engineering studies, are not reimbursable from the NYS CDBG grant. However, **loss-leader arrangements violate Federal regulations, which require “maximum open and free competition.”**
- b. **Selection of Engineers or Administrative Consultants Prior to Grant Award** – Some Applicants may wish to procure the services of a consultant or engineer to assist with grant application preparation, preliminary engineering, and administration/program delivery, using one procurement process to obtain all the services. This approach is permitted by HUD regulations, as long as Federal procurement procedures found at 24 CFR Part 85 are complied with.

For NYS CDBG funded professional services, the selection of a consultant must be conducted in a manner so as to provide maximum open and free competition. The provisions of OMB Circular A-87 and applicable State, Federal (24CFR 85.36) and local laws govern the procurement of professional services. **The selection of consultants must be completed according to the Federal procurement regulations if NYS CDBG funds will be used for payment of the professional services.** Professional services that are not procured in compliance with the Federal procurement regulations are ineligible CDBG expenditures and will not be reimbursed for payment. **For non-CDBG funded professional services, such as services for the preparation of the application, Applicants must follow their local procurement policies.** Use of NYS CDBG funds for the preparation of the 2012 application is not an allowable use of program funds. Regardless of the funding source used to pay for professional services, written agreements must be executed between the parties detailing all responsibilities, standards and fees. For additional information on procuring professional services, reference Chapter 1 and 4 of the OCR Grant Administration Manual, which is available on the OCR website, www.nyshcr.org.

Applicants that elect to use a professional service contractor for both grant application preparation and administration of the program are encouraged to consider issuing one Request for Proposals (RFP) for these services, even though the services may be funded by different funding sources. Issuing one RFP for both of these services typically helps to reduce the amount of start-up time needed after award. Applicants choosing to issue one RFP for these services must comply with the Federal procurement requirements **if any portion of the services will be funded with NYS CDBG funds.** Communities should also be aware when soliciting for professional services, while permissible under State law; Federal requirements restrict the use of a Request for Qualifications (RFQ) process to hiring for engineering or architectural services only. Other procurement for professional services would generally be expected to be done through an RFP process.

2. Subrecipients

Applicants may decide to use a Subrecipient to carry out the NYS CDBG funded activity, including the administration and/or program delivery tasks required to administer programs such as housing. There are typically two kinds of Subrecipients:

- Governmental non-profits, which are public agencies, commissions, or authorities that are created by the Recipient (such as a housing authority or water supply district). They also may have been created by a consortium of municipalities, such as a county or multi-county sewer authority;
- Private non-profits, which are incorporated under the non-profit statutes of state law and frequently have IRC 501(c)(3) status, providing specific services in areas such as job training, day care, housing, community development, homeless shelters, mental health centers, industrial development, etc.

A Subrecipient is an organization that is directly provided NYS CDBG funds for its use in carrying out previously agreed upon eligible activities. In order to be considered a Subrecipient, NYS CDBG funds must flow through the organization. This means that a Recipient must draw funds from OCR and then grant those funds to the Subrecipient who will then pay the vendors and grant funds from their bank account.

Federal procurement standards do not apply to the selection of a Subrecipient. The Recipient and the Subrecipient must enter into a written agreement. The agreement must remain in effect during the period that the Subrecipient has control over NYS CDBG funds, including program income. For additional information on Subrecipients, reference Chapter 1 of the OCR Grant Administration Manual, which is available on the HCR website, www.nyshcr.org.

VI. APPENDICES

A. Notice of Funding Availability

NEW YORK STATE HOMES AND COMMUNITY RENEWAL OFFICE OF COMMUNITY RENEWAL 2012 NOTICE OF FUNDING AVAILABILITY (NOFA)

The New York State Housing Trust Fund Corporation (HTFC) and the New York State Affordable Housing Corporation's (AHC) Office of Community Renewal anticipate the availability of approximately \$46 million of State and Federal funds for the following programs:

- \$10 million - NYS Community Development Block Grant funding for the Unified Funding Round
- \$25 million - AHC Affordable Home Ownership Development Program
- \$10 million - HOME Local Program
- \$1 million - Access to Home Program
- \$400,000 - RESTORE Program

NYS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

PROGRAM DESCRIPTION

The New York State Community Development Block Grant Program (NYS CDBG) is a federally funded program administered by the New York State Housing Trust Fund Corporation's Office of Community Renewal (OCR). The program provides resources to non-entitlement communities to enable the development of decent, affordable housing, create suitable living environments, and enhance economic opportunities across the state. Applicants to the NYS CDBG program must ensure that 70% of all activities principally benefit low- and moderate-income (LMI) persons.

ELIGIBLE APPLICANTS

Eligible applicants include non-entitlement villages, towns, cities or counties throughout New York State, excluding metropolitan cities, urban counties, and Indian Tribes that are designated Entitlement communities. Non-entitlement areas are defined as cities, towns, and villages with populations of less than 50,000 except those designated principal cities of Metropolitan Statistical Areas, and counties with populations of less than 200,000.

Housing Funding

CDBG funds are available for housing projects (rehabilitation including mobile and manufactured home replacement; home ownership; residential water and wastewater systems) that primarily benefit low and moderate income persons

FUNDING LIMITS

Housing Activities

Towns, Cities and Villages: \$400,000

Counties: \$750,000

APPLICATION FOR FUNDING

Unified Funding Applications

Applicants seeking funding for housing activities (housing rehabilitation, homeownership, private water/wastewater) must apply for funding through the Unified Funding Round of the Office of Community Renewal. The Unified Funding Application will be available on the NYS Homes and Community Renewal web site, www.nyshcr.org/Funding/ on **May 16, 2012**. **Applications are due no later than August 17, 2012**. Applications are to be mailed or delivered to: NYS Homes and Community Renewal, Office of Community Renewal, Hampton Plaza, 38-40 State Street, Albany, NY 12207. If mailed, applications must be postmarked no later than **August 17, 2012**. If delivered in person, applications must be received no later than 4:00 PM (EST) on **August 17, 2012**.

The above-stated application deadline is firm as to date and hour. In the interest of fairness to all competing applicants, applications received after the specified date and time will be deemed ineligible and will not be considered for funding. Applicants should make early submission of their applications to avoid risks of ineligibility resulting from unanticipated

delays or other delivery-related problems.

AFFORDABLE HOME OWNERSHIP DEVELOPMENT PROGRAM

PROGRAM DESCRIPTION

The Affordable Home Ownership Development Program (AHODP) is a State funded program administered by the New York State Affordable Housing Corporation's (AHC's) Office of Community Renewal (OCR). AHC's mission is to promote Home Ownership by persons of low- and moderate- income, which, in turn, fosters the development, stabilization and preservation of neighborhoods and communities throughout New York State.

ELIGIBLE APPLICANTS

Eligible applicants include cities, towns, villages, and counties throughout New York State, housing authorities, housing development fund companies, and not-for-profit corporations or charitable organizations which have as one of their primary purposes the development and improvement of housing.

ELIGIBLE ACTIVITIES

The AHODP provides funds for three project types:

- New construction of owner-occupied homes for sale, including one-to-four family homes, condominiums, cooperatives and the replacement of dilapidated mobile and manufactured homes with new Energy-Star manufactured homes or stick-built homes on homeowner-owned land.
- Acquisition/rehabilitation of owner-occupied homes for sale, including one-to-four family homes, condominiums and cooperatives.
- Home improvements to existing, owner-occupied one-to-four family homes, condominiums or cooperatives.

In the event the homes are to be located in a mixed use structure, then any costs associated with the nonresidential uses are ineligible costs.

Proposals may not include more than one type of project. Individual proposals must be submitted for each project type. Eligible activities and owner-occupancy requirements are pursuant to the Program Regulations of the AHODP (please see the AHC Request for Proposal for details).

FUNDING LIMITS

The maximum AHODP award is \$35,000 per unit except for high cost areas where the maximum award is \$40,000 per unit. Additional information regarding high cost areas can be found at www.nyshcr.org/assets/documents/HighCostAreaTable.pdf. Due to limited funds, AHC may ask that projects requesting more than \$1 million in grant funds be developed in phases.

AHC reserves the right to reject any and all proposals, to negotiate with applicants, recommend funding in an amount less than requested, conduct site visits, interview the applicant and development team, extend the submission deadline, and request additional information. AHC reserves the right to waive or modify any requirement contained in the Request for Proposals, subject to the applicable statutes and the Program Regulations.

APPLICATION FOR FUNDING

The AHODP Application will be available on the NYS Homes and Community Renewal website at the following two locations: www.nyshcr.org/Funding/ and www.nyhomes.org/Municipalities/AHCGrants/RequestsforProposals.htm on **May 16, 2012. Applications are due July 11, 2012.** Applications are to be mailed or delivered to: Mr. Dominic A. Martello, Vice President, New York State Affordable Housing Corporation, 641 Lexington Avenue - 4th Floor, New York, NY 10022. If delivered in person, applications must be received no later than 4:00 PM (EST) on **July 11, 2012.**

HOME LOCAL PROGRAM

PROGRAM DESCRIPTION

The New York State HOME Program is a federally funded program administered by the New York State Housing Trust Fund Corporation's (HTFC's) Office of Community Renewal (OCR). The HOME program is designed to fund a variety of activities that will expand the supply of decent, safe, and affordable housing throughout the State.

ELIGIBLE APPLICANTS

Eligible applicants include cities, towns, villages or counties throughout New York State, and not-for-profit corporations that are incorporated under NYS Not-for-Profit Corporation Law. To be eligible for an award, non-profit organizations, including Community Housing and Development Organizations (CHDOs), must have been in existence and providing relevant service to the community for at least one year prior to application.

ELIGIBLE ACTIVITIES

Applications will be accepted for programs that propose funding for **one or more** of the following activities:

Housing Rehabilitation Programs

- Moderate rehabilitation of owner-occupied single family (1-4 units) properties including the replacement of dilapidated mobile and manufactured housing with new Energy-Star manufactured homes.
- Moderate rehabilitation of small (10 units or fewer) investor-owner rental properties.

Tenant-based Rental Assistance (TBRA)

- Financial assistance for rent, security deposits, and, when provided in conjunction with a TBRA security deposit or monthly rental assistance program, utility deposits for tenants.

Homebuyer Assistance Program

- Down payment or closing cost assistance for first-time home buyers for homes that may or may not require rehabilitation. HTFC requires that HOME-assisted units meet HTFC rehabilitation standards at project completion, so it is expected that most homebuyer assistance programs will involve a rehabilitation component. Programs that target existing residents of public housing and manufactured housing (to assist in the purchase of non-manufactured housing) are encouraged.

CHDO Home Ownership Program

- Home Ownership activities that include new construction or rehabilitation of vacant, substandard, single family housing (1-4 unit buildings) where the CHDO has obtained project financing to rehabilitate or construct the dwelling units, and will hold title to the property during the rehabilitation/construction period. The project must include sources of construction financing other than HOME Program funds. HOME Program funds may be used only as permanent financing.

FUNDING LIMITS

The maximum award amount is \$400,000 with a per unit cap of \$40,000. The minimum award amount is \$100,000. The maximum CHDO home ownership development award amount is \$500,000 with a per unit maximum of \$50,000. CHDOs are not eligible for administrative reimbursement, but do qualify for a project developer fee. CHDO home ownership developers will be subject to additional underwriting requirements.

APPLICATION FOR FUNDING

The HOME application will be available on the NYS Homes and Community Renewal website, www.nyshcr.org/Funding/ on **May 16, 2012. Applications are due no later than 4:00 PM (EST) on August 10, 2012.** Applications should be submitted using the Community Development Online Application System (CDOL) at: www.nyshcr.org/Forms/.

The above-stated application deadline is firm as to date and hour. In the interest of fairness to all competing applicants, applications received after the specified date and time will be deemed ineligible and will not be considered for funding. Applicants should make early submission of their applications to avoid risks of ineligibility resulting from unanticipated delays or other delivery-related problems.

Applicants may make a request, based on demonstrated need, to submit a paper application in lieu of using the CDOL application system. Requests for approval to submit a paper application must be sent to: NYS Homes and Community Renewal, Office of Community Renewal, Hampton Plaza, 9th Floor 38-40 State Street, Albany, NY 12207

ACCESS TO HOME PROGRAM

PROGRAM DESCRIPTION

The Access to Home Program is a State funded program administered by the New York State Housing Trust Fund Corporation's Office of Community Renewal (OCR) that provides grants to eligible applicants to make accessibility modifications to existing dwelling units occupied by low-income persons with disabilities.

ELIGIBLE APPLICANTS

Eligible applicants include cities, towns, villages or counties throughout New York State, and not-for-profit corporations that are incorporated under NYS Not-for-Profit Corporation Law. To be eligible for award, not-for-profit organizations must have been in existence and providing relevant service to the community for at least one year prior to application.

ELIGIBLE ACTIVITIES

Applications will be accepted for programs that propose funding for **one or more** of the following activities in existing residential units:

- Installations of ramps, lifts, and other similar measures to permit access to and from the exterior of a building;
- Modifications to kitchens and bathrooms to provide access to persons with mobility limitations or disabling conditions;
- Interior accessibility modifications that will permit access within the unit for persons with mobility limitations or other disabling conditions;
- Installation of devices to permit a safe environment for persons with hearing or visual impairments;
- Architectural and engineering work, testing of assisted units for environmental, health and safety purposes, and other professional services necessary for the installation of accessibility modifications;
- Other activities required to install accessibility modifications.

FUNDING LIMITS

The maximum award amount is \$150,000 with a dwelling unit maximum of \$25,000. The minimum award amount is \$75,000.

APPLICATION FOR FUNDING

The Access to Home application will be available on the NYS Homes and Community Renewal website, www.nyshcr.org/Funding/ on **May 16, 2012**. **Applications are due no later than 4:00 PM (EST) on August 3, 2012**. Applications should be submitted using the Community Development Online Application System (CDOL) available at: www.nyshcr.org/Forms/.

The above-stated application deadline is firm as to date and hour. In the interest of fairness to all competing applicants, applications received after the specified date and time will be deemed ineligible and will not be considered for funding. Applicants should make early submission of their applications to avoid risks of ineligibility resulting from unanticipated delays or other delivery-related problems.

Applicants may make a request, based on demonstrated need, to submit a paper application in lieu of using the CDOL application system. Requests for approval to submit a paper application must be sent to: NYS Homes and Community Renewal, Office of Community Renewal, Hampton Plaza, 9th Floor 38-40 State Street, Albany, NY 12207

RESTORE PROGRAM

PROGRAM DESCRIPTION

The RESTORE program is a State funded program administered by the New York State Housing Trust Fund Corporation's Office of Community Renewal (OCR) to grant funds to eligible applicants to cover the cost of emergency repairs in homes owned by low- income elderly persons.

ELIGIBLE APPLICANTS

Eligible applicants include cities, towns, villages, and counties throughout New York State, and not-for-profit corporations that are incorporated under the NYS Not-for-Profit Corporation Law. To be eligible for award, not-for-profit organizations must have been in existence and providing relevant service to the community for at least one year prior to application.

ELIGIBLE ACTIVITIES

Applications will be accepted for programs that benefit elderly homeowners (60 years of age or older) with incomes less than 80% of median income that propose funding for **one or more** of the following activities:

- Repairs to 1-4 unit residential dwellings owned and occupied by an elderly homeowner that correct an emergency housing condition. The age and incomes of any tenants within a multi-unit structure does not factor into the eligibility of a property.
- Repairs addressing furnace, roof, electrical and plumbing or other emergency repairs.

FUNDING LIMITS

The maximum award amount is \$50,000 with a building maximum of \$5,000. The minimum award amount is \$25,000.

APPLICATION FOR FUNDING

The RESTORE application will be available on the NYS Homes and Community Renewal website, www.nyshcr.org/Funding/ on **May 16, 2012**. **Applications are due no later than 4:00 PM (EST) on August 3, 2012**. Applications should be submitted using the Community Development Online Application System (CDOL) available at www.nyshcr.org/Forms/.

The above-stated application deadline is firm as to date and hour. In the interest of fairness to all competing applicants, applications received after the specified date and time will be deemed ineligible and will not be considered for funding. Applicants should make early submission of their applications to avoid risks of ineligibility resulting from unanticipated delays or other delivery-related problems.

Applicants may make a request, based on demonstrated need, to submit a paper application in lieu of using the CDOL application system. Requests for approval to submit a paper application must be sent to: NYS Homes and Community Renewal, Office of Community Renewal, Hampton Plaza, 9th Floor 38-40 State Street, Albany, NY 12207.

MINORITY AND WOMEN'S BUSINESS ENTERPRISE (M/WBE) COMPLIANCE

In accordance with Section 312 of Article 15-A of the Executive Law, NYS Homes and Community Renewal requires contractors and awardees to make affirmative efforts to ensure that New York State certified Minority and Women Owned Business Enterprises have opportunities for meaningful participation on projects awarded funding by the Housing Trust Fund Corporation and the Affordable Housing Corporation. Additional information regarding M/WBE compliance can be found at <http://www.nyshcr.org/AboutUs/Offices/FairHousing/>.

CONTACT INFORMATION

For inquiries or technical assistance regarding all programs, contact:

*Office of Community Renewal
Hampton Plaza
38-40 State Street
Albany, NY 12207
Telephone: (518) 474-2057*

For inquiries and technical assistance regarding AHODP, contact:

*New York State Affordable Housing Corporation
641 Lexington Avenue
New York, NY 10022
Telephone (212) 872-0438*

Applications for CDBG Infrastructure or Facilities, CDBG Economic Development or Small Business Assistance, New York Main Street (NYMS), Urban Initiatives (UI), or Rural Area Revitalization Program (RARP) projects are available through the NY Works Consolidated Funding Application (CFA) available from <http://nyworks.ny.gov/> or <https://apps.cio.ny.gov/apps/cfa/>. Applicants may contact the Office of Community Renewal for questions related to applications being submitted through the CFA. Additional CDBG economic development funds may be available throughout the 2012 Program Year for projects that meet the State's priorities for economic development and are consistent with Federal and State regulations and guidelines.

B. Program Requirements

A. Eligible Activities

In selecting eligible activities, communities should be aware that although an activity may be legally eligible under the federal statute and HUD regulations, it may not be competitive under OCR's evaluation criteria. An activity being considered for a State CDBG application should be compared against the evaluation criteria for that category before a decision is made to prepare an application. Below is an edited list of eligible activities identified at Section 105(a) of the Housing and Community Development Act of 1974, as amended and 24 CFR 570.482, as amended.

Additional information on eligible activities can be found at

<http://www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/index.cfm>.

1. Acquisition of real property;
2. Disposition of any real property acquired with CDBG funds or its retention for public purposes;
3. Acquisition, construction, reconstruction, or installation of public works, facilities and site or other improvements;
4. Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements;
5. Public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs;
6. Code enforcement in deteriorated or deteriorating areas;
7. Removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
8. Payments to housing owners for losses of rental income;
9. Assistance to institutions of higher education;
10. Payment of the non-Federal share required in connection with a Federal grant-in-aid program;
11. Relocation payments and displacement assistance;
12. Activities necessary to develop a comprehensive community development plan;
13. Payment of reasonable administrative costs;
14. Assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities;
15. Assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in non-entitlement areas to carry out a neighborhood revitalization or community economic development or energy conservation project;
16. Activities necessary to the development of energy use strategies;
17. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project;
18. Provision of technical assistance to public or nonprofit entities;
19. Housing services;
20. Assistance to institutions of higher education;
21. Assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to facilitate economic development;

22. Activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings;
23. Provision of direct assistance to facilitate and expand homeownership;
24. Lead-based paint hazard evaluation and reduction; and
25. Special assessments.

B. Ineligible Activities

1. Buildings, or portions thereof, used for the general conduct of government cannot be assisted with CDBG funds. This definition does not include such facilities as neighborhood service centers or special purpose buildings that may house services provided by government at decentralized locations. However, the removal of architectural barriers within public buildings to make them more accessible to elderly and handicapped persons is an eligible activity.
2. General government expenses, except for those costs directly attributable to administration of a local CDBG program and documented as such.
3. The general rule is that the purchase of equipment with CDBG funds is ineligible. An exception is that compensation for the use of construction equipment through leasing, depreciation, or use allowances pursuant to OMB circulars A-87 or A-122, as applicable, for an otherwise eligible activity is an eligible use of CDBG funds.
 - (a) The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Specific exceptions 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.
 - (b) The general rule is that CDBG funds cannot be used for income payments for housing or any other purpose. Examples of ineligible income payments include: payments for income maintenance; housing allowances, down payments and mortgage subsidies. One time payments made on behalf of persons or families to meet emergency needs such as housing or essential utilities is not an income payment and is eligible.

C. Primary Objective

The Primary Objective of the Community Development Block Grant Program is to benefit LMI persons. At least 70% of New York State's CDBG allocation must be allocated to activities, which meet the Primary Objective of benefitting LMI persons. For an activity to qualify as benefiting LMI persons, at least 51% of the persons benefiting from the activity must be LMI persons.

Census data and local surveys are the two sources of data for documenting benefit to LMI persons. It is noted that Census data cannot be rounded up. If the Census data shows that the percent of LMI persons is less than 51% (e.g. 50.6%), this figure cannot be rounded to 51%. In such a case, an Applicant may find it necessary to conduct an income survey. Refer to Appendix D for guidance on survey techniques.

Applicants need to determine how the National Objective requirement will be satisfied when during the planning, implementing and documenting of CDBG projects. Each project must meet the Primary and National Objectives. When meeting the benefit to LMI persons National Objective, Applicants must ensure that moderate-income persons (80% of median income) are not benefited to the exclusion of low-income persons (50% of median income).

D. National Objectives

Each CDBG funded activity must meet one of three National Objectives:

1. Benefit LMI persons;
2. Aid in the prevention or elimination of slums or blight; or
3. Meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

E. Meeting the National Objectives

Additional information on National Objective Compliance can be found at <http://www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/index.cfm>

1. Benefit to LMI persons

For the purposes of meeting this National Objective, CDBG activities are divided into three main categories: Area Benefit, Limited Clientele, Direct Benefit including housing and job creation or retention. Each activity proposed must fall under one of the above categories in order to be considered for funding. Activities in these categories qualify under the LMI benefit National Objective in one of three ways: Area Benefit, Limited Clientele or Direct Benefit. The Applicant must determine under which category their project meets the requirement to serve at least 51% LMI persons. The following information will assist with that determination.

Area Benefit

Activities that meet the Area Benefit are designed to serve needs in a geographic area that has a mix of income levels (i.e., a project which will benefit all the residents of the project area, regardless of income). Area benefit includes activities that do not have income eligibility requirements, but instead serve an entire geographic area. An activity proposed for an area wide project must also be clearly designed to meet identified needs of families in the area. **Under HUD regulations, an activity that serves an area that is not primarily residential in character cannot qualify as an Area Benefit activity.**

Applicants that propose to use CDBG funds for Area Benefit activities must provide data to demonstrate that at least 51% of the persons who would benefit from CDBG assistance are LMI. Area benefit to LMI persons can be documented by the use of Census data or an income survey. For areas where Census data is not available, the Applicant must conduct a survey to prove LMI benefit. For activities in a target area where Census data is available, the Census Tract or Block Groups must match the area's boundaries in order to be valid. Otherwise, a survey must be conducted (e.g. using Census Tract data to substantiate compliance for water line replacement when everyone in the Census Tract would not be a beneficiary of the water line replacement). Reference Appendix D for guidance on survey methodology.

Direct Benefit

Activities that are a Direct Benefit are designed to exclusively serve LMI persons. This method is used to determine the LMI benefit for activities that assist a specific known person or household. Activities that qualify under this benefit include residential rehabilitation or job creation activities. For example, a Direct Benefit activity occurs when the community has income eligibility requirements that limit the benefits of the CDBG activity to only LMI families.

Documenting LMI benefit for Direct Benefit projects is relatively clear-cut since potential Recipients of CDBG assistance are screened for income eligibility with the use of the most current HUD income limits for the county in which the project is located. Reference Appendix E for the 2012 HUD Income Limits or visit www.huduser.org/datasets/il.html.

Limited Clientele

Activities that meet the Limited Clientele benefit are activities that provide benefits to a specific group of persons rather than everyone in an area. The activity may benefit particular persons without regard to the area in which they reside, or it may be an activity that provides benefit on an area basis but only to a specific group of persons who reside in the area. In either case, at least 51% of the beneficiaries of the activity must be LMI persons. To qualify under this category, the activity must meet one of the following tests:

- Exclusively benefit a clientele who is generally presumed by HUD to be principally LMI persons. Abused children, elderly persons, battered spouses, homeless persons, adults meeting the Bureau of Census definition of "severely disabled adults", illiterate adults, persons living with AIDS, and migrant farm workers are presumed by HUD to be principally LMI. Activities that serve this group will be assumed to meet 51% LMI benefit unless the Applicant has surveyed the group to determine the actual benefit exceeds the assumed benefit of 51%; or
- Require information on family size and income so that it is evident that at least 51% of the clientele are persons whose family income does not exceed the LMI limit; or

- Be of such nature and location that it may be concluded that the activity's clientele will primarily be LMI persons; or
- Be an activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of severely disabled, provide it is restricted, to the extent practicable, to the removal of such barriers by assisting:
 - ✓ The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under the LMI area benefit criteria; or
 - ✓ The rehabilitation of a privately-owned nonresidential building or improvement that does not qualify under the L/M Income Area Benefit criteria or the LMI Jobs criteria; or
 - ✓ The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under the LMI housing criteria.
- Be a microenterprise assistance activity carried out in accordance with the provisions of HCDA Section 105(a)(22) or 24 CFR 570.482(c) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are LMI persons.
- Be an activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of LMI persons assisted is less than 51% which qualifies under the Limited Clientele national objective in the following limited circumstance:
 - ✓ In such cases where such training or provision of supportive services assist businesses, and the only use of CDBG assistance is to provide job training and/or supportive services, and the proportion of the total cost of the services borne by CDBG funds is no greater than the proportion of the total number of persons benefiting from the services who are LMI.

Applicants that propose to use CDBG funds for Limited Clientele benefit activities must provide documentation demonstrating that the activity proposed meets one of the tests qualifying the activity as meeting the Limited Clientele criteria. Depending on the activity being proposed, the Applicant should provide documentation showing that the activity is designed to be used exclusively by a segment of the population presumed by HUD to be LMI persons; describing how the nature and the location of the activity establishes that it will be used predominately by LMI persons; showing the size and annual income of the family of each person receiving the benefit; showing that barriers to mobility or accessibility have been removed and how the barrier removal was restricted to the extent feasible to one of the particular cases authorized under this subcategory; or showing that the activity qualifies under special conditions regarding job services where less than 51% of the persons benefiting are LMI persons.

To document that at least 51% of the persons who would benefit from CDBG assistance have low or moderate incomes, Applicants must use either current income data Reference Appendix D for guidance on survey methodology.

2. Prevention and Elimination of Slum and Blight

Activities meeting the slum and blight National Objective may involve the rehabilitation or removal of slums and blight in the physical, economic and/or social environments. Activities may address any serious conditions identified in the areas of residential, infrastructure, commercial or industrial facilities. The overall program proposed should resolve all need indicated. CDBG activities directed toward the National Objective of preventing or eliminating slums or blight are divided into two main categories: area basis and spot basis.

Area Basis

Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

- The area delineated by the Applicant must meet the definition of a slum, blighted, deteriorated or deteriorating area under State or local law. Applicants must use the strictest definition to determine eligibility. The New York State General Municipal Law Article 18-C, S-970-c defines "Blighted area" as an area within a municipality in which one or more of the following conditions exist: (i) a predominance of buildings and

structures which are deteriorated or unfit or unsafe for use or occupancy; or (ii) a predominance of economically unproductive lands, buildings or structures, the redevelopment of which is needed to prevent further deterioration which would jeopardize the economic well being of the people.

- Throughout the area there are a substantial number of deteriorated or deteriorating buildings or the public improvements are in a general state of deterioration.
- The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is also undertaken.

Applicants claiming the prevention and elimination of the slum and blight National Objective on an area basis must be able to document that, at the time of application, a majority of the buildings in the area are deteriorated or dilapidated and the area itself is blighted.

Spot Basis

The elimination of specific conditions of blight or deterioration on a spot basis is designed to comply with the statutory objective for CDBG funds to be used for the prevention of blight, on the premise that such action(s) serves to prevent the spread to adjacent properties or areas. To comply with this National Objective, an activity must be designated to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area and the activity must be limited to one of the following: acquisition, clearance, relocation, historic preservation, and/or rehabilitation of buildings, but only to the extent necessary to eliminate specific conditions detrimental to public health and safety. To be considered to be detrimental to public health and safety, a condition must pose a threat to the public in general.

Applicants claiming the prevention and elimination of the slum and blight National Objective on a spot basis must be able to document the specific conditions of blight or physical decay for the eligible activity, demonstrate the public health or safety threat to the public and show that the area in which the property is located is outside a slum or blighted area.

An activity that fails to meet one or more of the applicable tests for meeting a National Objective does not comply with CDBG rules.

F. Citizen Participation

The Federal Housing and Community Development Act "encourages citizen participation, with particular emphasis on participation by persons of LMI" both in the preparation of CDBG applications and throughout the implementation of local CDBG projects. Specifically, the Act requires public hearings "to obtain the view of citizens on community development and housing needs" and on "proposed activities." Congress has mandated that the hearings "be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped". Therefore, public hearings should be held at a time and place convenient to the general public, with accommodations for persons with disabilities. For hearings where a significant number of non-English speaking persons can reasonably be expected to participate, the notice must also be in the appropriate language(s) and provision must be made for interpreters at the public hearing. Notice of public hearings should also be directed to persons of LMI or those persons who will benefit from or be affected by CDBG activities and/or groups representing LMI persons.

Prior to submitting an application, Applicants must meet the citizen participation requirements at 24 CFR 570.486 and New York State's Citizen Participation Plan, as amended which require Applicants to follow a citizen participation plan providing for a minimum of one public hearing (one in each jurisdiction of a joint application) prior to the submission of an application for funding, public availability of the application for inspection at the municipal office(s), and one public hearing, if awarded, to be held during the administration of the grant to solicit comments on the effectiveness of the program's administration. Applicants must comply with the following citizen participation requirements:

- Provide for and encourage citizen participation, particularly by LMI persons who reside in slum or blighted areas and areas in which CDBG funds are proposed to be used;

- Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to the proposed and actual use of CDBG funds;
- Furnish citizens with information, including, but not limited to:
 - The amount of CDBG funds expected to be made available for the current fiscal year (including the grant and anticipated Program Income);
 - A listing of the activities to be undertaken with CDBG funds;
 - The estimated amount of CDBG funds proposed for activities that benefit LMI National Objective;
 - The proposed CDBG activities likely to result in displacement and the municipality's anti-displacement and relocation plan required under 24CFR 570.488;
 - The amount of funds awarded;
 - The types of activities funded; and
 - Progress towards program goals and objectives;
- Provide technical assistance to group's representative of persons of LMI that request assistance in developing proposals in accordance with the procedures developed by the State. However, such assistance need not include providing funds to such groups;
- Hold a minimum of two public hearings, one at the time of application and one during the grant administration process, for the purpose of obtaining citizens' views and responding to proposals and questions. The first public hearing must be held prior to the preparation and submittal of an application and the second during the administration of an awarded grant to provide input on the effectiveness of the administration of the grant. The public hearing should provide citizens with reasonable advance notice of, and an opportunity to comment on, proposed activities in an application to the State and grant administration activities; and
- Public notice must be provided before public hearings are held. Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. At a minimum, public notices should contain the time and place of the hearing, offer accommodations for persons with disabilities and include an invitation to submit written comments and where to direct such comments. Additionally, public hearings held at specific times in the process require specific information in the public notice. Public notices should contain information about the amount of CDBG funds available and the types of activities eligible for CDBG funding and information about the proposed activities and the amount of funds being requested. Public notices for public hearings held during grant administration should contain information on the amount of CDBG funds awarded, the type(s) of activity(ies) funded, and the progress towards beneficiary goals and program objectives.
- Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the State and, for grants already made, activities, which are proposed to be added, deleted or substantially changed from the application submitted to the State.

In all cases, the local government must conduct the required public hearings, even if the local government is considering applying on behalf of a Subrecipient, such as a local housing authority, human resource development council, or a county water and sewer district. Having the local government conduct the hearings, rather than delegating the task to a potential recipient of the CDBG funds, provides the most objective forum for considering alternative community needs (and potentially competing proposals for CDBG projects) and encourages a frank discussion regarding any proposed community development projects.

G. Environmental Review

Environmental review procedures contained in 24 CFR Part 58 applies to this program. In addition, 24 CFR 58.22 provides guidance on limitation on activities pending clearance and 24 CFR 50.17 provides guidance on decision points for projects subject to environmental procedures. Under part 58, Recipients assume all of the responsibilities for environmental review, decision making and action pursuant to the National Environmental Policy Act of 1969 and the State Environmental Quality Review Act (SEQRA) and other provisions of law specified by the Secretary in 24 CFR part 58 that would apply to the Secretary were he or she to undertake such projects as federal projects.

H. Residential Anti-Displacement and Relocation

Applicants proposing activities that may involve displacement, permanent relocation or demolition or conversion of residential units occupied by low-income persons are responsible for complying with the regulations under the Uniform Relocation Act and Section 104(d) of the Housing and Community Development Act of 1974, as amended. The Act requires

displacement of persons which may occur as a result of activities assisted with CDBG funds be minimized. HUD regulations require that if any CDBG activity could result in displacement, Applicants must adopt a plan for minimizing displacement of persons and mitigating any adverse effects of displacement on LMI persons.

Recipients of CDBG funds must provide reasonable benefits and relocation assistance to any person involuntarily and permanently displaced as a result of the use of CDBG funds to acquire or substantially rehabilitate property, including businesses. For projects that may entail the displacement of persons, the Applicant must replace all occupied and vacant, occupiable LMI dwelling units demolished or converted to use other than as LMI housing as a direct result of activities assisted with CDBG funds. In addition, HUD requires that Recipients provide reasonable benefits to persons displaced as a result of use of CDBG funds in cases which are not governed by the Uniform Relocation Act.

I. Labor Standards

Applicants must comply with all applicable federal and state labor standards as required by the Davis-Bacon Act and Article 8 of the New York State Labor Law. It is the Applicant's sole responsibility to fully understand and comply with the requirements of the labor laws that impact the activity being proposed prior to submitting an application. The impact of federal and/or state labor laws on the proposed activity must be reflected in the application for funding, particularly the cost of the project. Additional information may be obtained from www.dol.gov/compliance/laws/comp-dbra.htm.

J. Lead-Based Paint Requirements

The Residential Lead-Based Paint Hazard Reduction Act of 1992 amended the Lead-Based Paint Poisoning Act of 1971, which established the Federal lead-based paint requirements. In 1999, HUD issued a lead-based paint regulation, 24 CFR Part 35, in response to the regulations effective September 15, 2000. The lead-based paint regulation defines new work practices that must be followed when dealing with lead-based paint in older structures and expands requirements to protect occupants and workers from lead-based paint hazards until lead hazard reduction work is completed.

Applicants must comply with the lead-based paint requirements implemented at 24 CFR part 35, if proposing activities involving residential properties or facilities, operated by the owner and commonly used by children under seven years of age, such as a child care center, purchased or rehabilitated in whole or part with CDBG funds excluding:

- housing constructed on or after 1978;
- housing for the elderly or persons with disabilities, unless a child under 6 resides or is expected to reside in the housing;
- dwellings without bedrooms, i.e., efficiencies and military barracks;
- foreclosure sales;
- short-term leases of 100 days;
- renewal of leases where all information has been disclosed previously and where lessor has acquired no new information ("renewal" is defined under the regulations to "include both re-negotiation of existing lease terms and/or ratification of a new lease"); or
- housing which has been inspected and found to be free of lead-based paint by a certified inspector.

Applicants are required to identify lead-based paint compliance in their application and outline their local plan for addressing lead-based paint hazards.

C. Grant Administration and Program Delivery Costs

Program delivery, engineering and administrative funds for housing, public infrastructure and facilities projects **cannot exceed 18%** of the total grant amount requested. For CDBG Economic Development and Small Business Assistance applications, Program Delivery and Grant Administration costs combined must not exceed \$16,000.

Grant Administration Costs: Generally, these are costs associated with salaries, wages, and related costs of the grant recipient's staff, the staff of local public agencies, or other staff engaged in program administration for the awarded grant. General operating expenses are ineligible for reimbursement from the grant funds. Examples of eligible administrative costs include:

- Providing local officials and citizens with information about the program;
- Preparing program budgets and schedules and amendments thereto;
- Developing systems for assuring compliance with program requirements;
- Costs associated with the Environmental Review Process for the overall program, including the release of funds.
- Preparing Requests for Proposals with consultants for grant administration or other consulting work, such as architectural or Engineering services.
- Developing interagency agreements and agreements with sub recipients and contractors to carry out program activities;
- Monitoring program activities for progress and compliance with program requirements;
- Preparing reports and other documents for submission to the State regarding the grant;
- Coordinating the resolution of audit and monitoring findings;
- Evaluating program results against State objectives; and
- Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described above;
- Costs incurred for official business travel in carrying out the program and administrative services performed under a third party contract.
- Purchase of capital equipment, such as file cabinets, for grant administration.
- Training on CDBG grant administration requirements.

For more information concerning eligible administrative costs, applicants should read 24 CFR Subpart C 570.206.

Program Delivery Costs: These are those costs that can be directly attributed to activities for delivery of specific proposed activities. These include in-house staff or third party costs.

For housing rehabilitation and homeownership assistance, these activities can include:

- a. Marketing grant activities;
- b. Services verifying client eligibility, applicant in-take and processing;
- c. Providing education or counseling to beneficiaries;
- d. Preparation of site specific environmental review and environmental assessment such as SHPO determinations, well testing or phase 1 archaeology;
- e. Development of construction specifications, bid preparation and contracting;
- f. Compiling cost data on individual housing units receiving CDBG assistance;
- g. Construction monitoring and on-site monitoring;
- h. Payment processing;
- i. Filing fees and related legal expenses;
- j. Engineering and/or architectural fees monitoring;
- k. Client/contractor troubleshooting
- l. Any other professional services required to deliver the program

Public Infrastructure, such as Public Water and Public Sewer and Public Facility projects such as Senior Centers and Daycare Facilities, these activities can include:

- a. Marketing grant activities;
- b. Services verifying client eligibility;
- c. Providing education or counseling to beneficiaries;
- d. Preparation of site specific environmental review and environmental assessment such as well testing or phase 1 archaeology;
- e. Legal expenses related to construction such as temporary or permanent easements and filing fees;
- f. Any required building or regulatory permit or fees associated with regulatory compliance;

- g. Labor standards compliance work including completion of required on-site employee interviews, verifying and reviewing certified payrolls;
- h. Development of construction specifications, bid preparation and contracting;
- i. Professional service fees including engineering and architectural fees required to deliver the program;
- j. Client/contractor troubleshooting;
- k. Any other professional services required to deliver the program;

Economic Development including Microenterprise and Small Business Assistance, these activities can include

- a. Marketing grant activities;
- b. Services verifying client eligibility;
- c. Providing education or counseling to beneficiaries;
- d. Preparation of site specific environmental review and environmental assessment such as well testing or phase 1 archaeology;
- e. Preparation of loan closing documents, all costs associated with perfecting security, repayment processing, loan disbursement;
- f. Professional service fees including engineering and architectural fees required to deliver the program and review of project documentation, etc.
- g. Legal expenses related to construction such as temporary or permanent easements and filing fees;
- h. Any required building or regulatory permit or fees associated with regulatory compliance;
- i. Development of construction specifications, bid preparation and contracting;
- j. Labor standards compliance work including completion of required on-site employee interviews, verifying and reviewing certified payrolls;
- k. Client/contractor troubleshooting;
- l. Any other professional services required to deliver the program;

D. LMI National Objective Compliance Requirements

I. DATA COLLECTION

As part of the application process, Applicants will need to provide income data to demonstrate the need and/or market for each activity proposed and to provide evidence that each activity will meet a National Objective. For activities meeting the National Objective of assisting LMI persons and/or households, two types of data can be used to demonstrate compliance – Census data or income survey data. In addition to collecting income data, Applicants must use other methods for documenting need.

A. Census Data

The most recent Census data can be used to determine and provide evidence of compliance with the LMI Area Benefit National Objective. If it is believed that the data does not accurately reflect the current economic condition of the area, the Applicant may conduct an income survey. Income surveys may be conducted if:

- The proposed activity is located in a Census Tract or Block Group that has less than 51% LMI persons based on the most recent available Census data and the Applicant has reason to believe that the Census information is not accurate and the area is primarily LMI;
- The activity is located in a Census Tract or Block Group that has at least 51% LMI persons, based on the most recent available Census data, but does not serve the entire Census Tract, or Block Group, or it serves portions of several Census Tracts or Block Groups;
- The service area (area benefiting from the activity) of the proposed activity is not contiguous with any Census designated area for which data is provided.

B. Income Surveys

Applicants may need to conduct an income survey to document compliance with the LMI Area and Direct Benefit National Compliance requirements. Applicants using a third-party to conduct an income survey must obtain all of the survey documents (instrument, summary, surveys) and retain this information in their project files.

1. LMI Direct Benefit National Objective

For projects meeting a Direct Benefit National Objective such as housing rehabilitation, homeownership, job creation and retention, and wastewater and drinking water laterals where eligibility is directly based on the individual household income, with the use of income survey data, Applicants must demonstrate that there is a LMI market and a need for the direct benefit activity being proposed.

2. LMI Area Benefit National Objective

For Area Benefit activities, income survey data may be used to demonstrate that 51% of the area is LMI and to aid in demonstrating the LMI need for the proposed activity.

Defining the Service Area

Applicants must first determine the service area for their project to determine the total number of residential units (occupied, vacant and seasonal) in the project area. Activities that benefit an entire community are considered to have an area wide benefit and the service area is the entire community excluding social service residences such as those operated by the New York State Office of Mental Retardation and Developmental Disabilities, group quarters, prisons, dormitories, etc. Activities that benefit a smaller or targeted group only benefit a designated area of a community. If you are trying to determine the LMI status of households in a neighborhood that is benefiting from a NYS CDBG funded activity, that neighborhood is the service area. Instead of a neighborhood, the service area may be a town, it may be as large as a county, or it may be defined some other way.

Non-Random Income Survey

A non-random income survey is conducted when an Applicant wants to survey the entire service area of an activity. This type of income survey is typically used in areas with a relatively small population and the intent is to gather information from 100% of the households in the service area.

Random Income Survey

A random income survey is typically conducted when a determination of compliance with the National Objective - Area Benefit is required because a service area is considered too large for a non-random income survey. A random income survey requires an Applicant to survey a sample of the larger service area and to select the participants of the survey randomly. The survey results of a random income survey are used to make estimates about the entire service area.

In conducting a random income survey of an area, Applicants are seeking to determine whether at least 51% of the persons living in the area are LMI. The validity of income survey data rests with the design of the survey instrument, size of the sample, the selection of survey participants, the method used to conduct the income survey, and the response rate. If an adequate sample size is selected and the Applicant uses a system that allows for the random selection of participants, Applicants can be reasonably sure of the degree of accuracy of the overall estimate. To determine the total number of occupied housing units to be surveyed, applicants should subtract the number of vacant and seasonal housing units from the total number of occupied housing units in the service (project) area.

Response Rates

After defining the size of the service area, the Applicant must determine the number of responses needed to estimate the overall characteristics of the service area accurately. Using the tables below, Applicants can determine the number of households that must respond to the income survey.

NON-RANDOM INCOME SURVEY: REQUIRED RESPONSE RATE

# OF HOUSEHOLDS IN THE SERVICE AREA	REQUIRED RESPONSE RATE
1 - 50	95%
51 - 100	90%
101 - 150	85%
151 - 220	80%
221 - 320	75%
321 - 460	70%
>460	65%

RANDOM INCOME SURVEY: REQUIRED SAMPLE SIZE AND RESPONSE RATE

# OF HOUSEHOLDS IN THE SERVICE AREA	SAMPLE SIZE = % OF SERVICE AREA TO BE SURVEYED	REQUIRED RESPONSE RATE
1 - 50	100%	95%
51 - 100	100%	90%
101 - 150	85%	85%
151 - 220	80%	85%
221 - 320	75%	85%
321 - 460	70%	85%
461 - 650	65%	85%
651 - 900	60%	85%
901 - 1220	55%	85%
1221 - 1620	50%	85%
1621 - 2110	45%	85%
>2110	40%	85%

The following formula should be used to determine the survey response rate:

$$\frac{\text{Total Number of Surveys Returned}}{\text{Total Number Surveyed}} = \text{Response Rate}$$

If the initial response rate is lower than the required response rate, Applicants must either repeat follow-up actions or survey additional persons. **Applicants that do not meet the minimum response rate will be at risk of a determination of non-compliance of the LMI National Objective. Applicants must include as an attachment to their application, the survey methodology and a tabulation of the survey results. OCR reserves the right to review, re-tabulate and ultimately reject any questionable survey methodology, instruments and data. Applicants should be prepared to defend the validity of their survey methodology, instruments and data when the LMI Area Benefit is demonstrated to be no more than 55%.**

Applicants can achieve more accurate estimates if they do not write off a household as unreachable too quickly. When conducting a door-to-door income survey, Applicants should make two or more passes through the area (at different times) to try to catch a family at home. Only after at least two tries or an outright refusal should a sampled household be replaced. No matter what you do, however, some households just will not be home during the time of interviewing, some probably will refuse to be interviewed, some will terminate the interview before you finish, and some will complete the interview, but fail to provide an answer to the key question on household income. In order to be considered an adequate response, the interview must be completed, and you must obtain complete and accurate information on the respondent's household income.

Applicants should over-survey the service area to ensure there will be enough good surveys to achieve the response rate. When tabulating the results of the survey, Applicants may identify surveys that were not completed accurately or vital information is missing. In such cases, the survey must be rejected and not included in the tabulation. If the Applicant has over-surveyed the service area, the Applicant will have an additional pool of surveys to include in the tabulation.

Vacant and Seasonal Housing

All vacant and seasonal housing units must be included in the total number of households and persons benefiting. However, for the purpose of conducting an income survey and meeting the required response rate, these units are deducted from the group to be surveyed. The applicant must clearly demonstrate on a map, the exact location of all vacant and seasonal housing.

II. DESIGNING THE INCOME SURVEY QUESTIONNAIRE

It is important that all of the individuals surveyed are asked the same exact questions in the same format and the responses are recorded correctly. To ensure this, a written questionnaire is needed. Each question should be clear, written in simple language, and convey only one meaning. Applicants should include questions designed to elicit information that will substantiate compliance with the National Objectives as well as questions that are considered important to the activity.

Applicants should be aware that experience has shown that overly detailed surveys may adversely affect the response rate. Income survey questions should be designed to provide, at a minimum, data regarding family size, household income, housing tenure, head of household status and racial and ethnic composition. The survey should request the respondent to provide their annual household income or the most recent HUD Income Limits should be listed in ranges that will allow the Applicant to determine whether the respondent is at or below 30%, 50%, or 80% of area median income or above.

Types of Survey Questions

When designing the income survey questionnaire, Applicants should select the best format that will solicit the information needed. There are two question formats that Applicants can use in an income survey: open-ended and closed-ended. An example of an open-ended question is: "What do you think is this community's most important need?" The respondent is allowed to answer in any way he/she chooses. Usually, several blank lines are provided for an answer.

A closed-ended question is one that forces the respondent to make a choice: "Do you like the new community center?" Answer yes or no. "Is your income below \$5,000; between \$5,000 and \$10,000; or above \$10,000?" Typically, closed-ended questions have a box to check for the appropriate answer.

Income survey questions should be brief and simple and should not be loaded or biased. The interviewer should not imply that the neighborhood would benefit or receive federal funding if respondents say that they are of LMI. The questions must be designed to determine truthfully and accurately whether respondents have LMIs. It is permissible to note that the reason for the income survey is to gather essential information to support an application for funding under the State or to undertake a CDBG

funded activity in the area.

Applicants should also bear in mind that questions about income are personal. Many people are suspicious or reluctant to answer questions about incomes -- especially if they do not understand the reason for the question. One way to handle this problem is to ask questions about income at the end of a somewhat lengthy questionnaire on other community development matters. In this instance, a local agency can use this questionnaire to gather some information on what the neighborhood sees as important needs or to gather feedback on some policy or project. At the end of such a questionnaire, it usually is possible to ask questions on income more discreetly. If this option is chosen, however, the interviewer should be cautioned that an excessively lengthy questionnaire might cause respondents to lose interest before it is over. The ideal length would probably be less than ten minutes, although certainly you could develop a longer questionnaire if it were necessary.

Of course, it is also possible to ask only the critical questions on income. You should know best how people in your community will respond to such questions. With a proper introduction that identifies the need for the information, you can generate an adequate level of response with just a two-question questionnaire on income level.

Appendix E contains the 2012 HUD Income Limits (Limits) for use in determining eligible income. Income limits can also be found at <http://www.huduser.org/datasets/il.html>. The Limits are arranged by Metropolitan Statistical Area and County. They show the area median income and the income limits at 30%, 50% and 80% by household size. Applicants use the income limits in the income survey instrument and/or in calculating the results of the income survey. Household size and income are needed to determine if a household meets the LMI requirements.

Racial/Ethnic Composition Data

HUD requires racial and ethnic composition data on all beneficiaries of the State CDBG Program for input into their Integrated Disbursement Information System. OCR also provides this data to HUD in its Annual Performance Report to HUD. **Even though racial and ethnic data is not required as part of this application, OCR will request this information from Recipients in the Semi-Annual Performance Report.**

Applicants may choose to collect the racial/ethnic composition data from potential program participants during the income survey or application intake (direct benefit activities) stages. The following chart represents the racial and ethnic categories designated by HUD and how they should be reported.

Racial/Ethnic Composition		
Racial Categories (HUD Designated)	Racial Group	*Hispanic
	Total # Of	Total # Of
White		
Black/African American		
Asian		
American Indian/Alaskan Native		
Native Hawaiian/Other Pacific Islander		
American Indian/Alaskan Native And White		
Asian And White		
Black/African American And White		
American Indian/Alaskan Native & Black/African American		
Other Multi-Racial		
Totals		

* HUD has designated Hispanic as an ethnic group that is applicable to all races. A household or person may be identified as both a member of a racial group and an ethnic group.

III. INCOME SURVEY MATERIALS

Income survey materials should include detailed concise information that will aid in the successful collection of the information solicited. At a minimum, the following information should be provided to the residents:

- A brief description of why the income survey is being conducted (without stating the preferred response) and an explanation of why demographic data is being requested. This may be presented in a written or verbal format depending on the survey method.

- A statement assuring that the information is confidential. **OCR strongly advises applicants to inform candidates of the survey that the information collected is confidential and is not subject to the Freedom of Information Act (FOIA).**
- The name and telephone number of a person to be contacted if the respondent has any questions.
- Instructions for completing the questionnaire, such as **what types of income are counted toward household income and the difference between household size and number of dependents.**

At a minimum, the household size, income and demographics, the respondent's signature, date, and address should be collected.

IV. CONFIDENTIALITY

Applicants must ensure that the income survey process used to substantiate compliance with the LMI National Objectives includes a way to identify specific households who responded to the questionnaire, yet ensures the respondent's confidentiality. **Each income survey should include a statement ensuring respondent confidentiality and the process the applicant will undertake to ensure confidentiality.**

To preserve confidentiality, the income survey materials should be in two parts or consist of two separate pages. **The section with the respondent's name and address must be separated from the income and demographic data after receipt.** All documents related to the income survey should be stored in a locked cabinet or other secure area, which has limited access. The Applicant must impress upon those working with the income survey data the importance of confidentiality.

Questions concerning household income and other personal questions are sensitive topics and applicants need to take this under consideration when developing their questionnaire and determining their Income survey method. **If a respondent's address is requested on the questionnaire, many persons may not answer the questions relating to income truthfully, answer the questions at all, or not complete the questionnaire in its entirety.** To promote a high response rate and solicit accurate information, the questionnaire should not include identifying information, such as the person's name or address. The following are examples of acceptable methods for preserving anonymity of Income survey respondents:

- A. Applicants may hand deliver the questionnaire to the respondent or conduct the Income survey orally. At the time of delivery or upon completion of the interview, the surveyor would mark off the respondent's address from an address list. If the hand delivered questionnaire is to be returned by mail or collected by the applicant at a later date, the collector can check off the respondent's address on the address list at the time of collection.
- B. If the questionnaire is to be mailed and returned by mail, the identifying information (respondent's address) can be on the return envelope. Upon receipt of the completed questionnaire, the applicant can check off the respondent's address on the address list. The envelope and questionnaire can then be separated and the envelope destroyed.
- C. Questionnaires may be coded which entails a simple method of placing a number on the questionnaires or return envelopes. Each number is assigned an address from an address list. When the questionnaire is received, a list of the codes is maintained.
- D. Questionnaires may consist of two parts or two separate pages. The section with the respondent's name and address can be separated from the income and demographic data after receipt. Where a door-to-door income survey is being conducted, the interviewer can instruct the respondent to separate the two parts of the questionnaire after completion, and place the part with the income information in one envelope and the other part in another envelope.

Excluding the two-part questionnaire method, applicants can review the address list to determine which addresses did not respond to the questionnaire and require follow-up contact.

SURVEYS OF HOUSING CONDITIONS SHOULD BE CONDUCTED SEPARATELY TO ENSURE RESPONDENT CONFIDENTIALITY.

E. HUD 2012 Income Limits

U.S DEPARTMENT OF HUD 11/16/2011
STATE: NEW YORK PROGRAM

	----- 2012 ADJUSTED HOME INCOME LIMITS-----							
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Albany-Schenectady-Troy, NY MSA								
30% LIMIT	16450	18800	21150	23450	25350	27250	29100	31000
VERY LOW INCOME	27350	31250	35150	39050	42200	45300	48450	51550
LOW INCOME	43750	50000	56250	62500	67500	72500	77500	82500
Binghamton, NY MSA								
30% LIMITS	13000	14850	16700	18550	20050	21550	23050	24500
VERY LOW INCOME	21650	24750	27850	30900	33400	35850	38350	40800
LOW INCOME	34650	39600	44550	49450	53450	57400	61350	65300
Buffalo-Niagara Falls, NY MSA								
30% LIMITS	13900	15900	17900	19850	21450	23050	24650	26250
VERY LOW INCOME	23150	26450	29750	33050	35700	38350	41000	43650
LOW INCOME	37050	42350	47650	52900	57150	61400	65600	69850
Elmira, NY MSA								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Glens Falls, NY MSA								
30% LIMITS	13200	15050	16950	18800	20350	21850	23350	24850
VERY LOW INCOME	21950	25050	28200	31300	33850	36350	38850	41350
LOW INCOME	35100	40100	45100	50100	54150	58150	62150	66150
Ithaca, NY MSA								
30% LIMITS	15550	17750	19950	22150	23950	25700	27500	29250
VERY LOW INCOME	25850	29550	33250	36900	39900	42850	45800	48750
LOW INCOME	41350	47250	53150	59050	63800	68500	73250	77950
Kingston, NY MSA								
30% LIMITS	15550	17750	19950	22150	23950	25700	27500	29250
VERY LOW INCOME	25900	29600	33300	36950	39950	42900	45850	48800
LOW INCOME	41400	47300	53200	59100	63850	68600	73300	78050
Nassau-Suffolk, NY HUD Metro FMR Area								
30% LIMITS	22600	25800	29050	32250	34850	37450	40000	42600
VERY LOW INCOME	37650	43000	48400	53750	58050	62350	66650	70950
LOW INCOME	54900	62750	70600	78400	84700	90950	97250	103500
New York, NY HUD Metro FMR Area								
30% LIMITS	17450	19950	22450	24900	26900	28900	30900	32900
VERY LOW INCOME	29050	33200	37350	41500	44850	48150	51500	54800
LOW INCOME	46500	53150	59800	66400	71750	77050	82350	87650

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	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Poughkeepsie-Newburgh-Middletown, NY MSA								
30% LIMITS	18350	20950	23550	26150	28250	30350	32450	34550
VERY LOW INCOME	30550	34900	39250	43600	47100	50600	54100	57600
LOW INCOME	45500	52000	58500	65000	70200	75400	80600	85800
Rochester, NY MSA								
30% LIMITS	14450	16500	18550	20600	22250	23900	25550	27200
VERY LOW INCOME	24050	27500	30950	34350	37100	39850	42600	45350
LOW INCOME	38500	44000	49500	54950	59350	63750	68150	72550
Rockland County, NY HUD Metro FMR Area								
30% LIMITS	21700	24800	27900	30950	33450	35950	38400	40900
VERY LOW INCOME	36100	41250	46400	51550	55700	59800	63950	68050
LOW INCOME	46500	53150	59800	66400	71750	77050	82350	87650
Syracuse, NY MSA								
30% LIMITS	14000	16000	18000	20000	21600	23200	24800	26400
VERY LOW INCOME	23350	26650	30000	33300	36000	38650	41300	44000
LOW INCOME	37350	42650	48000	53300	57600	61850	66100	70400
Utica-Rome, NY MSA								
30% LIMITS	12400	14150	15900	17650	19100	20500	21900	23300
VERY LOW INCOME	20600	23550	26500	29400	31800	34150	36500	38850
LOW INCOME	32950	37650	42350	47050	50850	54600	58350	62150
Westchester County, NY Statutory Exception Area								
30% LIMITS	22650	25900	29150	32350	34950	37550	40150	42750
VERY LOW INCOME	37800	43200	48600	53950	58300	62600	66900	71250
LOW INCOME	51600	59000	66350	73700	79600	85500	91400	97300
Allegany County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Cattaraugus County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Cayuga County, NY								
30% LIMITS	13050	14900	16750	18600	20100	21600	23100	24600
VERY LOW INCOME	21700	24800	27900	31000	33500	36000	38450	40950
LOW INCOME	34750	39700	44650	49600	53600	57550	61550	65500

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----- 2012 ADJUSTED HOME INCOME LIMITS-----

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Chautauqua County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Chenango County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Clinton County, NY								
30% LIMITS	13300	15200	17100	19000	20550	22050	23600	25100
VERY LOW INCOME	22200	25350	28500	31650	34200	36750	39250	41800
LOW INCOME	35500	40550	45600	50650	54750	58800	62850	66900
Columbia County, NY								
30% LIMITS	14950	17050	19200	21300	23050	24750	26450	28150
VERY LOW INCOME	24850	28400	31950	35500	38350	41200	44050	46900
LOW INCOME	39800	45450	51150	56800	61350	65900	70450	75000
Cortland County, NY								
30% LIMITS	12600	14400	16200	17950	19400	20850	22300	23700
VERY LOW INCOME	20950	23950	26950	29900	32300	34700	37100	39500
LOW INCOME	33500	38300	43100	47850	51700	55550	59350	63200
Delaware County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Essex County, NY								
30% LIMITS	12650	14450	16250	18050	19500	20950	22400	23850
VERY LOW INCOME	21050	24050	27050	30050	32500	34900	37300	39700
LOW INCOME	33700	38500	43300	48100	51950	55800	59650	63500
Franklin County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Fulton County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100

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	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Genesee County, NY								
30% LIMITS	12800	14600	16450	18250	19750	21200	22650	24100
VERY LOW INCOME	21300	24350	27400	30400	32850	35300	37700	40150
LOW INCOME	34100	38950	43800	48650	52550	56450	60350	64250
Greene County, NY								
30% LIMITS	12400	14200	15950	17700	19150	20550	21950	23400
VERY LOW INCOME	20650	23600	26550	29500	31900	34250	36600	38950
LOW INCOME	33050	37800	42500	47200	51000	54800	58550	62350
Hamilton County, NY								
30% LIMITS	12600	14400	16200	17950	19400	20850	22300	23700
VERY LOW INCOME	20950	23950	26950	29900	32300	34700	37100	39500
LOW INCOME	33500	38300	43100	47850	51700	55550	59350	63200
Jefferson County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Lewis County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Montgomery County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Otsego County, NY								
30% LIMITS	12250	14000	15750	17450	18850	20250	21650	23050
VERY LOW INCOME	20350	23250	26150	29050	31400	33700	36050	38350
LOW INCOME	32550	37200	41850	46500	50250	53950	57700	61400
St. Lawrence County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100

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----- 2012 ADJUSTED HOME INCOME LIMITS-----

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Schuyler County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Seneca County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Steuben County, NY								
30% LIMITS	11950	13650	15350	17050	18450	19800	21150	22550
VERY LOW INCOME	19950	22800	25650	28450	30750	33050	35300	37600
LOW INCOME	31850	36400	40950	45500	49150	52800	56450	60100
Sullivan County, NY								
30% LIMITS	12950	14800	16650	18450	19950	21450	22900	24400
VERY LOW INCOME	21550	24600	27700	30750	33250	35700	38150	40600
LOW INCOME	34450	39400	44300	49200	53150	57100	61050	64950
Wyoming County, NY								
30% LIMITS	12800	14600	16450	18250	19750	21200	22650	24100
VERY LOW INCOME	21300	24350	27400	30400	32850	35300	37700	40150
LOW INCOME	34100	38950	43800	48650	52550	56450	60350	64250
Yates County, NY								
30% LIMITS	12400	14150	15900	17650	19100	20500	21900	23300
VERY LOW INCOME	20650	23600	26550	29450	31850	34200	36550	38900
LOW INCOME	33000	37700	42400	47100	50900	54650	58450	62200

F. Definitions of Annual Household Income (24 CFR Part 5)

General Category	Statement from 24 CFR 5.609 paragraph (b) (April 1, 2004)
1. Income from wages, salaries, tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income	The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income	Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income	The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income	Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions).
6. Welfare Assistance	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"> ▶ Qualify as assistance under the TANF program definition at 45 CFR 260.31; and ▶ Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c). <p>If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:</p> <ul style="list-style-type: none"> ▶ the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus ▶ the maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.
7. Alimony, Child Support, & Gift Income	Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income	All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

Household Income Exclusions (Part 5)

General Category	Statement from 24 CFR 5.609 paragraph (c) (April 1, 2004)
1. Income of Children	Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments	Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income	Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses (except as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements	Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
5. Income of Live-in Aides	Income of a live-in aide (as defined in 24 CFR 5.403).
6. Disabled Persons	Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).
7. Student Financial Aid	The full amount of student financial assistance paid directly to the student or to the educational institution.
8. Armed Forces Hostile Fire Pay	The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
9. Self-Sufficiency Program Income	<ul style="list-style-type: none"> a. Amounts received under training programs funded by HUD. b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS). c. Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program. d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time. e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
10. Gifts	Temporary, nonrecurring, or sporadic income (including gifts).
11. Reparations	Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
12. Income from Full-time Students	Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
13. Adoption Assistance Payments	Adoption assistance payments in excess of \$480 per adopted child.
14. Social Security & SSI Income	Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds	Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
16. Home Care	Amounts paid by a state agency to a family with a member who has a developmental disability and is living at

Assistance	home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions	<p>Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:</p> <ul style="list-style-type: none"> ▶ The value of the allotment made under the Food Stamp Act of 1977; ▶ Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions); ▶ Payments received under the Alaskan Native Claims Settlement Act; ▶ Income derived from the disposition of funds to the Grand River Band of Ottawa Indians; ▶ Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes; ▶ Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program; ▶ Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721); ▶ The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands; ▶ Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs; ▶ Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program); ▶ Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.); ▶ Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments; ▶ The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990; ▶ Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps); ▶ Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation; ▶ Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990; ▶ Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran; ▶ Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and ▶ Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

G. Definition of Substandard Housing

For housing rehabilitation projects, applicants must conduct a housing survey to determine the condition of the housing and classify it as standard, substandard or dilapidated. The following criteria must be used to classify the condition of all housing units to be rehabilitated with CBDG funding. In addition, these criteria should be used to determine if mobile or manufactured housing constructed post-1976 should be rehabilitated or replaced. Pre-1976 mobile and manufactured homes should be replaced rather than rehabilitated.

Structural Components - Upon structure inspection various components should be categorized as primary, mechanical or secondary as follows:

Primary Components - Foundation, exterior wall structure, roof structures, floor structures, columns, joists, and partitions.

Mechanical Components - Windows and doors, plumbing, heating, electrical, wells and septic systems.

Secondary Components - Siding material, roofing material, porches and exterior stairs and railings, chimneys, flooring material, ceilings, lighting, ventilation, interior stairs and railings.

Degree of Deficiency - After structural components are classified as primary, mechanical or secondary, they shall be assessed for the degree of deficiency as follows:

Critical Defects - Component is badly deteriorated, sinking, leaning, non-operative or non-functional, out of plumb, or unsafe to an extent requiring complete replacement. For example, 1) a complete electrical rewiring, 2) a complete new roof, 3) a plumbing system which requires extensive repair or none exists, 4) major repair of exterior structural elements (e.g. walls, sills, floor joists, rafters, large porches), 5) major repair of unstable or deteriorated foundation walls, or 6) a non-existent or dysfunctional septic system, a well with a spring of poor quality or quantity.

Major Defects - Component is badly deteriorated and in need of major repair or replacement.

Minor Defects - Component is worn, loose, or cracked and in need of repair.

Sound - Component needs no more than normal maintenance.

Structural Conditions – After determining the degree of deficiency, the structural condition must be determined.

Standard – Housing units that are in standard condition, have no critical or major structural defects, have adequate plumbing facilities and their appearance does not create a blighting influence. This condition requires no more than observable, normal maintenance; dwelling units which have no deficiencies, or only slight observable deficiencies.

Substandard - Housing units that have one or more major and/or critical structural defects, but can still be repaired for a reasonable amount. The degree of substandard is either moderate or severe according to the number of defects and the degree of deficiency.

1. Moderately Substandard - Housing units that have less than three major defects and can be restored to a standard condition for a reasonable cost.
2. Severely Substandard - Housing units that have three or more major defects or at least one critical defect and can be restored to a standard condition for a reasonable cost.

Dilapidated - Units that are determined to be substandard to a degree requiring clearance or buildings, which have three or more critical deficiencies that cannot be repaired to a standard condition for less than a reasonable amount. In these instances a local determination must be made concerning the economic feasibility and the public benefit of such projects.

H. Applicable Laws and Regulations

There are numerous federal, state and local regulations that govern or impact the State CDBG Program. It is the responsibility of the applicant to ensure compliance with all applicable federal, state and local regulations and statutes. The following is a listing that is not all inclusive, of federal regulations that apply to the State CDBG Program:

- Davis-Bacon Fair Labor Standards Act (40 USC 276a);
- Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333);
- Copeland Anti Kickback (18 USC 874)
- Title VI of the Civil Rights Act of 1964 (42 USC 200(d));
- Title VIII of the Civil Rights Act of 1968 (42 USC 3601);
- Section 504 of the Rehabilitation Act of 1973, as amended (29 USC 792 and 3601);
- Section 3 of the Housing and Urban Development Act of 1968, as amended (12 USC 1701 (u));
- Section 109 of the Housing and Urban Development Act of 1974, as amended (42 USC 5309);
- Age Discrimination Act of 1975, as amended (42 USC 6101);
- Architectural Barriers Act of 1968, as amended (42 USC 4151);
- Americans with Disabilities Act of 1991;
- Equal Employment Opportunity (Executive Order 11246, September 24, 1965);
- Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259);
- The Hatch Act (5 USC 1501 et seq.);
- The National Environmental Policy Act of 1969;
- Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and amendments of 1987;
- Title IV of the Lead-Based Poisoning Prevention Act (42 USC 4831);
- HUD Reform Act of 1989;
- 24 CFR Parts 35, 58, 85, and 570;
- Housing & Community Development Act of 1974, as amended;
- Office of Management and Budget Circulars: A-87 -- Cost Principles for State and Local Governments and 24 CFR Part 85, Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments; A-133 C Single Audit Act; Section 104(d) of the Housing and Urban Development Act of 1974, as amended (Anti-Displacement); A-122-Cost Principles for Non-Profit Organizations.