

NYS Community Development Block Grant (CDBG) 2013 Housing Program

New York State Housing Trust Fund
Office of Community Renewal



NYS CDBG Housing Program Application Guidance

Program Summary

- Overview
- National Objective Compliance
- Eligible Activities
- Funding Limits



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NYS must ensure that at least 70% of its CDBG grant funds are used for activities that benefit low- and moderate-income persons (at or below 80% of median) and meet one of the following National Objectives:

- Benefit low- and moderate-income persons or families; or
- Aid in the prevention or elimination of slums or blight; or
- Meet an urgent community development need

Further Program Requirements

- Identify and remediate environmental hazards (Lead!)
- Minority and Women-Owned Businesses (MWBE)
<http://www.esd.ny.gov/MWBE.html>
- Title VI of the Civil Rights Act of 1964, As amended (42 U.S.C. 2000d et seq.)
- The Fair Housing Act (42 U.S.C. 3601-3620)
- Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259)
- Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101)
- Affirmative Marketing
- Americans With Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218, 225)
- Section 3 of the Housing and Urban Development Act of 1968
- Davis Bacon Related Acts



This list will assist the applicant with the identification of additional program requirements and regulations that may need to be addressed in the application and that may ultimately be applicable if the application is funded.

As part of the administrative capacity portion of the application, a clear understanding of these requirements must be demonstrated.

All projects that are funded will be subject to monitoring during the implementation of the program. Monitoring involves a review of program files by OCR staff for compliance with CDBG regulations, including, but not limited to the regulations cited above.

National Objective Compliance

LMH: Low/Mod housing direct benefit

- Beneficiaries must be qualified as low- and moderate-income**
- Strict income documentation and verification is required**



All activities within the CDBG program must meet an eligible national objective as defined by the Housing and Community Development Act 1974 at Section 105(c)(3). For the purpose of the NYS CDBG housing program, this compliance is demonstrated through LMH or low-and moderate income housing.

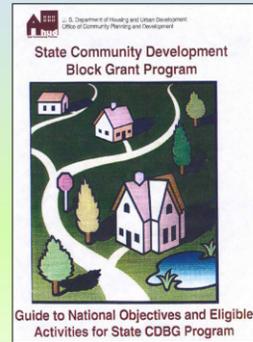
Households at or below 80% of the area median income are defined as low-and moderate income.

HUD provides three definitions for income, this is provided within the application and guidance kit which is currently available on the website through the funding opportunities link.

When developing the eligibility criteria for the housing program, the definition of income that fits the needs of the program should be defined and, if the application for housing assistance is successful, this definition must be incorporated and used consistently into any program implementation and marketing and outreach to prospective housing participants.

For further information:

Guide to National Objectives and Eligible Activities for State CDBG Programs.



http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/stateguide



CDBG Housing Program Summary

- Two (2) year contract term from the date of award
- Eligible Applicants:
 - Cities, Towns and Villages with populations of less than 50,000
 - Counties with populations of less than 200,000
 - A complete list of eligible applicants can be found on the OCR website at <http://www.nyshcr.org/Programs/NYS-CDBG/EligibleCommunities.htm>
- 18% maximum for Administration, Program Delivery, Engineering and Architecture (if applicable)
 - Please refer to the OCR Grant Administration Manual, Chapter 3 Financial Management for further guidance on eligible administrative and program delivery costs.



This is a very brief overview of the program terms.

Applications are competitively reviewed in response to issued Notice of Funding Availability (NOFA) and/or Request for Proposals (RFP).

The contract term is two years. This must be taken into consideration when developing your program, be realistic about what you can truly accomplish in the two year time frame permitted

Incorporated Counties, Towns, Villages and Cities are eligible to apply which includes:

- Units of Local Government with populations of less than 50,000
- Counties with populations of less than 200,000

These are often referred to as non-entitlement communities. Entitlements are those communities that may exceed these population thresholds or that meet other criteria as established by HUD to become an entitlement jurisdiction. Please refer to the website for a list of eligible communities. Not-for-profits and individuals cannot apply directly for NYS CDBG assistance.

A maximum of 18% of the total awarded funding provided to the municipality may be used for administration, program delivery, as well as engineering and architecture if applicable to the project. This is an allowance, and the administration and program delivery costs identified in the application must be reasonable.

A cost is reasonable when, in its nature and amount, it:

- Does not exceed that which is would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost;
- Is consistent with sound business practices; and
- Is consistent with market prices for similar goods and services.

The application must ensure that the maximum amount of CDBG funds is ultimately made available for program activities.

Program Summary

Eligible Housing Activities

Housing Rehabilitation

- Single Unit
- Multi Unit
- Residential Septic & Well Replacement
- Lateral Connections

Home Ownership

- Down Payment Assistance
- Closing Costs
- Counseling



The following eligible housing activities include:

Single unit and multi unit housing are separate activities.

Single unit is defined as one housing unit in the structure. Multi-unit is defined as two or more housing units in a structure. In the instance where one unit in a multi-unit building is assisted, the activity is treated as multi-unit.

Housing rehabilitation addresses substandard conditions that currently exist, such as electrical upgrades, energy efficiency improvements, and structural repairs.

Home ownership assistance can be provided to eligible households that meet the definition of a first time homebuyer, which is defined by HUD as a household that has not owned a home within the prior three years.

For example, if your program proposes 15 units of housing, and this consists of single unit and multi-unit, you must provide separate activity detail forms 3B, which are found within the application packet, for the number of single unit housing and multi-unit housing proposed to be assisted.

Program Summary

Housing Project Funding Limits

Towns, Cities or Villages:	\$ 400,000
Counties:	\$ 750,000
Total Available for 2013:	\$12,000,000



Towns, Cities and Villages can request up to \$400,000 in CDBG housing assistance.

Counties can request up to \$750,000 in housing assistance.

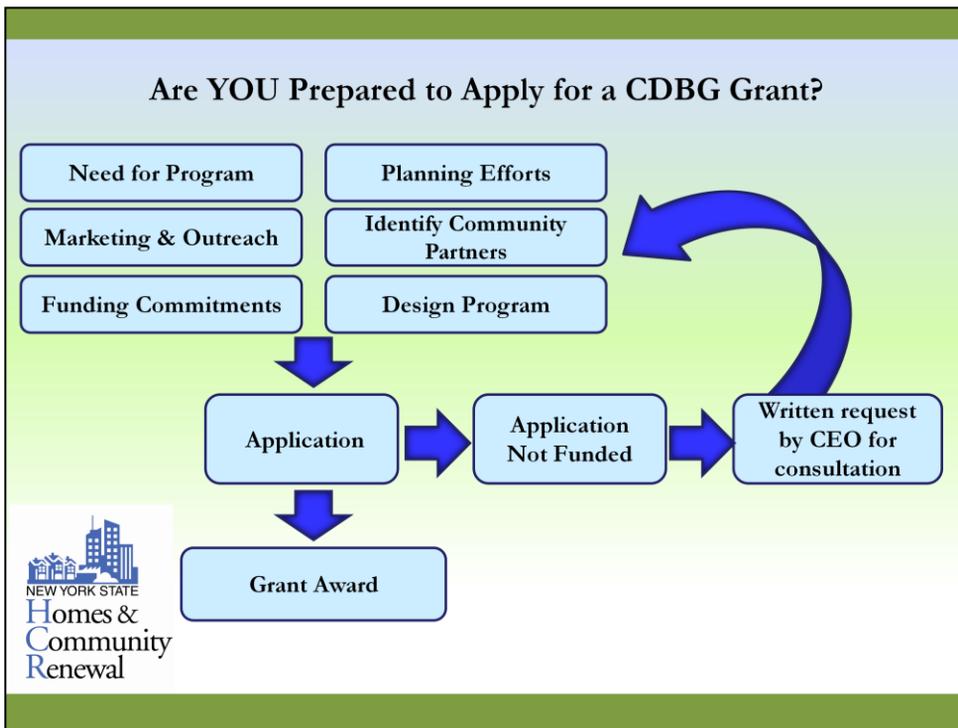
A municipality can submit more than one application, provided the total amount across all applications requested does not exceed the funding cap per activity.

If a municipality has submitted an application through the 2013 CFA for economic development, small business assistance, public water and sewer, or public facilities, the amount of assistance requested in that round is separate and will not count against the housing round.

CDBG Housing Program

The Application Process





This chart represents the decision making process that a municipality should go through on what the program needs are, based on input from the community and strategic plans, etc.

Once you have identified the need; homeownership, rehabilitation or wells, then outreach is conducted to determine if there is a demand for assistance, the demand is demonstrated by developing a sufficient pool of eligible and interested applicants to participate in the program

Do you have any other funding sources to use towards the project, are there written commitments for these other funding sources?

Is there a target area that would benefit most from this project, or it would be community wide

Does the municipality have the capacity to undertake the program on its own or will it require assistance from a consultant or subrecipient. The roles of consultants and Subrecipients will be discussed later in the presentation.

For applications that are not successful, OCR will host a webinar in Spring, 2014 that will offer guidance on how to address deficiencies that may have prevented the application from being funded.

Following this webinar, the CEO of the municipality that submitted the unsuccessful application may submit a written request for a technical assistance consultation,

The municipality needs to review the steps indicated above and then make the determination that it is ready to submit a successful application to the OCR.

Critical Application Sections

- ❑ **Citizen Participation**
 - At least one public hearing must be held prior to January 17, 2014 for submission of an application
 - Hearings must be advertised in a publication of general circulation
- ❑ **Address Beneficiaries**
 - National Objective Compliance
- ❑ **Document Need**
 - Description of need for the proposed activity
- ❑ **Project Description**
 - Description of how proposed activity will be undertaken
- ❑ **Application Budget**
 - Description of overall financial need and available resources



These sections listed are very critical areas of the application that are reviewed.

Citizen Participation

One public hearing **MUST** be held that states the municipalities intention or desire to submit a CDBG grant for housing assistance. The hearing **MUST** be held prior to the application submission date of January 17, 2014 and **MUST** be held by the legislative body that is submitting the application, this requirement cannot be passed on to a committee or board.

A copy of the legal notice from the newspaper that demonstrates that date and time of the hearing and that the notice was published at least 7 days prior to the hearing must be included as an exhibit with the application as evidence that the hearing was held.

This must be a public hearing, a public meeting will not satisfy this requirement. The application will be deemed ineligible if this public hearing is not held according to these requirements.

National Objective Compliance

How does the application clearly demonstrate compliance with LMH, which is a benefit to low-and moderate income households?

Document Need

What evidence is there for the need for the proposed activity, how does the application demonstrate the need for a housing rehabilitation program, for example.

Project Description

Clearly describe how the proposed activity will be undertaken and how this can be completed in the two year time frame allowed.

Application Budget

Provide written commitments of other funding, include evidence for how cost estimates were obtained.

Application Process

Components and Points

- **Need** – 300 Points
- **Impact** – 225 Points
- **Financial Capacity** – 75 Points
- **Administrative Capacity** – 75 Points



All applications will be reviewed and scored based on these criteria.

It is used to determine:

1. The overall severity of need of the area
2. The impact the project will make in the area and the beneficiaries
3. The costs are reasonable and if the project is financially feasible
4. The municipality has an understanding of and are compliant with the project requirements in addition to their ability to administer the project in a timely manner.

Scoring Criteria

Applications are competitively rated and scored against each other and receive Program Assessment Scoring based on the following factors:

- ✓ Quality of application
- ✓ Appropriateness of activity
- ✓ Severity of need
- ✓ Extent to which activity resolves identified need
- ✓ Capacity to complete activities in a timely & effective manner
- ✓ Public benefit and support for the proposed activity
- ✓ Project feasibility & schedule
- ✓ Leveraging and availability of other resources
- ✓ Reasonableness of project costs, including program delivery & administration
- ✓ CDBG and administrative performance history, if any
- ✓ Extent to which activity complements other federal, state, & local programs



This is provided as guidance for further breakdown on scoring criteria and how applications are reviewed overall.

Housing Rehabilitation Needs Description

- Describe current conditions of the housing stock
- Description of the area that will benefit
- Supporting Documentation
 - Income surveys
 - Waiting list
 - Housing conditions surveys
 - Maps
 - Consent orders or other existing violations*
* (residential water/wastewater projects)



Provide in full detail the need of the area.

Housing Stock

This includes getting the most up-to-date conditions of housing stock in the area you have chosen to provide housing rehabilitation to.

Determine if the proposed assistance will be a targeted area, or community-wide benefit based on the need of the area. This is determined through household income surveys, housing conditions surveys of the homes, or consent orders and notice of violations that have arisen pursuant to residential water or wastewater projects.

Area benefit

Provide a very clear and concise description of the need and level of severity of substandard units, which is based on the need of the area and the severity of the conditions of these homes.

Supporting documentation

What is the condition of the housing stock?

Severely substandard?

Substandard?

Standard?

How are these conditions being documented? This must be clearly explained.

How has the wait list been established? From prior years? Recent outreach?

A municipality will provide this documentation based on units that are listed in a waiting list of income eligible homes from past surveys and have not received housing rehab as yet.

Can the application demonstrate that the proposed activity has been made available community wide or in a targeted area.

The application must clearly demonstrate that there is also a sufficient market of eligible LMI households interested in participating in a housing rehabilitation program, which can be demonstrated through an established waiting list of eligible LMI households that have homes in substandard condition and are interested in participating in a housing rehab program.

Make sure the application provides a description of types of problems you see with the housing stock, such as outdated electrical systems, rotting or thermally in-efficient windows, deteriorated foundations.

The application also needs to provide a detailed description of the area that is going to benefit from this project, but only use information that is pursuant to this project.

Include any description of any strategic or comprehensive plans that the municipality may have, and what the stated goals are.

Include maps of the area you are proposing to rehabilitate.

Why does the housing stock in your area need the rehabilitation?

The application must include evidence showing the lack of income and financial resources of the residents.

How does the application demonstrate past efforts been to resolve the need for housing rehabilitation?

Home Ownership Needs Description

- Analysis of current home ownership rates & local real estate market
- Description of the area which will benefit from the program
- Supporting documentation
 - Waiting list of income eligible persons
 - Evidence of mortgage-ready applicants or financing status
 - Adequate stock of available homes within the affordability range
 - Analysis of the local rental market



Analysis of home ownership and local real estate market

The application needs to provide a full analysis of what the homeownership rates are and condition is for the local real estate market condition for the project area your area is. The information presented should be the most current information available for the project area at the time of submittal of the application.

Area benefit

The application should clearly describe the project and be specific to the project area.

Provide an analysis of both the rental market and the availability of affordable homes in the area.

Provide a description of the population of households in the area that are low-and moderate income that cannot afford to buy a home without financial assistance.

Supporting documentation

How does the application demonstrate that a sufficient number of income eligible and credit worthy households that have expressed an interest being first time homebuyers?

Provide a clear description of available homes for sale in the proposed project area and that can demonstrate how these homes are affordable to low-and moderate income households with financial assistance.

Impact Description

For both housing rehabilitation and home ownership

- Must be specific to the project and activities being proposed
- Should clearly demonstrate that the project will address the identified needs
- Provide a detailed description of the project
- Provide supporting documentation
 - Activity Detail Forms
 - SEQRA Classification
 - Work Write-ups
 - Criteria and guidelines
 - Etc.



Proposed project and activities

Provide a clear description of the project and be specific to that project area. Will the proposed activity address housing rehabilitation? Homeownership?

Identify the needs

Provide a description of the relevant history of the area. Do not include a description of the Town's founding in 1800, the information that that is provided must be directly related to the housing needs of the area. An example of this would be the loss of manufacturing jobs over the last 50 years and the impact this has had on the housing needs.

Detailed project description

The application needs to provide a complete picture of the project, explain how and why the proposed project will address the needs of the area.

Will the applicant be giving higher priorities to homes with serious deficiencies to primary and mechanical components?

The application needs to demonstrate how the low-and moderate income households that receive assistance will benefit from this project, why they need the help and how they will continue to maintain their homes, such as; Is there is specific counseling or support services that will be provided to ensure the sustainability of the housing assisted.

Is the homeowner obligated to occupy the home for a certain period of time following assistance? Describe this process.

Supporting documentation

The applicant must provide documentation to support this, such as Activity detail forms showing the number and level of units that are proposed to be rehabilitated or purchased, as well as the level of income of each household proposed to be assisted.

The SEQRA classification, Form 2-3A must be included.

Provide recent work write-ups prepared by a professional.

Provide program guidelines that are proposed or that are already in place.

A program implementation plan is strongly encouraged that demonstrates how the applicant will implement the program if awarded.

Financial Capacity

- Provide budget for entire project
- Include all funding sources (committed & pending)
- Supporting documentation for housing rehabilitation
 - Samples of completed housing conditions forms
 - Samples of completed work estimates
 - Evidence that estimates include lead based paint costs
- Supporting documentation for homeownership
 - Justify the affordability range
 - Identify average housing costs within affordability range



Project budget

Provide the entire project budget, and include all budgets for each activity included in the proposed project.

Funding sources

The budget must include all proposed sources of funds. For example, if the application proposes to use a combination of HOME funds or any other source of financing for a housing program, include this.

Include all sources of private financing and commitments. Pending sources of funding can include any other source of funds that the applicant has applied for but has not yet received a formal award of funds.

Commitments of other funding can only be demonstrated by providing written supporting documentation from the funding source that clearly states funds are committed and will be available upon award.

Supporting documentation for rehabilitation and home ownership

Provide a detailed breakout of costs associated with each activity to determine if the project is financially feasible, including what the average cost of rehab is for a multi-unit and what the average cost of rehab is for a single-unit.

What type of assistance is the applicant providing to each homeowner?

- 100% grants
- Deferred payment loans
- Or a mix of both?

This type of assistance is driven completely by local needs. What type of assistance does the program need to provide to work?

If there are other funding sources included in the project, you need to identify these other funding sources, and how much they will be contributing to each individual housing project.

Housing conditions surveys, scopes of work and cost estimates should be completed by a professional, and should be presented in consistent manner.

The application should include a minimum of five scopes of work and cost estimates that are representative of current conditions.

These work write-ups and cost estimates, especially of sample properties that will be included in the application, need to show the average cost per unit, including the cost for lead based paint risk assessments, any clearances if necessary and any energy audits as well if they are necessary as part of this proposed project.

All costs associated with regulatory compliance must be included as part of the average cost of homes.

Administrative Capacity

Clearly demonstrate:

- An understanding of the CDBG program and applicable federal requirements.
- The extent to which the application can demonstrate that there are no impediments to implement the program upon award.
- The ability to complete the proposed activity on budget and within the two year term of the grant agreement.



How well does the application describe the recipients ability to administer a CDBG housing grant?

CDBG and federal program requirements

This includes demonstration of a clear understanding of

- Environmental regulations for SEQR and NEPA
- Site specific environmental requirements such as lead based paint regulations, SHPO and floodplain/insurance requirements
- Procurement
- Davis-Bacon labor standards, if applicable

Impediments

Is the municipality ready to administer a CDBG housing grant upon award

- Does the application include a sufficient pool of interested and eligible participants
- If undertaking a rehabilitation component, can the application demonstrate a sufficient pool of qualified contractors
 - Qualified contractors must be EPA Certified Contractors for the purpose of lead based paint compliance

Identify experienced municipal staff who will be responsible for the administration of the grant or provide evidence that the municipality has or will obtain the services of a professional consultant or has entered into an agreement with a qualified subrecipient.

Timely completion

The application must clearly be able to demonstrate that the recipient has the ability to complete all activities within the two year term of the grant agreement.

Application Process

Scoring Criteria

Prior Performance

- Grant/Loan Portfolio Summary
 - All current projects
- Audits
 - Issues and/or findings
- Program Income Summary
 - Properly report program income on hand



As outlined in the application packet, scoring criteria consists of a review of prior program performance. The ability of the applicant to successfully administer CDBG projects and other State and federally funded programs is also taken into serious consideration in the application review process.

Grant and loan portfolio

The applicant must provide information on current projects which include the total number of loans and grants that are currently open and the balance of funds remaining. This is not limited to just CDBG, but should include any other open program such as Environmental Facilities Corporation (EFC) Drinking Water State Revolving Fund (DWSRF), HOME, and Rural Development. This also helps to gauge the municipality's ability to administer programs.

Audits

The applicant must also make sure that all audits are up to date and no issues still need to be addressed such as findings found as a result of an audit review.

Program Income

The applicant needs to determine if they have any program income on hand and if they will be proposing to use any of these program income funds towards the proposed project. If no available program income funds will be used towards the proposed project, the applicant will need to provide information as to why they are not being used.

Application Tips

Common Deficiencies in Unsuccessful Applications



The following slides will provide application tips that will identify common deficiencies in prior CDBG applications.

Common Deficiencies in Unsuccessful Applications

Public Hearings

Failure to

- To hold one hearing prior to submission of an application.
- Have the legislative body that is submitting the application to hold the required public hearing.
- Have the legal notice for the hearing published a minimum of 7 days prior to the public hearing.



Public Hearings

This is the number one reason that applications are deemed ineligible.

The hearing **MUST** be held prior to the application submission date of January 17, 2014.

The hearing **MUST** be held by the legislative body that is submitting the application, this requirement cannot be passed on to a committee or board.

A copy of the legal notice from the newspaper that demonstrates that date and time of the hearing and that the notice was published at least 7 days prior to the hearing must be included as an exhibit with the application as evidence that the hearing was held.

This must be a public hearing, a public meeting will not satisfy this requirement.

The application will be deemed ineligible if this public hearing is not held according to these requirements.

Common Deficiencies in Unsuccessful Applications

Housing Rehabilitation Needs

Failure to:

- Provide a wider impact beyond improved housing conditions
- Adequately demonstrate National Objective Compliance
- Adequately describe the overall severity of need based on community-wide or targeted housing surveys conducted.



Provide a wider impact-

Indicate how the program will sustain a more livable community.

Describe the impact that the program will have on the existing housing stock (housing conditions) in the target area and surrounding neighborhoods.

Failure to demonstrate National Objective-

Housing is a 100% direct benefit that meets the National Objective of LMH. Single units must be low/moderate income and at least 51% of multi units must be low/mod income.

For multi units, 1 of 2, 3 of 4, 4 of 5, 4 of 6 units must be occupied by low-and moderate income households following assistance.

Overall Severity-

The municipality may indicate the number of homes community-wide that are substandard and standard, but they do not reveal how many of these substandard homes are severely substandard and how many are moderately substandard.

Common Deficiencies in Unsuccessful Applications

Housing Rehabilitation Needs

Failure to:

- Demonstrate that homes selected for rehabilitation adequately represent the level of substandardness in the area.
- Provide income surveys/ housing conditions surveys that are representative of the area chosen to be provided rehabilitation.
- Provide evidence of a sufficient market of units proposed for rehabilitation



Homes selected for rehab-

Areas have a large amount of severely substandard homes, yet the homes chosen for rehabilitation may be moderately substandard homes.

Income Surveys/Housing surveys-

For Example: Income/housing conditions surveys are only conducted on potential applicants included on a wait list that was created as a result of past housing projects.

Insufficient Market-

There should be an adequate number of interested and eligible homeowners included in the waiting list which represents about 1 ½ times the proposed number of units. This is why the most up-to-date income and housing surveys need to be conducted to include all eligible, substandard homes needing rehabilitation.

Level of substandardness of eligible units on waiting list does not match the level of substandardness of units proposed to be rehabilitated. An example is that the municipality may be proposing to rehabilitate 15 severely substandard units, yet they only have 10 severely substandard units included on the waiting list, or they only have moderately substandard units on the waiting list.

There is an insufficient market of units proposed for rehabilitation. The applicant should include a waiting list showing the number of interested and eligible homeowners willing to participate in a housing rehab program.

Common Deficiencies in Unsuccessful Applications

Homeownership

Failure to:

- ❑ Demonstrate an adequate pool of eligible and interested applicants or insufficient marketing and outreach.
- ❑ Demonstrate an adequate supply of affordable homes for sale.
- ❑ Provide pre and/or post purchase counseling.
- ❑ To provide rehabilitation as a component, or the application may not provide information regarding housing conditions.
- ❑ Provide information regarding housing market trends in terms of lending and affordability, demographics and economics.
- ❑ Provide a discussion of the local housing market trends and rental market.



Applicant does not sufficiently demonstrate there is a pool of interested and eligible applicants. This should include measures to encourage participation of special needs populations and outreach and opportunities to households that are participating in the Section 8 Family Self-Sufficiency Program.

For example, the applicant does not provide the waiting list, or the waiting list provided is just a list of names, there is no indication if the households on the list have received counseling or are mortgage ready.

Applicant does not sufficiently demonstrate the availability of affordable homes for sale.

For example, just providing MLS data does not demonstrate that an analysis of the market has taken place.

Pre-and post purchase counseling is an invaluable process when preparing a household for homeownership, not just for purchase, but for long-term physical and financial maintenance

If housing rehabilitation is to be a component, the same information as required under a regular housing rehabilitation program applies.

Insufficient information provided regarding the current market as it relates to housing trends or the rental market.

Common Deficiencies in Unsuccessful Applications

Financial Capacity

Failure to:

- Provide budget narratives that match budget tables, and a feasible budget.

- Provide funding commitments.



Budget narratives

Present a feasible, well planned budget. Make sure funding amounts proposed are within eligible limits. The budget narrative should match the budget table.

Explain why CDBG Housing funds are necessary.

Substantiate the requested amount.

Identify each of the estimated costs, including the source of the funds and proposed use for housing rehabilitation or homeownership, program delivery and administration.

For each source identified, indicate whether the source is formally committed or pending approval. If a source is identified as committed, the applicable commitment documentation must be attached where requested in the application.

Common Deficiencies in Unsuccessful Applications

Administrative Capacity

Failure to:

- Provide administrative capacity and program delivery description including staff roles and administrative procedures.

- Provide evidence of program readiness, including homeowner interest, eligible projects and funding commitments.



Administrative capacity –

Identify staff assigned to work on the proposed program, their specific roles, and any relevant training or experience that they have.

Provide details related to the use of budgeted CDBG Housing administrative funds, including estimates related to staff time.

Identify additional sources of administrative funding for the program.

Identify procedures in place to ensure timely implementation of the program.

Program Readiness –

Identify specific properties for participation with eligible work scopes and feasible timelines.

Identify funding commitments.

Present a thorough understanding of CDBG Housing program requirements.

Helpful Hints

- Read the application packet
- Use the submission checklist
- Provide detailed maps
- Document citizen participation
- Provide only related information
- Carefully proofread
- Follow the application outline
- Answer all questions
- Complete forms in their entirety
- Use the correct application type



Helpful Hints

- ❑ Assisted homes should be occupied by persons with the lowest incomes and have the most severe housing conditions.
- ❑ Methods should be in place to ensure the sustainability of rehabilitation and ensures the long-term affordability of rental units.
- ❑ A detailed plan should be in place for marketing the housing program.
- ❑ There should be a sufficient market of eligible and available contractors, include this with the application.
- ❑ Measures should be taken to encourage participation of special needs populations identified within the area, if applicable.



Use of Consultants and Subrecipients

- ❑ Can assist with the development of the application and with the administration and implementation of an award.
- ❑ When utilizing the services of consultants and NYS CDBG funds are used to pay for those services, the retention of a consultant is subject to procurements requirements at 24CFR85.36
- ❑ Subrecipients are generally not-for-profit agencies and have the capacity to undertake the activity on behalf of a municipality and can enter into a Subrecipient Agreement with the municipality.
- ❑ When a municipality utilizes the services of a consultant or a subrecipient, ultimate responsible for the proper administration and compliance with all applicable rules and regulations rests with the grant recipient.
- ❑ For further guidance on consultants and Subrecipients, refer to the OCR Grant Administration Manual Chapter 1, Getting Started



Communities that intend to use CDBG resources to pay for professional services must follow federal procurement procedures and provide OCR with information detailing the procurement process. If you secure the services of consultants before following approved federal CDBG procurement guidelines at 24CFR85.36, costs for such services will not be CDBG reimbursable. The cost for preparing an application is not considered to be reimbursable.

A written contract will need to be fully executed between all parties that outlines specific roles and responsibilities for each party prior to incurring costs. The contract must be submitted to OCR for compliance with program requirements prior to the first request for funds.

If the municipality already has a consultant under contract, contact OCR to determine the existing contractual arrangement meets procurement requirements. The municipality is responsible for developing oversight measures to be sure the consultant is performing according to the contract terms and scope of work.

When utilizing Subrecipients

- The Subrecipient can be designated and may not be subject to procurement
- Not-for-profit may not equate to being a qualified Subrecipient.
- The Subrecipient must undertake the activities, the subrecipient incurs the program costs and then requests reimbursement from the recipient, and must be able to enter into contract with the vendor and make direct payment to the vendor
- A fully executed Subrecipient Agreement must be in place prior to starting any activities
- The recipient must conduct a monitoring of the subrecipient
- Consultants cannot act as a subrecipient
- If a subrecipient is only undertaking administrative tasks, or is not directly undertaking the activity on behalf of the recipient, this is a consultant relationship, and this is subject to procurement.

Post Award Program Requirements For Successful Applications

- Pre-award costs are ineligible for CDBG reimbursement
- Prior to incurring **ANY** project costs
 - Recipient must receive formal grant award
 - Grant agreement must be fully executed
 - Compliance with Schedule A Conditions
 - Completion of Environmental Review Record
 - Approval from OCR for Release of Funds



This presentation has been intended to assist interested applicants to develop a highly qualified application and program.

For applications that are deemed successful and awarded funding, it is important for recipients to continue to follow CDBG program requirements including meeting national objective compliance, need, impact, financial and administrative capacity.

It is important to note that pre-award costs such as application preparation costs, environmental review completed in anticipation of funding and surveys conducted prior to the award of funds, are pre-award costs and not eligible for CDBG reimbursement.

Recipients must receive approval from OCR for the release of funds prior to incurring reimbursable expenses.

Questions?

If you have any questions please contact
NYS OCR at ocrinfo@nyshcr.org

The OCR Grant Administration Manual is available at:
<http://www.nyshcr.org/Programs/NYS-CDBG/GrantAdministration.htm>

