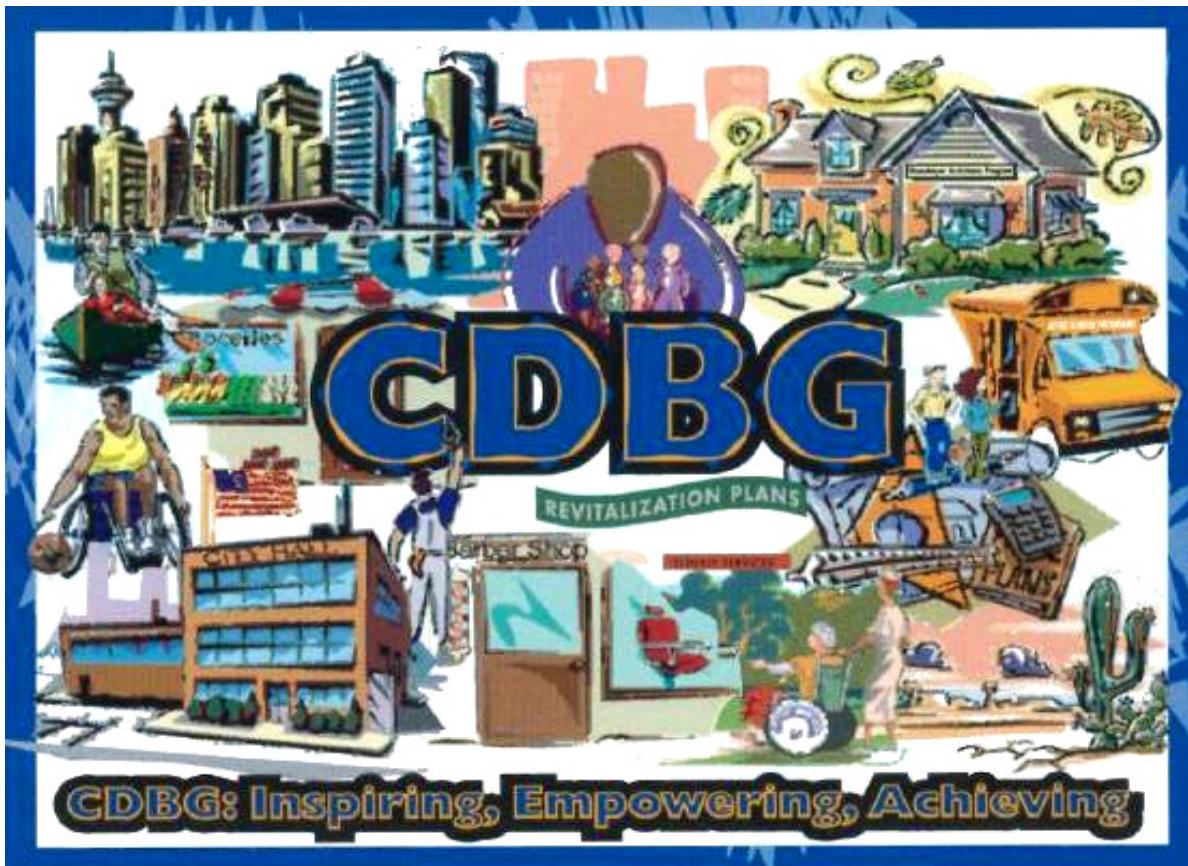


2019 CDBG Small Cities Application Handbook



Governor Ned Lamont

Department of Housing

CDBG/Small Cities & Technical Services

Connecticut Department of Housing

2019 Small Cities CDBG Program Application Handbook

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Department of Housing programs are administered in a nondiscriminatory manner, consistent with equal employment opportunities, affirmative action, and fair housing requirements.

General Instructions for Submitting 2019 Small Cities Application

INTRODUCTION

The purpose of this handbook is to provide assistance to eligible municipalities in the preparation of applications to the Connecticut Department of Housing (DOH) for funds under the Small Cities Community Development Block Grant Program (CDBG).

The Handbook contain information and Exhibits that are critical for a completing a competitive application. It is important for prospective applicants to read it carefully and to also become familiar with Small Cities Program requirements found in HUD regulations at 24 CFR 570, Subpart I.

Technical Assistance will be provided by the State Department of Housing in answering questions regarding program design, application requirements, and eligible activities. The Small Cities Program application process is in compliance with the State's 2018-2019 Action Plan, which can be found on DOH's website www.ct.gov/doh.

Submit Two Copies of the Application:

- 1. Complete original Application clearly marked “ORIGINAL”, with all required “HANDBOOK” exhibits having original signatures; and**
- 2. One (1) Copy of Original Application.**

All materials must be bound (3 ring binders, etc.) and tabbed by section and placed in the same order as they appear in the application. Each tabbed section must include all relevant materials for that section, including application exhibits.

The Application “package” consists of the following and is located at www.ct.gov/doh:

- 1. 2019 Application**
- 2. 2019 Application Handbook**
- 3. 2019 Application Exhibits**
- 4. 2019 Application Exhibits Checklist**
- 5. Blank Financing Plan and Budget (excel doc)**
- 6. Project Development Budget 4.5J (excel doc)**
- 7. Fair Housing and Equal Opportunity documents**

All Application Exhibits must be clearly titled, numbered, and included in the corresponding section of the submission. Narratives should be in minimum of 11 pt type with 1.5 or 2 spaces between lines and a minimum of 1 inch on all four margins. Single spacing is fine for all other responses on the application itself. If additional space is needed, attach the extra pages as necessary with proper section ID.

* “Handbook” exhibits (e.g., Local Assurances, Certified Resolution, Application Certification,

Citizen Participation Requirements) must be tabbed and placed at the front of the Application.

Completing the Application

When a question is not answered on the application itself, please provide the information through specified documents, maps, or illustration as an “Exhibit.” In certain instances, however, the Exhibit is a form included with the application.

For each question, provide all information that you want considered as a response even if it requires repeating items included in other sections. Please be sure you complete all parts of the application. If a question or Exhibit is not relevant to your project, place “N/A” (not applicable) in the space. If pertinent information is not provided for each section and subsection, the applicant will lose points.

Application Requirements

- ❖ Citizen Participation Requirements
- ❖ Affidavit of Publication
- ❖ Site & Building Form
- ❖ Financial Analysis Form from CHFA (for housing authorities)
- ❖ Performance Measurement Info
- ❖ Certified Resolution
- ❖ Local Assurances
- ❖ Cooperation Agreement
- ❖ Title VI Compliance
- ❖ Fair Housing Plan Guidelines
- ❖ Application Certification
- ❖ Release of Funds
- ❖ Program Income Plan, as applicable
- ❖ Certification of Compliance with the Requirements of 24 CFR 570.606 (general policy to minimize relocation)
- ❖ Residential Anti-Displacement and Relocation Assistance Plan (24 CFR 42.325)
- ❖ Rehabilitation Guidelines, as applicable
- ❖ Armstrong/Walker “Excessive Force” Certification
- ❖ Section 3 Plan
- ❖ Financing Plan & Budget with supporting documentation

Other Considerations

All commitment letters or pre-commitment agreements being provided by the applicant will be rated based on the degree of certainty. Full commitments will be rated higher during the rating and ranking process than something less firm such as a letter of understanding or interest.

Data from surveys will be judged by appropriate standards, such as date of data collection, reliability and validity of methods, sample size, and relevance of data to the specific project proposed. **Along with the Financing Plan & Budget, submit documentation that supports each line item number such as contracts, proposals, cost estimates, etc. for the consultant, architect, engineer, etc.**

Instructions for Preparing Application

Applicant Information Page

- **Name of Town**
- **Address**
- **Name and Title of the Authorized Individual (per Resolution)**
- **Contact: Local Official (First Selectman, Town Manager, Mayor)**
- **Consultant (if used)**
- **FEIN**
- **DUNS Number**
- **CCR Number**

General Project Information:

- **Amount of Funds Requested**
- **Project Name**
- **Project Address**
- **Congressional District**
- **State House and Senate District**

Citizen Participation:

Develop a **Citizen Participation Plan** and submit it with the application as an exhibit. In addition to the plan, the community will need to describe its public hearing process. Submit an **original** copy of each **Public Hearing Notice** and **Affidavit of Publication** and include a copy of the minutes of the public hearing. Lastly, attach a copy of the Town Council or Board of Selectmen meeting minutes in which the project was approved.

1. Project Information

- 1.1 Eligible Activity** – Check the box that applies (e.g. housing rehab, community facilities, public housing modernization, economic development)
- 1.2 Project Type** – Check the box that applies
- 1.3 National Objective** – Select the National Objective that meets the Eligible Activity
- 1.4 Accomplishments** – Enter proposed Accomplishments by Unit Types
- 1.5 Performance Measurement**
Select only one item under each category
 - 1.5.a Objectives**
 - Creating Suitable Living Environments
 - Providing Decent Affordable Housing
 - Creating Economic Opportunities

1.5.b Outcomes

- Availability/Accessibility
- Affordability
- Sustainability

Outcome measures are driven by local intent. To determine the most appropriate outcome for an activity, ask: "What type of change or result am I seeking?"

1.5.c Common Indicators

Generally apply to all activities, and use data commonly collected by grantees. Grantees only report data items that are currently required.

Common Indicators

- Amount of money leveraged (non CDBG)
- Number of persons, households, businesses, units, or beds assisted
- Income levels of persons or households - 30, 50, or 80 percent of AMI

1.5.d Racial Classification

Provide Race, ethnicity, and disability data for activities that currently report these data

1.5.e Number of Female Head of Households

1.6 Acquisition (provide information related to acquisition)

In situations when there is an option to purchase the property, the option must be effective until December 31, 2019. If it expires before then, the town or subrecipient must have title to the property.

1.7 Relocation

Benefits to business or residential tenants under the Federal Uniform Relocation Assistance and Property Acquisition Policies Act of 1970 (URA) can be triggered at the time the applicant submits its application to DOH. This occurs if the applicant has already acquired, or entered into an agreement to acquire, the property. If this is the case, it is imperative that the General Information Notice (GIN), modified to fit the circumstances of your project, be sent to every tenant prior to or simultaneous with the submission of this application. A sample GIN is included as Appendix C of the Small Cities CDBG Program Application Handbook.

If tenants were not involved with the acquisition, please explain briefly in an attachment. Provide specifics concerning how long the property has been vacant or unoccupied.

1.8 Project Narrative:

Provide a project description of 500 words or less. For identification purposes, identify street(s) and numbers of actual sites or units and attach information on additional locations. The description must include but is not limited to the following:

1. A detailed description of the actual physical activities or services that would be undertaken (purpose of the project).
2. Is the project being completed in phases? If so, why?
3. What is the nature of the project?
4. Whom is it designed to benefit?
5. What is the impact of the problem on L/M persons?
6. To what extent does it benefit the neighborhood, municipality, and region?
7. Identify the magnitude and severity of any identified problem and include any past efforts to deal with the problem.
8. The status of site control (i.e., option to purchase, own, lease).
9. At what stage are you on the planning and implementation of this project?
10. Any unique situations or anticipated problems in the development of the project.
11. Any special conditions/requirements imposed by funders or others.
12. If the project involves relocation, identify the numbers of individuals, families, or businesses to be relocated.
13. If new construction for home ownership is planned, please provide information on the type and style of housing, average size, expandability, and amenities.
14. For economic development projects, demonstrate how the business assistance is necessary or appropriate to create or retain jobs and address where there is a justifiable public benefit to be derived.
15. For public services, demonstrate that the proposed service is either a new service or a quantifiable increase in service.
16. Demonstrate how the project addresses any local Community Development Plans (**enclose a copy of the plan**).

1.9 Program Benefit Data for Area Benefit Activities:

Area Benefit Activities:

Identify the Census Tract and Block Number.

Survey and/or census documentation is required to establish the 51% benefit.

If a survey was conducted, provide the methodology used and include the results.

Complete the chart to show what percentage of funds will benefit LMI persons. Identify the data sources and detail the methodology used to calculate the number of low/moderate income persons and families benefiting. If a survey was used, provide the survey instrument, a summary of the results, and the methods used for data collection.

1.9.1 Is the project consistent with the latest State Conservation and Development Policies Plan? Provide a brief explanation of the project's consistency with the State C&D Plan.

2. Project Need

- 2.1** Submit a brief narrative of 250 words or less (**Exhibit 2.1**) that explains how the project will address the specific needs of the community. You are encouraged to use the documentation that is best suited to demonstrate that there is a specific need for the

proposed project. If submitting a Capital Needs Assessment (CNA) as documentation, explain specifically how it demonstrates the need for the proposed project and how the project meets the recommendations of the CNA. If submitting a waiting list, use the form provided. Below are some suggested sources of information:

- Documentation of health and safety issues
- Capital Needs Assessment (CNA)
- Unemployment rate for community/region
- Demonstrated business need/interest
- Plant closures and other economic changes
- Waiting lists for existing assisted housing
- Waiting lists for proposed activity in rehab loans
- Waiting lists at projects - comparable housing
- Vacancy rates for housing at existing housing developments or in general housing market
- Occupancy rates for existing commercial/industrial space
- Accessibility
- Availability of housing tenure type affordable to your target income group(s)
- Availability of unit sizes affordable to your target income group(s)
- Waiting lists for proposed home ownership program
- Results of surveys for home ownership programs
- Availability of affordable home ownership housing stock in target area
- Comparable market rate for similar housing
- Waiting list for existing services
- Results of specific surveys
- Technical evaluations of problems with existing facilities and infrastructures documented from agencies such as DEEP and DOT
- Lack of services, facilities, and/or public utilities
- Percentage of substandard housing in target area

2.2 Other Funding

Answer if the project/building/site in question has received funding from any source other than CDBG from DOH, Connecticut Housing Finance Authority, or any other Connecticut state agency.

2.3 Potential Future Funding

Answer if an application has been submitted by the applicant and/or subrecipient to DOH, CHFA, or any other CT state agency for the project/building/site in the last 12 months (i.e., since April 11, 2018). Answer if there will be a submission in the 12 months following April 12, 2019.

3. Applicant Capacity

3.1 Key Personnel (Exhibit 3.1)

Qualifications would include relevant Small Cities experience, licenses, degrees, and previous experience with federal programs. Provide resumes and additional narratives as needed. The Town is ultimately responsible for all aspects of the project and will be the first point of contact. Also, identify the four (4) most recent Small Cities CDBG projects similar to the one proposed that the grantee and/or subrecipient has either brought to completion or assisted in bringing to completion.

3.2 Community Development Projects

Identify all community development projects undertaken by the municipality and funded from sources other than a Small Cities Block Grant.

3.3 Spending Verification

Identify the spending status of every Small Cities CDBG grant that has not received a Closeout Certificate. Applicants cannot have more than 3 grants outstanding. In addition, 2018 grants must be 10% expended, 2017 grants must be 50% expended, and 2016 and earlier grants must be 100% expended with a Pre-Closeout Certificate. If the applicant does not meet these threshold requirements, their application will not be reviewed. 2018 grants will be reviewed on a case-by-case basis and exemptions may be granted at the discretion of DOH.

3.4 Subrecipient

“Subrecipient” is an entity with whom the municipality contracts to conduct the activities proposed in this application. Submit a copy of the subrecipient agreement with the application documents.

3.5 Compliance with Project Requirements.

Indicate for projects noted in Section 3.1 instances of audit or monitoring findings.

3.6 Litigation/Compliance/Citizen Complaints – applies to both the applicant and the subrecipient.

Has there been a citizen complaint in the last five years? Explain the nature of the complaints; e.g., contractor’s workmanship issue that caused grantee additional expenses, etc. If Yes, indicate the nature of the litigation, citizen complaint, and/or DOH monitoring finding (only consider findings that arose from the monitoring of previous Small Cities grants). If litigation, identify court and docket number and if there has been an adverse decision in the last 4 years. Attach as **Exhibit 3.6**. *DOH reserves the right to consider the merit of the litigation and/or citizen complaint.*

3.7 Returned Small Cities Funds

Has the applicant returned Small Cities funds to DOH in the last 3 years? Explain the amount and reason for the return and attach as **Exhibit 3.7**.

4. Project Feasibility and Merits - Sources and Uses of Funds, Environmental, Technical, Sustainable Features and Design

4.1 Sources and Uses of Project Funds

In a brief description, identify all potential sources of financing for this project in order of lien position and explain the level of commitment (firm, conditional, etc.) for 100% of the leveraged funds from each source of funding. Explain if the applicant and/or subrecipient has applied for any other sources of funding; and if not, why not? Also, complete **Exhibits 4.1.0 and 4.1.1** (forms provided) and attach commitment letter(s). Complete **Exhibit 4.1.1** to include estimated hard costs and % of soft costs.

4.1a Operating Funds and Rental Subsidies

In a brief description, identify all sources of operating funds and rental subsidies for this project. Also, complete **Exhibit 4.1a** (form provided) and attach commitment letters.

4.1b Financial or Programmatic Link with Social Service Providers

4.2 Program Income on Hand

Indicate the amount of program income on hand, the year it was earned, and the source. **Exhibit 4.2.**

4.3 Multi-Unit Housing Projects

For all multi-unit (three or more units) housing projects, please provide a copy of the most recent audited financial report or the financial statements on a compilation basis for the owner and housing project.

4.4 Site & Building Report

The purpose of the report is to identify any past or current conditions at or surrounding the site or structure(s) that would have an impact on the proposed project activity or that would influence the development process. The report is required for any proposed new construction or rehabilitation of existing buildings. It is not required for infrastructure projects or rehab programs.

4.4.A Infrastructure: Roads, Streets, Utilities, Walks, Parks, Landscaping

Fill out form **Exhibit 4.4.A.** Submit if your project is civil engineering, non-building/structure related, or not applicable for a Site & Building Report.

4.4.B Coordination/Approvals/Clearances (All projects)

Fill out this form to identify additional approvals. **Exhibit 4.4.B.**

4.5 Construction Documents Status (All Projects)

Indicate construction documents completion level and the time required to complete them. **Exhibit 4.5.**

Multifamily Design Requirements, use CHFA (Current Year) Multifamily Design, Construction and Sustainability Standards. At www.chfa.org, Under Rental Housing, click “for Developers & Sponsors”, then click “Developer Document Library.”

Non-Residential Design Requirements Current State of CT Building Code

Drawing & Specifications Submission Requirements (All Projects)

See CDBG Drawing & Specifications Submission Requirements

DOH/CDBG website

4.5F Cost Estimate (All Projects)

Provide construction cost estimate using **Exhibit 4.5F**.

4.5H Contract Documents Compliance Certification: (All Projects)

Due to the various completion levels of construction drawings and specifications submitted, we are requiring the responsible entity to certify that all drawings and specifications will be completed by the required qualified professionals as indicated by governing federal, state, and local statutes. Complete and sign the certification form **Exhibit 4.5H** and attach.

4.5J Project Development Budget **Exhibit 4.5J (Excel document)** (All Projects)

There are 2 budget forms: one for programs and one for projects. Make sure you fill out the right form.

4.5P Professional Services and Construction Procurement Compliance

Procurement for professional services and construction must be according to applicable state and federal guidelines. Submit P1-P12 to document compliance.

P1 Consultant Contract (As Applicable)

Submit a copy of the Town’s contract with the Consultant. Attach as **Exhibit 4.5-P1**.

P2 RFP or RFQ used to procure Architect or Engineer (As Applicable) or **Solicitation Letter**

Submit a copy of the RFP/RFQ or Letter. Attach as **Exhibit 4.5-P2**.

P3 Advertisement for Architect or Engineer (As Applicable)

Submit a copy of the Ad as appeared in the Media. Attach as **Exhibit 4.5-P3**.

P4 RFP or RFQ Responder Summary for Architect or Engineer (As Applicable) or **List of Architects/Engineers Contacted**

Submit Summary or List. Attach as **Exhibit 4.5-P4**.

P5 Architect’s or Engineer’s Contract (As Applicable)

Submit a copy of the Owner/Architect Agreement. Attach as **Exhibit 4.5-P5**.

P6 Architect’s or Engineer’s License (As Applicable)

Submit a Copy of the Architect's License. Attach as **Exhibit 4.5-P6**.

P7 Architect's or Engineer's Liability Insurance (As Applicable)

Submit a copy of the Architect's Liability Insurance. Attach as **Exhibit 4.5-P7**.

P8 Construction Procurement Plan - Submit as Exhibit 4.5-P8.

Please attach a narrative description of the process that will be used for the selection of the (construction professionals) contractor, project manager, technical specialist, etc.

P9 Draft Bid Package (If Available for Applicable Projects)

Construction Projects **>\$100K**, as per Federal Requirements.

Construction Projects **<\$100K** as per CT DOH Procurement Requirements.

If not available, no CDBG project should be put out to bid until the Draft Bid Package has been reviewed by DOH. Submit a copy of your proposed bid package. Attach as **Exhibit 4.5-P9**.

P10 Draft Advertisement or Quote Solicitation Document

Construction Projects **>\$100K**, Public Ad as per 2 CFR Part 200 requirements.

Construction Projects **<\$100K** Quote Solicitation as per CT DOH Procurement Requirements. Submit a copy of the draft Ad or Letter for review. **Exhibit 4.5-P10**.

P11 Draft Owner/Contractor Agreement (As Applicable)

Submit a draft of the standard Owner/Contractor Agreement you propose to use for your project. All Contracts should be fixed fee, stipulated sum. Attach as **Exhibit 4.5-P11**.

P12 Project Responsibility Matrix (As Applicable)

Form Provided. Attach as **Exhibit 4.5-P12**.

4.6 Sustainable Features and Design (All Projects)

Green/sustainable/high-performance building is the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's life-cycle from siting to design, construction, operation, maintenance, renovation, and deconstruction. This practice expands and complements the classical building design concerns of economy, utility, durability, and comfort. The Environmental Protection Agency (EPA) has a number of programs that provide resources to help you learn more about the components of green building and how to incorporate these green building concepts into different types of buildings. For more information, visit <http://www.epa.gov/greenbuilding/index.htm>.

List the features and products you intend to use for the project that qualify as a sustainable/green standard. In lieu of the list, you can provide proof of LEED¹ or

1 . LEED (Leadership in Energy and Environmental Design) is a third-party certification program and a nationally accepted benchmark for the design, construction and operation of high performance green buildings. The Environmental Protection Agency (EPA) has a number of programs (visit <http://www.epa.gov/greenbuilding/index.htm>) that provide resources on green building. Other similar certifications include the National Association of Home Builder's National Green Building Standard Certification Program (NAHB-

equivalent green building/planning registration/certification (minimum of silver certification).

Energy/Sustainable Features include but are not limited to:

- **Energy Star Products**
- **Alternate energy sources:** Examples of alternative energy sources include geothermal, solar, wind, etc.
- **Good storm water management techniques:** Examples of storm water management and low impact development (LID) techniques include dry-wells, detention basins, biofilters, bio-swales, permeable paving, percolation basins, rain gardens, and infiltration trenches that help minimize impervious surfaces, reduce run-off, and improve surface water quality.
- **Other Sustainable/Green:** Use of recycled materials, salvage of materials, green products, etc.

UTILITY INCENTIVES (All non-infrastructure projects)

Submit as Attachment 4.6e evidence of the applicant's efforts to secure other energy efficiency-related funding. Examples of this evidence may include government or utility-sponsored incentive commitments; e.g., Letter of Agreement (LOA), Letter of Participation (LOP), or other written correspondence from the local utility to the applicant, or a **summary letter/report with an estimated Utility-Administered Financial Incentives/Rebates** from a Professional Engineer, BPI-, RESNET HERS-, EnergyStar®-certified Assessor/Rater or Utility-authorized Contractor. **Rebate estimate** must be on company letterhead and include consultants name, signature, date, title, firm name, street address, email address, and telephone number.

4.7 RESIDENTIAL REHABILITATION PROGRAMS:

The submission requirements for programs are narrative descriptions and forms which address the project management processes used in the construction administration/implementation of the Program.

A. Procurement Process

Narrative: Describe your procurement procedures for Architect/Contractor/Technical Assistance/Environmental/Professional/Consultants. The town's procurement policy should support your narrative. **Exhibit 4.7A**

Draft Contractor Solicitation Document: Exhibit 4.7A1. Submit a draft copy of the standard solicitation document as required per state or local (town's) procurement policy guidelines.

Draft Bid Package: Construction projects <\$100K are to be procured according to state or local municipality's procurement requirements. Submit a draft bid package boilerplate. **Exhibit 4.7A2.**

B. Building/Site Evaluation Process

Describe your building/site evaluation procedure. Submit a copy of the Initial Inspection Form that you use for your projects' initial inspections (signature lines for inspector and owner must be included on the form). Attach as **Exhibit 4.7B**.

C. Hazardous Material Notification Process

Describe your procedures. Submit a copy of your standard notification letter/document(s) that will be issued to residents due to required hazardous materials remediation or abatement. **Exhibit 4.7C**.

D. Construction Monitoring Process

Describe your procedures. Submit a copy of your Progress Inspection Form (signature lines for project manager and contractor must be included on the form). **Exhibit 4.7D**.

E. Approval/Permitting Process

Describe your procedures for Local/DEEP/DPH approvals/permitting. **Exhibit 4.7E**.

F. Typical Project Schedule

List the steps and the amount of time (average) for each step from start to finish for a typical project once an applicant has been selected/notified. **Exhibit 4.7F**.

G. 75% Rule/Walk-Away Compliance Certification

Form provided. **Exhibit 4.7G**.

H. Rehabilitation Standards/Asbestos/Lead Compliance Certification

Form Provided. **Exhibit 4.7H**.

I. Draft Owner/Contractor Agreement

Submit a copy of the standard Owner/Contractor Agreement that is used for your residential rehab program. Attach as **Exhibit 4.7I**.

J. Program Development Budget

Form provided for Program Development Budget. **Exhibit 4.7J**.

J-1. Cost Estimating Form

Submit the cost estimating form that you use for your projects. Attach as **Exhibit 4.7J-1** (signature line for cost estimator must be included on the form).

J-2. Program Responsibility Matrix

Form Provided. Attach as **Exhibit 4.7J-2**.

K. Construction Administration

Submit a narrative listing the Construction Administration Protocol. How many people are involved, and who are they? What is the approval process, roles, and responsibilities of the consultant, contractor, supervisor, project manager, homeowner, etc. Who is the lead person? Also, provide a copy of the agreement

between the Town and its consultant, which should outline the services the consultant will provide. Attach as **Exhibit 4.7K**.

L. Pre-Construction

Submit the Pre-Construction Meeting Form that you use for your projects (signature lines for owner, contractor, and municipality representative (project manager) must be included on the form). Attach as **Exhibit 4.7L**.

M. Walk Away Policy

Submit a copy of your Residential Rehabilitation Program Walk Away Policy. Attach as **Exhibit 4.7M**. The Policy must be given to homeowners prior to initial inspection. It should include signature lines for the homeowner and inspector. It should indicate the physical conditions, costs, and health and safety factors that may prohibit you from engaging in a project once the initial inspection and cost estimate has been completed.

N. Energy Star/Sustainable/Green/Eco-Friendly Products, Recycling/Salvage

For Energy Star – For Standards and Qualified Products, go to web site www.energystar.gov for product information.

Sustainable Green Products - Products with identifiable recycled content. Low or non-toxic materials that emit few or no carcinogens, reproductive toxicants, or irritants as demonstrated by the manufacturer through appropriate testing. Products and systems that resist moisture or inhibit the growth of biological contaminants in buildings.

Construction waste recycling is the separation and recycling of recoverable waste materials generated during construction and remodeling. In renovation, appliances, masonry materials, doors, windows, shingles, etc. are recyclable.

5. Community Impact

5.1a Community Impact Map

Constructing the map may involve using a phone book map or other readily available maps. The purpose of the map is to create a “snapshot” of the project, to illustrate the way the project fits into the surrounding neighborhood, and how it will impact the area. The map should highlight major housing patterns, transportation, relevant services, etc. (attach as **Exhibit 5.1a**).

5.1b Map Narrative

Highlight important features represented on the map and address the following (attach as **Exhibit 5.1b**):

- Describe how the project will promote diversity and economic integration.

- Community Development Linkage: Describe how the project is consistent with existing planning or if the project will overcome fair housing impediments identified in existing plans (local, state, regional, etc.).
- Describe what the Town has done and is currently doing to advance its goal in its local Plan of Conservation & Development. **Include appropriate section of the latest approved Town Plan of Conservation & Development as it relates to the proposed project.**
- Describe how the project is part of a coordinated approach to community development needs.
- Describe the way this project will be part of a broader community plan.
- Describe how this project will promote community members' ability to contribute to their own well-being and that of their families and community (housing only).

5.1c Census Tract Data (Attach as Exhibit 5.1c)

- Provide the numbers and the percentages of low and moderate income persons in each census tract associated with the project.
- Provide the numbers and the percentages of minorities in each census tract associated with the project.

5.1d A community that is interested in seeking approval of a Community Revitalization Strategy (CRS) must submit a request to DOH prior to and separate from an application for a Small Cities grant.

5.2 Community Support

Letters may come from various groups:

- Advocacy groups
- Church groups
- Social service providers
- Neighborhood groups
- Regional policy makers and service providers

In addition, you can submit letters of support from regional planning agencies or other regional organizations to demonstrate the relationship between the proposed activities and regional needs.

5.3 Indicate Yes or No to displacement or 1-for-1 replacement (**answer only if this is a housing project**).

5.4 Affordability

Provide actual or sample landlord/tenant agreement indicating the minimum 5-year affordability period. For major construction, the length of affordability will be determined by the major funder's requirements.

Provide sample landlord-tenant agreement indicating the 5-year minimum Fair Market Rents (FMR) affordability period. Each completed residential rehabilitation project file must have a signed copy of the landlord-tenant agreement (if applicable).

Method of Affordability

Deed Restriction Ground Lease Land Trust
 Restrictive Covenant Other (specify) _____

NOTE: DOH requires using the following affordability and use restrictions:

Up to \$5,000 per unit	5 years
5,001- 25,000 per unit	10 years
Over \$25,000 per unit	15 years

5.5 Resident Participation

How does this project promote resident participation? If a housing authority activity, does it have a Resident Participation Plan? Explain briefly and include Plan, if applicable.

6. Fair Housing and Equal Opportunity - Instructions

General: For this portion of the application, you must refer to the Fair Housing and Civil Rights Application Exhibits Section located on the DOH website. The Exhibits are referred to throughout these instructions and contain guide forms and other important information necessary to fill out this section of the application. The Exhibit numbers on the web correspond directly to the question numbers. Do not leave any questions unanswered. Points will not be awarded if questions are not answered or non-responsive or marked N/A.

6.1, 6.2 - ALL Applicants Must Complete

6.1 Fair Housing Action Plan. A Fair Housing Action Plan (FHAP) is a federal requirement for all applicants seeking federal funding. Refer to Exhibit 6.1 for further guidance on the FHAP and the attachments which must accompany it (located under the “2019 Small Cities Application” link on the DOH website). Use the Sample Fair Housing Action Plan format to create the document. The Fair Housing Action Plan must mirror the form included in the corresponding Exhibit. The Fair Housing Action Plan must be signed and dated by the current administrator of the municipality. The components for a Fair Housing Action Plan are:

1. FHAP Boilerplate format
2. Action Steps
3. Fair Housing Discrimination Complaint procedure
4. Fair Housing Policy Statement
5. Fair Housing Resolution
6. Affirmative Fair Housing Marketing Plan or Affirmative Marketing Plan depending on type of project.

NOTE: You must submit an Affirmative Fair Housing Marketing Plan (AFHMP) with your FHAP if funds will be used for housing related activities including both rental and homeownership housing rehabilitation programs.

Components of AFHMP are:

1. Form AA—5
2. Sample community contacts letter
3. Fair Housing Policy Statement
4. List of fair housing trainings attended by staff
5. Affirmative Action Policy Statement
6. ADA Grievance Procedure
7. ADA Notice
8. Tenant Selection Methodology

If the housing project was funded by HUD, USDA, or any other federal agency, please provide the Affirmative Fair Housing Marketing Plan and Tenant Selection Methodology that was approved by the federal agency.

NOTE: If you are applying for funding for ANY public service program which requires outreach for applicants or participants, you must submit an Affirmative Marketing Plan for the program. Use the Affirmative Fair Housing Marketing Plan as your guide. Remember the intent of the marketing program is to reach minority groups that are least likely to apply to a program without special outreach efforts.

The FHAP is a threshold requirement, and applications will not be accepted for processing without it. Attach and label the Fair Housing Action Plan as Exhibit 6.1.

6.2 Section 3 Plan. The Section 3 Plan requirement applies to recipients of federal funds for which the grant amount exceeds \$200,000. In addition, if work is being performed that exceeds \$100,000, the contractor/subcontractor is also required to have a Section 3 Plan. See the information in **Exhibit 6.2** and **6.5** for further information on Section 3 requirements and guidance on how to complete a Section 3 Plan. Please use the Section 3 Plan format provided in the Exhibit.

As required by Section 3 of the Housing and Urban Development Act of 1968, as amended, provide a current (current means signed by the current administration) Section 3 Plan (Equal Opportunity Plan), **which includes locally written procedures to describe how good faith efforts will be directed by the town to provide training and employment opportunities to Section 3 residents and to award contracts to Section 3 contractors. This submission will be deemed incomplete unless these written procedures are part of the plan.** The Section 3 Plan must be signed and dated by the current administrator of the municipality. Attach and label as **Exhibit 6.2**.

6.3 – 6.5 Complete If Past Grantee Only

6.3 – Past Performance Fair Housing Action Steps. A past grantee is one who has received a Small Cities grant in the one of the past three consecutive years. As part of the Fair Housing Action Plan, municipalities are required to select at least three action steps based on the community category under which the municipality falls as determined by the “Income Needed for Housing Calculation” forms mentioned above in question 6.1. These action steps must be implemented within a 3-year period beginning with the date of contract execution.

SEE NOTES 1-4

NOTE 1: A Fair Housing Action Plan Schedule form (which can be found as Exhibit 6.3) **MUST** be used in order to receive points.

NOTE 2: “Income Needed for Housing Calculation forms **MUST** be submitted in order to receive points.

NOTE 3: The form should list all local Fair Housing Action Steps in accordance with the action steps list dated January 13, 2016 or if still using an older version, include the older version with your application.

NOTE 4: No points will be awarded unless the number of the action step being addressed is provided on each piece of documentation that verifies the particular action step for which you are trying to receive credit.

The Municipality must have either (A) completed the action step within the past three years, or (B) the action step is currently “in process.” Written documentation to verify the action steps **MUST** be provided to receive points. “In process” means that the step is at least 50% complete. In order to receive points for steps “in process,” the applicant **MUST** provide a list of action step milestones to prove that the step is at least 50% complete and the documentation to verify action step. (Examples of verification are: Town Council Resolutions, Town Council meeting minutes, meeting minutes with affordable housing developers, proof of financial or other assistance to affordable housing developers, copies of flyers of training programs, registration forms, payments, training materials, copies of existing and proposed or approved new zoning or code modifications along with Town approval and evidence of communication with applicable Town departments.) Attach and label the Fair Housing Action Plan Schedule and accompanying documentation as **Exhibit 6.3**.

6.4 - Section 3 Past Performance. Section 3 of the Housing and Urban Development Act of 1968, as amended, applies to recipients of federal funds for activities such as housing rehabilitation, housing construction, and other public construction, where the grant amount exceeds \$200,000. In addition, contracts in excess of \$100,000 must also meet requirements of Section 3. See Exhibit 6.2 for further information on Section 3 requirements. Complete the chart in the application by listing the number of proposed contracts, dollar amounts and numerical hiring/training goals over the past 3 years in accordance with your existing Section 3 Plan. Then, list the actual accomplishments by year and provide supporting documentation marked as **Exhibit 6.4**.

6.5 – Section 3 Good Faith Efforts. Check the appropriate box or boxes indicating that you have demonstrated good faith efforts in accordance with the requirements of Section 3 and provide documentation to verify your actions. **NOTE: You must provide supporting documentation attached as Exhibit 6.5.**

6.6 – SBE/MBE/WBE Past Performance. Complete the chart in the application by listing the number of contracts and subcontracts awarded to certified small businesses and minority- and women-owned firms, and the dollar amounts over the past 3 years. “Certified” means receiving certification from the Connecticut Department of Administrative Services (DAS), the federal Small Business Administration (SBA), or other state or federal governmental agency. Then check the appropriate box or boxes describing the good faith efforts that were undertaken in order to comply. See Exhibit 6.6 for more information on Small and minority owned firms and women’s business enterprise.

For the contracts and subcontracts awarded to small businesses and minority- and women-owned firms which you have claimed to have utilized provide documentation to verify that the firms were (1) actually hired and (2) certified by a governmental agency. Attach as **Exhibit 6.6**.

6.7 – 6.10 Complete If New Grantee Only

6.7 - New Grantee. Indicate if the municipality is a new grantee. A new grantee is defined as a municipality that has not received a Small Cities grant over the past consecutive 3 years. **NOTE: Changed from applied for a grant to have received a grant.**

6.8 – Past Performance Fair Housing Initiatives. Identify on the Local Past Fair Housing Initiatives Schedule form (which can be found as Exhibit 6.8) past projects, initiatives or actions taken by the municipality over the past 3 years to promote the principles of fair housing and equal opportunity. A Fair Housing Action Plan Schedule form **MUST** be used in order to receive points. The form should list all local Fair Housing Action Steps that the Municipality has (A) completed, or are (B)” in progress” within the last three years. Written documentation to verify the action steps **MUST** be provided to receive points. “In progress” means that the step is at least 50% complete. In order to receive points for steps “in progress,” the applicant **MUST** provide a list of action step milestones to prove that the step is at least 50% complete as well as the documentation to verify action step. The focus of the municipality’s response should be on its record of performance in carrying out its responsibilities to promote racial and economic integration, seeking beneficiaries from all racial and ethnic groups including persons with physical and mental disabilities, families with children, and seeking a broad range of income-eligible beneficiaries. Attach and label the Past Fair Housing Initiatives Schedule and back-up documentation as **Exhibit 6.8**.

6.9 – ADA/Section 504 – new grantees only

Based on the requirements of the Title II of the Americans with Disabilities Act (ADA) of 1990, both an ADA/504 Notice and Grievance Procedure must be implemented by a recipient of federal funds. See Exhibits 6.9-1 and 6.9-2 for guidance on how to complete the ADA Notice and Grievance Procedure. The ADA/Section 504 Notice and the Grievance Procedure must be signed and dated by the current administrator of the municipality. See the Handbook for the

correct formats for these documents. Attach and label both the ADA/504 Notice and ADA/504 Grievance Procedure as **Exhibits 6.9-1** and **6.9-2** respectively.

6.10 – ADA/Section 504 Self-Evaluation and Transition Plan – new grantees only

In 1988, to promote compliance with Section 504 of the Rehabilitation Act of 1973, recipients of federal funds were required to review all of their services, programs and activities to identify any physical barriers or policies, practices or procedures that may limit or exclude participation by people with disabilities. Municipalities were then expected to produce a transition plan that included steps to address the barriers identified. However, since many of the plans were conducted so long ago, applicants are encouraged to conduct an updated review of all facilities, policies, practices, and procedures. See Exhibits 6.10-1 through 6.10-3 for the websites where the forms are located which must be filled out to complete Section 504/ADA Self-Evaluation for physical facilities and a Self-Evaluation of a town's rules, policies and procedures. Attach the facilities self-evaluation as **Exhibit 6.10-1**. Attach the policies, programs or procedures self-evaluation as **Exhibit 6.10-2**. See the Department of Justice ADA Guide for Small Times in the Handbook for instructions on how to develop a Section 504/ADA Transition Plan. Attach a copy of Section 504/ADA Transition Plan as **Exhibit 6.10-3**.

7. Consistency with Connecticut Consolidated Plan

Show how the Application meets the State's 2015-2019 Consolidated Plan with the needs and goals addressed.

8. DOH Training

List the DOH Training(s) attended by municipal staff for CDBG within the past year.

End of Application Instructions

DEFINITIONS

COMMISSIONER - The Commissioner of the Connecticut Department of Housing.

APPLICANT - Any municipality or borough with a Population less than 50,000 which is not the "Central City of a Metropolitan Statistical Area (MSA)." See Eligible Applicant section for further details concerning eligible applicants.

APPLICATION - A proposal for funding to DOH under the Small Cities Program. Applications may be for regular program grants, discretionary urgent need grants, Planning Only grants, Economic Development grants.

SINGLE PURPOSE PROJECT - A project funded under the Small Cities Program which addresses only one of the following areas: housing, economic development, community facilities, or public service.

VERY LOW-INCOME FAMILY OR PERSON - A family or persons whose income does not exceed 30% of the median income for the Primary Metropolitan Statistical Area (PMSA).

LOW-INCOME FAMILY OR PERSON - A family or persons whose income does not exceed 50% of the median income for the Primary Metropolitan Statistical Area (PMSA).

MODERATE-INCOME FAMILY OR PERSON - A family or person whose income does not exceed 80% of the median income for the Primary Metropolitan Statistical Area (PMSA).

b) **INCOME** -

The Final Rule published in the Federal Register on November 5, 1995 created the following definition of "income" at 24 CFR 570.3 for the Small Cities Program.

For the purpose of determining whether a family or household is low- and –moderate income, grantees **must select the 24 CFR Part 5 definition** listed below for each activity, except that integrally related activities of the same type and qualifying under the same paragraph of 570.208(a) shall use the same definition of income. The option to choose a definition of income does not apply to activities that qualify under 570.208(a)(1) (Area Benefit activities), except when the recipient carries out a survey under 570.208(a)(1)(vi). Activities qualifying under 570.208(a)(1) generally must use the area income data supplied to recipients by HUD. **The three definitions are as follows:**

1. **“Annual income”** as defined at 24 CFR 5.609 (except that if the CDBG assistance being provided is homeowner rehabilitation under 24 CFR 570.202, the value of the homeowner’s primary residence may be excluded from any calculation of Net Family Assets); or
2. Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:
 - (A) Wages, salaries, tips, commissions, etc.;

- (B) Self-employment income from own non-farm business, including proprietorships and partnerships;
- (C) Farm self-employment income;
- (D) Interest, dividends, net rental income, or income from estates or trusts;
- (E) Social Security or railroad retirement;
- (F) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
- (G) Retirement, survivor, or disability pensions; and
- (H) Any sources or income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony; or

3. Adjusted gross income as defined for the purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

Estimate the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is provided for the individual, family, or household (as applicable). Estimated annual income shall include income from all family or household members, as applicable. Income or asset enhancement derived from the CDBG-assisted activity shall not be considered in calculating estimated annual income.

Grantees must immediately stop deducting the amounts listed at 24 CFR 5.611 (\$480 for each dependent, etc.). The “Section 8 definition” of “annual income” at 24 CFR 5.609 does not include any of these deductions and none of these deductions may be used to determine whether a family or household is “low- and moderate-income” under the Small Cities Program.

AFFORDABLE RENTS - Existing Section 8 Fair Market Rents.

HOMELESS - Any person who does not have a place to stay for the night nor the income or resources to secure shelter.

PROGRAM - The Connecticut Small Cities Program.

PROJECT - An activity undertaken by a grantee with funding from the Small Cities Program.

RACIAL AND ETHNIC CATEGORIES - The following are officially recognized Racial and ethnic categories:

Black: A person with origins in any black racial group; not of Hispanic origin.

Hispanic: A person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.

Portuguese: A person having origins in the Iberian Peninsula, including Portugal, regardless of race.

American Indian or Alaska Native: A person with origins in or who maintains cultural identification with any of the original peoples of North America.

Asian or Pacific Islander: A person with origins in any of the original peoples of the Far East, Southeast Asia, the Indian Sub-continent or the Pacific Islands.

White: person having origin in any of the original people of Europe, North Africa or the Middle East.

The category that most clearly reflects the individual's recognition in his community should be used for purposes of reporting on persons who are of mixed and/or ethnic origins.

MINORITY/WOMAN BUSINESS ENTERPRISE and **SMALL BUSINESS** See the Additional Program Guidelines Section for definitions of Minority and Woman Business Enterprises and Small Businesses.

SLUM OR BLIGHT - Any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitary conditions, or any combination of these factors, are detrimental to safety, health and morals (definition taken from state statutes governing municipal housing projects).

SECTION 3 BUSINESS - A business concern that;

- is 51% or more owned by Section 3 residents; or
- whose permanent, full-time employees include persons, at least 30% of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
- provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in part (1) and (2) of this definition.

SECTION 3 RESIDENT - A public housing resident; or an individual who resides in the metropolitan area or non-metropolitan county in which the Section 3 covered assistance is expended and who is a low income or very low income person.



ELIGIBLE APPLICANTS

The Small Cities Program will be open to general purpose units of government – cities, towns, and boroughs – with populations under 50,000. However, any city which has been designated by the Office of Management and Budget as a Central City of a Metropolitan Statistical Area (MSA) and is eligible for entitlement funds from HUD will not be allowed to submit an application, regardless of size. A listing of eligible applicants is included in this section.

Joint Applications

Joint or multi-jurisdictional applications are encouraged under the Connecticut Small Cities Program. Joint applications may be undertaken in those instances where solving a shared problem requires mutual action. It is generally assumed that the problem(s) addressed by joint applications lie in areas of contiguous or overlapping geographical jurisdictions or service areas. Where this is not the case, the applicants must clearly document in the application that mutual action is necessary to solve the problem. In addition, all municipalities participating in the joint application must be eligible Small Cities Communities.

Written cooperation agreements between participating communities must be submitted with all multi-jurisdictional applications. One unit must be designated in the agreement as the lead municipality for legal and administrative purposes (See the sample Cooperation Agreement in the Application Handbook). The lead community will act as the grantee and will be responsible for all aspects of program management.

Eligible Sub-Recipients

Though only eligible applicants may directly apply to DOH for Small Cities funds, grantees may provide grants or loans to any sub-recipient that is a Community Based Development Organization (CBDO). CBDOs are allowed to carry out neighborhood revitalization, community economic development, or energy conservation activities. In some instances, CBDOs are allowed to carry out otherwise ineligible activities such as new housing construction.

In the past, organizations had to fit rather strict criteria to qualify as a subrecipient. Recent changes in federal law now allow any non-profit organization serving the development needs of the communities of non-entitlement areas to act as a CBDO subrecipient. If an applicant is proposing to fund an activity such as new housing construction through a CDBO, it must document that the sub-recipient is a legitimate organization and was not created to circumvent program restrictions prohibiting certain activities.

NOTE: It should be noted that subrecipients are not in any circumstances allowed to carry out an ineligible activity as described in the ineligible activity section.

ELIGIBLE CONNECTICUT SMALL CITIES

Andover	Granby	Redding
Ansonia	Griswold	Ridgefield
Ashford	Groton	Rocky Hill
Avon	Groton-City	Roxbury
Bantam (Litchfield)	Groton Long Point	Salem
Barkhamsted	Guilford	Salisbury
Beacon Falls	Haddam	Scotland
Berlin	Hampton	Seymour
Bethany	Hartland	Sharon
Bethel	Harwinton	Shelton
Bethlehem	Hebron	Sherman
Bloomfield	Jewett City (Griswold)	Simsbury
Bolton	Kent	Somers
Bozrah	Killingly	South Windsor
Branford	Killingworth	Southbury
Bridgewater	Lebanon	Southington
Brookfield	Ledyard	Sprague
Brooklyn	Lisbon	Stafford
Burlington	Litchfield (Borough)	Sterling
Canaan	Lyme	Stonington
Canterbury	Madison	Stonington (Borough)
Canton	Mansfield	Suffield
Chaplin	Marlborough	Thomaston
Cheshire	Middlebury	Thompson
Chester	Middlefield	Tolland
Clinton	Monroe	Torrington
Colchester	Montville	Trumbull
Colebrook	Morris	Union
Columbia	Naugatuck	Vernon
Cornwall	New Canaan	Voluntown
Coventry	New Fairfield	Wallingford
Cromwell	New Hartford	Warren
Danielson (Killingly)	New Milford	Washington
Darien	Newington	Waterford
Deep River	Newton	Watertown
Derby	Newton (Borough)	Westbrook
Durham	Norfolk	Weston
East Granby	North Branford	Westport
East Haddam	North Canaan	Wethersfield
East Hampton	North Haven	Willington
East Haven	North Stonington	Wilton
East Lyme	Old Lyme	Winchester
East Windsor	Old Saybrook	Windham
Eastford	Orange	Windsor
Easton	Oxford	Windsor Locks
Ellington	Plainfield	Wolcott
Enfield	Plainville	Woodbridge
Essex	Plymouth	Woodbury
Farmington	Pomfret	Woodstock
Fenwick (Old Saybrook)	Portland	
Franklin	Preston	
Glastonbury	Prospect	
Goshen	Putnam	

ELIGIBLE AND INELIGIBLE ACTIVITIES

Communities funded under the Small Cities program can undertake a wide range of activities in the areas of housing, economic development, community facilities, and public services. This section contains a listing of the specific eligible activities as defined by HUD. This section also contains a review of expressly ineligible activities that Small Cities grantees are, in no circumstances, allowed to carry out. Applicants should also remember that in addition to being eligible as defined in this section, each activity must meet a National Objective as defined in the next chapter (Sec. 570.200 of Code of Federal Regulations).



A. SUMMARY OF ELIGIBLE ACTIVITIES

The following is a listing of eligible activities under the Small Cities CDBG Program.

ELIGIBLE ACTIVITIES

1. Acquisition of real property for eligible housing, economic development, or community services/facilities projects.
2. Clearance/Demolition
3. Disposition of real property acquired with CDBG funds, or its retention for public purposes including temporary management. (Proceeds subject to conditions).
4. Public Facilities and Improvements - Assistance for acquisition, construction, reconstruction, rehabilitation, or installation (but not routine repair or maintenance) of community facilities and/or infrastructure, including neighborhood or senior centers, centers for the handicapped, historic properties, utilities, streets, sidewalks, streetscape and lighting, parking, water and sewer, park, recreation, and for flood and drainage facilities (subject to certain conditions). This includes facilities designed to serve the needs of special populations, such as the homeless, and may include those owned by nonprofit recipients provided they meet certain conditions.
Exceptions: Facilities used for political activities, for the general conduct of government, or for activities that supplant the routine expenses of general local government are not eligible.
5. Public Services - May include labor, supplies, and materials provided it is either a new service or quantifiable increase in service.

6. Interim Assistance to carry out emergency repairs or alleviate emergency conditions (subject to conditions).

7. Sec. 108 Guarantee of Loans - Funds may be used to guarantee and make commitments to guarantee financing for: 1) acquisition of or rehab to real property owned by an eligible public entity; 2) housing rehabilitation; economic development or construction of housing by nonprofit organizations for homeownership. (See Title I of the HCD Act as amended through October 28, 1992)

8. Payment of Local or Non-Federal share for federal and for most state grant-in-aid programs, provided activities are CDBG-eligible.

9. Completion of Urban Renewal Projects

10. Relocation Assistance for permanently and temporarily relocated households, businesses, nonprofit organizations and farm operations (subject to conditions).

11. Loss of Rental income due to temporary holding of residential units for relocation related to CDBG program activities.

12. Removal of Architectural Barriers in publicly and privately owned buildings, facilities and improvements (may include buildings for conduct of local government).

13. Privately Owned Utilities - for acquisition, construction, reconstruction, rehabilitation or installation of distribution lines and facilities.

14. Construction of Housing - under Section 17 of the U.S. Housing Act of 1937 (Rental Rehabilitation) only.

15. Activities to Support the Development of Low and Moderate Income Housing, including acquisition, clearance, site assemblage, provision of site and public improvements (water, sewer, access roads, drainage, etc.) and other reconstruction costs.

16. Rehabilitation of Privately Owned Buildings and improvements for residential purposes, and related costs.

****Related housing rehabilitation costs include a wide range of activities, including historic preservation, lead paint abatement, septic system and well repair, energy audits, utility connections, flood insurance, rehab services, code inspections, loan re-financing, etc.****

17. Rehabilitation and Improvements to Publicly Owned Low Income Residential Units, and related costs, for non-urgent activities.

18. Rehabilitation of Manufactured Housing if part of a community's permanent housing stock, and related costs.

19. Rehabilitation of Publicly or Privately Owned Commercial or Industrial Buildings (subject to conditions). Privately owned structures are limited to exterior improvements and code enforcement. Any additional work must be done under economic development.

20. Code Enforcement - Involves the payment of salaries and overhead costs directly related to the enforcement of local codes. Code Enforcement needs to be targeted at a deteriorated or deteriorating area delineated by the community and meet the following requirements:

- (a) At least 51% of the residents of the area are L/M income persons; and
- (b) The code enforcement must be combined with other public improvements, rehabilitation, and services, which together should be expected to arrest decline of the area.

**** Code Enforcement does not include inspections for the purpose of processing applications for rehabilitation assistance. Those costs must be included in the housing rehabilitation costs.****

21. Special Economic Development Activities

a. Acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial structures and other real property equipment and improvements (including public facilities, site improvements, utilities) by public or private nonprofits, for job creation or retention.

b. Provision of assistance to private for-profit business, where the assistance is necessary or appropriate to create or retain jobs, and where there is justifiable public benefit to be derived.

22. Special Assistance to Certain Sub-recipients (Community Based Development organizations, Section 301(d) Small Business Investment Companies or local development corporations) to carry out neighborhood revitalization, community economic development or energy conservation projects (under certain conditions).

23. Planning and Capacity Building CDBG funds may be used for studies, analyses, data gathering, preparation of plans, and identification of actions that will implement plans (see 24 CFR 570.205 of regulations for more detailed description). The amount of CDBG funds used for planning and capacity building activities is subject to a **16% limit** on planning and administration.

24. Payment of Reasonable Administrative Costs and carrying charges related to the planning and execution of community development activities. This may include general management, public information, fair housing activities, indirect costs, preparation of federal grant applications, necessary costs for obtaining financing for housing assistance and other activities. This may also include payment of reasonable administrative costs related to establishing and administering federally approved Enterprise Zones.

25. Direct Homeownership Assistance. CDBG funds can now be used to:

- (a) subsidize interest rates and mortgage principal amounts for low and moderate income

homebuyers;

- (b) finance the acquisition by low and moderate income homebuyers of housing that is occupied by the homebuyers;
- (c) acquire guarantees for mortgage financing obtained by low and moderate homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees);
- (d) provide up to 50% of any down payment required from low or moderate income homebuyers;
- (e) pay reasonable closing costs (normally associated with the purchase of a home) incurred by low or moderate income homebuyers.

26. Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities.

27. Housing Services, such as housing counseling, energy auditing, preparation or work specifications, loan processing, inspections, tenant selection, management of tenant based rental assistance, and other services related to assisting owners, tenants, contractors and other entities, participating or seeking to participate in housing activities authorized in Title I or under Title II of the Cranston-Gonzalez National Affordable Housing Act.

28. Provision of assistance by recipients of CDBG funds to institutions of higher education that have demonstrated capacity to carry out eligible activities.

29. Provision of assistance to public and private organizations agencies and other entities, (nonprofit and for profits) to enable such entities to facilitate economic development by providing credit, technical assistance and support for micro enterprises.

30. Activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low and moderate income neighborhoods.

31. Development of energy use strategies related to development goals.

32. Assistance to facilitate substantial reconstruction of housing owned and occupied by low and moderate income persons (subject to conditions).

33. Fair Housing Activities to facilitate compliance with Fair Housing Plan, implement Analysis of Impediments to Fair Housing or other related Fair Housing activities.

B. SUMMARY OF INELIGIBLE ACTIVITIES

In general, any activity not specifically authorized in the previous section will be considered to be ineligible for assistance under the Small Cities CDBG Program. Ineligible activities will not be considered for funding and will be deleted from your proposal. If an ineligible activity is central to your proposal, the entire proposal may be eliminated up front.

Following is a partial listing of activities that are expressly ineligible and will not be funded:

1. Construction, rehabilitation or other assistance connected with buildings or facilities for general conduct of government such as city or town halls, courthouses, schools, and other State and local offices. The only exception is the removal of architectural barriers from such facilities.
2. General government expenses or regular operating and maintenance costs of the local community.
3. Facilities or equipment used for political purposes or to engage in partisan political activities, unless the facility is available to all parties and organizations on an equal basis.
4. Purchase of equipment, especially construction equipment, except that which will be used as part of a solid waste disposal facility or as an integral part of delivery of a community service. Contact DOH if there are further questions.
5. Purchase of furnishings, personal property, or other equipment that is not an integral structural fixture. Those items which are necessary for administration of CDBG activities will, however, be eligible, as will the purchase of firefighting equipment (for voluntary fire departments only).
6. New housing construction except as carried out by eligible sub-recipients or in conjunction with a Rental Rehabilitation project. Site improvements that support the development of low or moderate income housing, such as clearance, site assemblage, and the provision of public improvements, are eligible expenses. Contact DOH for details.
7. Income payments to individuals for housing or any other purpose, with the exception of relocation expenses.
8. Funds can be used to construct, rehabilitate, maintain, or restore a structure owned by a "pervasively sectarian organization," as long as the structure is not used for religious services or instruction. (The Department of Justice's definition of "pervasively sectarian organizations" includes such groups as the Salvation Army, B'nai B'rith, and the YMCA) Block grant funds can be used to fund public services carried out by such organizations as long as the service complies with certain conditions.

The conditions that apply to the funding of public services sponsored by a religious organization are:

- a. the service must be exclusively nonreligious;
- b. no proselytizing, instruction, or other religious influence can be connected with the public service; and
- c. there can be no religious discrimination in terms of employment or benefits.

The only exception to the prohibition on rehabilitation of structures owned by a sectarian organization is that minor repairs may be made as long as they:

- a. are directly related to carrying out a public service,
- b. occur in a structure used exclusively for nonreligious purposes, and
- c. constitute a minor portion of the CDBG funding.

Terms incorporating the above conditions must be set forth in a written contract between the Small Cities grantee and the subrecipient, using draft wording supplied by HUD. Contact DOH for further information on these conditions.

NATIONAL OBJECTIVES

The primary objective of the Housing and Community Development Act of 1974, as amended, is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for families or persons of low and moderate income.

In order to meet these objectives, the federal government has established three national objectives for the Small Cities program. Every activity must meet one of the three national objectives. The three National Objectives are:

- A. Benefit low and moderate income families;
- B. Aid in the prevention or elimination of slums or blight;
- C. Activities designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community (Urgent Need).

****NOTE**: In addition to meeting a National Objective, applicants must also remember that each individual activity must be an eligible activity as defined in the Eligible Activity section.**

Following is a description of how activities can qualify under each of the national objectives. This is a summation of the regulations and should only be used as a guideline for determining if a national objective can be met for a proposed activity.

A. LOW/MODERATE INCOME BENEFIT

Low- and Moderate-income persons are defined as those persons whose household income is at or below 80% of the median income for the area in which they reside. You must use the CDBG income limits that are designated for your community.

Activities can qualify under the Low/Mod Benefit National Objective in one of three ways. They are:

Area-wide Benefit – Activities that benefit all of the residents of a particular area where at least 51% of the residents are low and moderate income persons. Activities that qualify under area-wide benefit include but are not limited to street, sidewalk, sewer, or waterline construction.

When qualifying activities under the Area-wide criteria, your application will have to fully document the Low/Mod benefit that is claimed. The low and moderate benefit for such activities is usually documented through either census data or an income survey. DOH also has a survey guidance package that is available upon request.

Limited Clientele – Activities that benefit a limited group of persons, at least 51% of who meet low and moderate income criteria. An example would be a public service or project that serves

only a limited group of people, such as a youth center or a senior center. Under this method, applicants must either document the income of the people to be served or limit the activity to households whose family income meets low and moderate income benefit.

In addition to the above method, HUD assumes that certain groups automatically meet Low/Mod Benefit. They are abused children, battered spouses, elderly handicapped, homeless and illiterate persons, and migrant farm workers. Activities that serve such groups will be assumed to meet 51% low/mod benefit unless the applicant has documented that the clientele to be is a straightforward and simple approach to qualifying activities that would serve such groups, applicants need to take into account that activities using the “assumed” benefit will only be credited with 51% low and moderate income benefit. This could be equivalent to sacrificing criteria. In such cases it would be beneficial to survey the group to determine the actual benefit.

Direct Benefit – This method is used to determine the low and moderate income benefit for activities that assist a specific known person or family. This includes residential rehabilitation or job creation activities. In cases where you do not know the assisted party at the time of application, such as with a housing rehabilitation program, grantees will have to document the Low/Mod Benefit that you claim in your application as you carry out your project.

B. PREVENTION AND ELIMINATION OF SLUM AND BLIGHT

Activities funded under 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 needs indicated.

Slum and blight activities are eligible, **provided that:**

- (a) The grantee has delineated a specific geographical area that meets a state or local definition of slum, blight or deterioration and where there are a substantial number of deteriorated or dilapidated buildings.
- (b) The activity is done through a comprehensive neighborhood improvement approach, while discouraging displacement (of both people and business).
- (c) Each structure to be rehabilitated must be substandard and all deficiencies must be brought up to that standard and be eliminated before further work is done.
- (d) Rehabilitation of structures outside a “blighted area” is limited to elimination of specific conditions detrimental to public health and safety.

C. URGENT NEED

In order to meet federal urgent need criteria and qualify for a Discretionary Single Purpose Grant, the proposal must meet all of the following three criteria:

- It must address a serious, unique and immediate community development need related to public health and safety;

- It must not have been able to anticipated (e.g. by reasonably good planning) in the past eighteen months; and
- It must be last-resort funding (i.e. no other reasonable source of funds available).

ADDITIONAL PROGRAM GUIDELINES AND REQUIREMENTS

Though the Department of Housing does not expect applicants to know every federal regulation and guideline, it is important that you be familiar with common compliance areas. Two of the most important compliance areas, National Objectives and Eligibility, have been reviewed in previous sections.

This section will review a number of issues and policies in detail. These compliance issues should be reviewed carefully since they may impact your proposal. An example is the requirement to pay Davis-Bacon labor wages on all non-housing rehabilitation projects over \$2,000. This significantly increases labor construction costs compared to private sector construction. Another consideration is the requirement that rental units remain affordable for at least a five-year period after rehabilitation. This could significantly affect the program design for rental properties.

Administrative Requirements

DETERMINING ALLOWABLE ADMINISTRATIVE COSTS

Subject to HUD approval of the State Action Plan, under the Connecticut Small Cities Program, Administration Costs are limited to \$33,000 for housing rehabilitation programs and \$28,500 for all other activities. Also, Program Costs are limited up to 12% of grant funds for all activities except for Public Service activities. Applicant must provide supporting documentation for the program costs based on the type and complexity of the project. DOH will review these documents and approve the program costs accordingly. Request for payments should be limited to the minimum amounts needed and should be timed to facilitate disbursement within 3 days. Payments can only be made to the contractors for actual work completed. In addition, requests for payment for non-hard costs such as program costs and administration costs should be kept to within a few percentage points of hard costs, cumulatively. If a draw for non-hard costs results in the exceeding of hard costs by a substantial amount, DOH will require justification for such exceedance and may limit payment of the non-hard costs.

In order to comply with this requirement, Administrative Costs must be distinguished from Program Costs. Program Costs are those that are part and parcel of the delivery of individual project activities. For example, for a residential rehabilitation project, the salaries and related expenses of rehabilitation specialists, inspections or specification writing, or the cost of historic surveys and client services, would all be considered Program Costs rather than administrative expenses.

Administrative Costs, on the other hand, are the costs of items that cannot be directly attributed to an activity but are rather associated with overall program management. Under the Connecticut Small Cities Program the following categories will be considered as administrative costs:

1. General Management, Oversight and Coordination Costs are the reasonable costs of overall project management, coordination, monitoring, and evaluation and similar costs associated with management.

Such costs include, but are not limited to, the following necessary expenditure items:

- Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services;
- Salaries, wages, and related costs of the recipient's staff, the staff of local public agencies, or other staff engaged in general management, coordination, monitoring, and evaluation.
- Travel costs incurred for official business in carrying out the overall administration of the program; and
- Other costs for goods and services required for administration of the program including such goods and services as rental and maintenance of office space, insurance, utilities, office supplies, and rental or purchase of office equipment.

2. Indirect Costs - The cost of setting up accounting systems, purchasing procedures and allocation plans.

3. Citizen Participation - The cost of citizen participation (public hearings, newspaper notices, recording fees for public meetings, etc.) and public information programs specific to Small Cities activities.

4. Environmental Studies or Reviews - Reasonable costs associated with the preparation of the Environmental Review required for participation in the Small Cities Program.

5. Displacement Plan - Reasonable costs associated with the preparation of a Displacement Plan required for participation in the Small Cities Program if any displacement is anticipated or likely to occur.

6. Fair Housing Activities - Planning costs and development of a fair housing needs assessment, strategy and Analysis of Impediments through a New Horizons Fair Housing Task Force (see March 22, 1985 HUD Memo and the May 1985 State Clearinghouse CDBG update, both available from DOH on request.)

7. Preparation of Small Cities Program Applications - Costs for preparation of applications is eligible under the administration line item.

The preparation of Small Cities applications by local municipal or CDBG Small Cities staff is an eligible Small Cities administrative expense under the following conditions:

- Costs may include Small Cities proposal preparation, consultants, and prefigured expenses as outlined above.
- Costs may not exceed \$3,000 for the preparation of a Single Purpose application. Any amount in excess of these amounts will be the sole responsibility of the applicant.

- If current staff is utilized, the task may or may not be included in their job description, but the ongoing oversight and timely expenditure of prior grants remains the primary responsibility of the municipality.
- If a staff person, (including CDBG staff, planner, administrative assistant, etc.) is on the town's General Fund payroll, the cost of their time is not reimbursable. The only exception to this, according to OMB Financial circular A-87, is the cost of budget or fiscal preparation.
- Unless a town has a prior existing grant, the cost of preparing an application is not reimbursable unless or until the new application is approved by DOH. If consultants or staffs on a contracted or reimbursable basis are used, current grant administrative budgets should be reviewed carefully, as the cost of the current or prior grant's preparation may already have been charged off and the current budget may therefore be seriously affected.

Only activities that are specific to Small Cities administration may be charged off to this line. Costs that are applicable to management of other grants will not be allowable unless otherwise approved in writing by the DOH.

Those municipalities choosing to hire a private consultant to assist them in the preparation of their applications are encouraged to choose carefully. Be sure to ask any consultant seeking a contract for a list of references, including other communities for which the consultant may have done similar work in the past. Check with DOH to determine whether they have been in contact with staff for information on the Small Cities Program and application process. All federal procurement requirements must be met with consideration given to the State and National goals of equal employment opportunity, stimulation of small and minority-owned businesses, and fair labor practices. Failure to demonstrate compliance with the above may result in the entire cost of the consultant's contract being declared an ineligible expense.

The Town must develop written procurement policies and procedures, and should carefully document all steps in the procurement process including advertising, bid package and RFP's ("requests for proposals"), the basis for determining costs, copies of all bids received and contracts awarded, and the rationale, basis, or justification for selection. Contracts for professional services may be awarded on the basis of a firm's experience and expertise, after at least two firms have been contacted.

**** Contracts awarded on the basis of cost-plus-a-percentage-of-costs are specifically prohibited under federal financial regulations including those based on a straight percentage of an approved Small Cities grant.****

If a community wishes to have the same consultant administer portions of a funded grant, the scope of work must specifically be included in the original Request for Proposal (RFP) distributed to all prospective firms.

There is possibility for conflicts of interest if a person or business entity manages or administers a CDBG program for a grantee while providing a service or product under that particular grant.

All grantees will be required to inform this Department entering into any contractual obligations where a person or business entity manages or administers a CDBG program while at the same time providing a service or product under that particular grant. This Department will make a case-by-case determination whether there are adequate controls to ensure that a conflict would be avoided.

The competitive negotiation method is generally the best method for procuring professional services because factors in addition to price may be considered in selecting the contractor.

General Program Information:

A. New Housing Construction

New housing construction is generally prohibited under the Small Cities program.

However, communities can use Small Cities funds for the purchase of land for the future construction of such buildings and for various site improvements that would serve the new housing, including bringing utilities and roads to the site.

A general exception to this prohibition of new housing construction is if such activities are carried out by an eligible subrecipient (see Eligible Applicants section). Applicants considering using subrecipients should contact DOH for additional information.

When Small Cities funds are used for this type of activity, all HUD requirements will be applicable unless other requirements are more stringent. Acquisition or rehabilitation of property for housing may be considered to benefit low and moderate income persons only to the extent that the units will, upon completion, be rented to low and moderate income persons or households at levels that are affordable for such persons or families.

B. Required FMR Rental Levels

As a method of assuring affordability, the Connecticut Small Cities program requires that all rental units rehabilitated with Small Cities funds are at or below the Fair Market Rent Levels.

Note that the Fair Market Rent figures include utilities. If tenants are paying their own utilities, the Utility Allowance must be used to adjust the maximum rent level downward.

C. Rental Affordability

Rental housing rehabilitated with Small Cities funds must remain affordable as described in the above section for a **minimum of five years after rehabilitation for expenditures below \$5,000 per unit, ten years for expenditures up to \$25,000, and fifteen years for those expenditures over \$25,000 per unit.**

D. Substantial Rehabilitation

Under recent revisions to federal regulations, Small Cities funds can be used to substantially rehabilitate residential units. Such substantial reconstruction can now be funded as long as (a) the need for such was not determined until rehabilitation had begun or (b) where the reconstruction is part of a neighborhood rehabilitation effort. If it is part of a rehabilitation effort, grantees must document that the housing is not suitable for rehabilitation as well as

demonstrate that the cost of the rehabilitation will be less than the cost of new construction and less than the fair market value of the property after rehabilitation.

E. Residential Rehabilitation Structure Eligibility

If Small Cities funds are used to rehabilitate residential units, grantees must document the eligibility of each structure rehabilitated. To be eligible for rehabilitation under the Small Cities program, at least 51% of the total units within the structure must be occupied by low/mod income persons. This rule applies even if some of the units are not rehabilitated with Small Cities funds. The only exception is for duplexes, in which case only one unit (or 50%) must be occupied by a low and moderate income person.

Though a structure needs to be only 51% low/mod to be eligible for rehabilitation, grantees must always comply with the low/mod income benefit claimed in your application. **If your application claims 100% benefit to low and moderate income persons, all units rehabilitated must meet the requirement.**

F. Acquisition

Both the eligibility and the low and moderate income benefit of any acquisition activity is based on the future proposed use of the property. Low/mod benefit cannot be claimed merely because the parcel is located in a low and moderate income area. The proposed use will be reviewed to determine both eligibility and the national objective.

When developing projected costs and budgets, applicants should keep in mind that Small Cities funded acquisitions must comply with federal acquisition requirements. This includes the completion of an appraisal and a review appraisal. An additional federal requirement is that the purchase price not be lower than the lowest appraisal. This is opposite of state acquisition policies, which require acquisition costs to be negotiated downward if possible. Complying with the federal requirements could increase the final acquisition cost.

G. Public Facilities

There is a wide range of activities that can be carried out under the Public Facilities category. However, applicants should keep in mind two key restrictions to public facilities. First, you must document that public facilities clearly serve the residents of the area in which low/mod benefit is being claimed. For example, a street reconstruction must serve the residents of the area but cannot be an arterial road that merely runs through a low and moderate area but actually serves a larger area. The second restriction is that funding cannot be used towards operating costs or routine repair or maintenance. Those are considered general government expenses and are not eligible under the Small Cities program.

H. Hookups, Assessments, and Utility Fees

Following is a list of special HUD guidelines that relate to assessments, hookups, and user or activity fees in relation to public facilities projects funded with Small Cities funds.

Special Assessments - When Small Cities funds are used to pay all or part of a public improvement project, the Small Cities funds used towards the project cannot be recaptured

through the use of a special assessment. In addition, the non-Small Cities portion of the public improvement can only be recaptured if certain criteria are met. Under this criteria grantees must use Small Cities funds to pay the assessments for all properties owned and occupied by low or moderate income persons.

For public improvements not initially assisted with Small Cities funds, the payment of special assessments with Small Cities funds constitutes Small Cities assistance for the original public improvement. Therefore, paying special assessments under this circumstance is only allowed if the original public improvement was carried out in compliance with all applicable Small Cities requirements, including labor, procurement and environmental requirements.

User Fees - Reasonable fees may be charged for the use of the facilities assisted with Small Cities funds. However, excessive fees that may limit the participation of low and moderate income persons are not permitted.

Hook-Ups - The hook-up of residential structures to water distribution or local sewer collection lines is an eligible Small Cities rehabilitation expense.

I. Public Services

Public and social services are eligible for Small Cities funding as long as certain requirements are met. Those circumstances are that the public service must serve low and moderate income persons, and the proposed services must offer a quantifiable increase in existing public services. Simply funding an existing public or social service is not eligible.

J. Code Enforcement

As described in the Eligible Activities section, code enforcement is an eligible Small Cities expense. Code enforcement involves the payment of salaries and overhead costs directly related to carrying out a local code enforcement program. Code enforcement activities must be:

- (a) targeted at a deteriorated or deteriorating area;
- (b) take place in an area where at least 51% of the residents are low or moderate income; and
- (c) the code enforcement must be combined with other public improvements, rehabilitation, and public services, which together should be expected to arrest the decline of the area.
- (d) code of enforcement cannot be used to fund inspections or any other activities that serve the purpose of processing applications for rehabilitation assistance.

K. Housing for the Homeless

CDBG funds may be used to provide the necessary financing for acquisition and/or rehabilitation of shelters for homeless persons. The project may also involve the provision of equipment and staff. Grantees may elect to either undertake these activities directly or to provide the funds to a non-profit organization for this purpose.

L. Fair Housing Activities

Fair housing activities can be funded under both the public services and administrative cost

categories, provided they are done under the same spending ceilings for the program in general.

M. Federal Wage Rates

Federal funds used in whole or in part on construction projects over \$2,000 or the rehabilitation of residential structures with 8 or more units are subject to the federal Labor Standards provisions. Davis-Bacon minimum wage requirements are one of these provisions and must be paid on all applicable construction projects. Remember to take into consideration these requirements when projecting costs of activities.

N. Small Business and Minority/Woman Business and Labor Surplus Area Enterprises

In accordance with 2 CFR Part 200, each Grantee is required to take affirmative steps to assure that Small and Minority/Women Businesses Enterprises and Labor Surplus Area Enterprises are utilized whenever possible as sources of supplies, equipment, construction, and services.

Minority Business Enterprise

"Minority Business Enterprise" means a business enterprise that is 51% or more owned, controlled and actively operated by one or more persons who are classified as a part of a socially and economically disadvantaged group. Such socially disadvantaged persons include, but are not limited to, Blacks, American Indians or Alaskan Natives, Hispanic, Asian or Pacific Islanders, and Portuguese.

Woman Business Enterprise

"Woman-Owned Business" means a business that is 51% or more owned, controlled and actively operated by one or more persons who are classified as a part of a socially and economically disadvantaged group. Such socially disadvantaged persons include, but are not limited to, Blacks, American Indians or Alaskan Natives, Hispanic, Asian or Pacific Islanders, and Portuguese.

Small Business Enterprises

Qualifications overlap partially, but not completely, with those in state law. A "socially and economically disadvantaged small business concern is any small business:

- 1) Which is at least 51% owned by one or more socially and economically disadvantaged individuals; or in the case of publicly-owned business, at least 51% of the stock of which is owned by one or more socially and economically disadvantaged individuals;
- 2) Whose management and daily business operations are controlled by one or more of such individuals; and
- 3) Gross earning must not exceed 3 million dollars for the previous calendar year.

O. Relocation Expenses

If any displacement stems from a Small Cities funded activity, the displaced persons must be given relocation assistance. Though relocation payments are an eligible Small Cities expense, the costs associated with relocation payments may be so high as to make the project economically infeasible. In addition, the federal government now requires that any low/moderate residential dwelling unit taken off the market must be replaced on a one for one basis with a new

low/mod housing unit.

In order to avoid the problems related to displacement and relocation, proposals should be designed to minimize relocation and to avoid it entirely if practical. Demolition of housing units should be avoided whenever possible. Where such actions cannot appear to be avoided, applicants must take relocation costs into consideration when projecting costs.

P. Environmental Considerations

All Small Cities grantees will have to complete an Environmental Review Record prior to incurring costs. The Environmental Review Record should begin as soon as possible. Applicants should take environmental conditions into consideration when developing proposals. This will help to avoid lengthy studies, reviews, and delays as you begin to implement your grant. It is strongly suggested that activities within floodplains and inland wetlands be avoided entirely and that any obvious potential historic preservation problems be taken into consideration.

Q. Combining CDBG Funds with Other Programs

When Small Cities CDBG funds are combined with other sources of funding on a project, all CDBG requirements apply to the entire project no matter how much or how little money is involved. The only exception is that other requirements will apply if they are more stringent.

In all cases, separate records for the CDBG and non-CDBG portions of all activities must be maintained. If projects are co-funded by other state agencies, DOH may review the joint budgets for appropriateness of expenses and/or for potential duplication of costs.

R. Program Income Guidelines

Certain Small Cities activities, such as housing rehabilitation or business loan programs, will produce program income as the loans are repaid. Program income can be a vital source of funds for a locality if either competition increases or federal funds are reduced. For this reason, DOH encourages that such programs be designed in a manner that produces the greatest amount of program income for the grantee. Please refer to the updated Program Income requirements for the Program Income Plan.

HANDBOOK EXHIBITS

Citizen Participation requirement for hearing

Citizen Participation Plan

Affidavit of Publication

Certified Resolution

Local Assurances

Cooperation Agreement **

Title VI Compliance

Fair Housing Plan Guidelines

Application Certification

Request for Release of Funds

Program Income Plan, as applicable

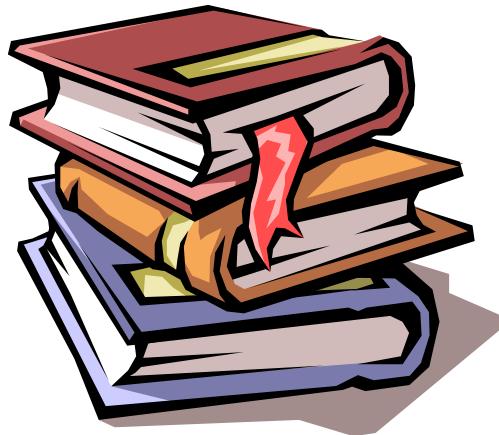
Certification of Compliance with the Requirements of 24 CFR 570.606

Residential Anti-Displacement and Relocation Assistance Plan (24 CFR 42.325)

Rehabilitation Guidelines, as applicable

Armstrong/Walker “Excessive Force” Certification

**The Joint Cooperation Agreement is only required if it is a multi-jurisdictional application.



CITIZEN PARTICIPATION REQUIREMENTS

During the life of a Small Cities grant, the Community will be required to hold a minimum of two public hearings, each at a different stage of the program, for the purpose of obtaining citizens' views and responding to proposals and questions. Together, the hearings must cover community development and housing needs, development of proposed activities, and a review of program performance. The first public hearing to cover community development and housing needs must be held before submission of an application to the State. A legal Notice of the Public Hearing must be published at least twice in a daily newspaper of general circulation in the municipality. The first notice must not be less **than two weeks** prior to the date of the Public Hearing. The advertisement must include a statement advising individuals with disabilities to contact the town's ADA coordinator to request special accommodation, if needed. Include the name of the ADA Coordinator, address, and telephone number in the advertisement.

The applicant must also take appropriate affirmative actions to make the scheduling of the public hearing known to citizens, including low- and moderate-income residents who may have needs or be affected by the proposed program but who might not be expected to be aware of the hearing through newspaper notices. Evidence of these affirmative efforts must be a part of the applicant's proposal.

In addition to the required Public Hearing, the new Community Development Act of 1987 requires each applicant to include citizens and citizen groups in the development phase of their proposal and to include low/moderate income people in decisions regarding the most appropriate solutions to their specific needs.

Attach evidence that you have met all required citizen participation requirements concerning this grant application. The narrative of compliance should indicate what the community actually did.

Towns should pay particular attention to the Public Hearing Component of the Grant Process. No application will be reviewed if the Town has not complied with the procedures established and outlined below for public hearing notices and meetings. Minimum citizen participation requirements are outlined below:

1. Notice of the public hearing must be published at least twice (on different days) in a **daily newspaper of general circulation** in the municipality. A list of newspapers of general circulation is available in the CDBG Grants Management Manual as Attachment 1-2 at the following link: <https://www.ct.gov/doh/cwp/view.asp?a=4513&Q=597044&PM=1>. **Weekly papers can be used as an additional notice (not a primary notice).**
2. The first notice must be published **no less than two weeks prior to the date of the public hearing** (14 days starts the day after the publication date up to public hearing date; e.g., if published on January 15, the hearing can be on the 30th or later), and the second notice must be published **no less than 3 days prior** to the date of the public hearing.
3. Hold at least one public hearing to obtain comments on any locally proposed activity **and**

any community development needs. Hearings must be scheduled during a time when citizens are generally available to attend. **Morning, early afternoon, or weekend sessions are unacceptable.** The Town must provide adequate information about the CDBG program (process, qualifications, requirements, etc.) and the purpose of the public hearing at this hearing.

4. Copies of the Notices must be included as part of the application submitted to DOH, along with an Affidavit of Publication from either the newspaper or the municipality's clerk.

In addition to the required notices, applicants must also make every effort to inform those who might not be reached through the newspaper notice that the public hearing is to be held. Such efforts might include the distribution of leaflets, notices to local organizations, clubs, and churches, and/or personal contact. These efforts should be especially in the neighborhoods affected by the proposed project.

A. CITIZEN PARTICIPATION PLAN

In addition to these requirements, Section 508 of the new Housing and Community Development Act of 1987 says that a grant under the CDBG program may be made only if the grantee certifies that it is following a written, detailed citizen participation plan which:

1. solicits input on local community development needs and proposed activities;
2. promotes public comment on the Proposed Application and Community Development activities;
3. provides special technical assistance to groups representative of LMH persons;
4. identifies the needs of non-English speaking residents;
5. provides for a timely appropriate and effective written answer to complaints and grievances;
6. provides citizens with reasonable and timely access to information, including the amount of funds available, and the eligible activities.

A written citizen participation plan that contains all of these components is required in your application. A sample Citizen Participation Plan is included in the CDBG Grant Management Manual as Attachment 1-1 and can be accessed at the following link:

<https://www.ct.gov/doh/cwp/view.asp?a=4513&Q=597044&PM=1>. Also note that the required certifications are included in the "Local Assurances." The "Local Assurances" must also be submitted with your application.

B. PUBLIC HEARING INFORMATION

- 1) Hold at least one public hearing to obtain comments on any locally proposed activity **and** any community development needs. Hearings must be scheduled during a time when citizens are generally available to attend. **Morning, early afternoon, or weekend sessions are unacceptable.**
- 2) Towns planning on earning Program Income must include a discussion on the use and approval of the Program Income Reuse Plan as part of the Public Hearing. The Town must provide adequate information about this PI Reuse Plan at this hearing.
- 3) Copies of the **Original Notices** must be included as part of the application submitted to DOH, along with an **Original Affidavit of Publication** from either the newspaper or the municipality's clerk. Enclosed is a sample affidavit of publication.
- 4) Notice of Public Hearing must include a contact person/ADA coordinator's name and telephone number. Citizens should be advised to contact that individual, so the Town can provide accommodations for any handicapped persons and provide assistance if a significant number of non-English speaking persons are expected.
- 5) The following information should be made available at the public hearing:
 - a. Goals and objectives of the CDBG program
 - b. Total amount of CDBG funds available
 - c. Community development and housing needs of the applicant
 - d. Proposed activities for the project and the amount to be requested; approximate number of homes to be rehabbed, qualification requirements, how the program is managed, role of grantee and consultant, if any; if a housing modernization project number of units affected, type of improvements proposed, timeframe to complete the project
 - e. Proposed amount of funds to be used to benefit low- and moderate-income people
 - f. Amount and source of local funds to be expended on the project
 - g. Notification of any displacement resulting from the proposed activities or
Notification of Displacement

SAMPLE

AFFIDAVIT OF PUBLICATION

I, _____, Clerk of the
(Name of Undersigned)

_____,
(Town or City)

DO HEREBY CERTIFY: The attached to be a true copy of a Notice of Public Hearing to be given on _____, as it appeared in a newspaper(s) of general circulation; and that the advertisement was inserted in the regular editions on dates as follows:

ATTEST:

(Clerk)

(SEAL)

C. REQUIRED PUBLIC NOTICE

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Town/City of _____ will conduct a public hearing by the Town/City Council on (day) _____, (date) _____ at (time) _____ at (address) _____ to discuss the Fiscal Year 20__ Community Development Block Grant program and to solicit citizen input.

Maximum award limits:

- Up to \$1,500,000 for Public Housing Modernization (including predevelopment and construction);
- Up to \$800,000 for a Housing Rehabilitation Program;
- Up to \$1,000,000 for Infrastructure (e.g., streets and sidewalks);
- Up to \$350,000 for Public Services (Youth Homelessness and Shelter Diversion programs in participation with CAN); and
- Up to \$1,000,000 for Public Facilities (e.g., construction, reconstruction, rehabilitation or installation of public facilities and improvements and fire protection equipment).

Major activity categories are: Acquisition, Housing Rehabilitation, Public Housing Modernization, Community Facilities, Public Services, and Economic Development. Projects funded with CDBG allocations must carry out at least one of three National Objectives: benefit to low- and moderate-income persons, elimination of slums and blight, or meeting urgent community development needs.

The purpose of the public hearing is to obtain citizen's views on the Town's community development and housing needs and review and discuss specific project activities in the areas of housing, economic development or community facilities which could be part of the Town's Application for funding for the year 20__.

[If the Town has current ongoing Small Cities grants, include the following sentence: "In addition, the Town's current 20__ Small Cities grant(s) under the _____ (eligible activity) will be discussed to obtain citizen input on it/them."]

Also, the public hearing will be to give citizens an opportunity to make their comments known on the program and for approval of the Program Income Reuse Plan. If you are unable to attend the public hearing, you may direct written comments to the Town/City of _____, Community Development/Housing Department, _____ Street, _____, CT 06____ or you may telephone _____. In addition, information may be obtained at the above address between the hours of ____ a.m. and ____ p.m. on weekdays.

The Community Development/Housing Department on behalf of the Town/City of _____ anticipates applying for the maximum grant amount of \$_____ under the _____ (eligible activity). In addition, the Town/City will create a revolving loan fund with program income

(principal and interest) generated from the grant for a housing rehabilitation loan program.

The Town/City of _____ promotes fair housing and makes all programs available to low- and moderate-income households regardless of race, creed, color, national origin, ancestry, sex, gender identity or expression, marital status, age, lawful source of income, familial status, learning disability or physical/mental disability, or sexual orientation.

"All are encouraged to attend. The hearing is accessible to the handicapped. Any disabled persons requiring special assistance or non-English speaking persons should contact _____, ADA Coordinator at _____ at least five days prior to the hearing"

Equal Opportunity/Affirmative Action

PROGRAM INCOME REUSE PLAN

Program Income (PI) is defined as gross income received by a recipient (or subrecipient) that has been directly generated from the use of CDBG funds, and includes the following:

- Payments of principal and interest (including late fees) on loans made using CDBG funds. For any loan that was partially funded with CDBG funds, PI is only the prorated portion of the income that reflects the actual percentage of CDBG participation. For example, if a loan was made with 50 percent local funds and 50 percent CDBG funds and a \$100 payment is received, \$50 would be PI.
- All interest earned on PI.
- Net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds.
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient of a unit of general local government with CDBG funds; less the costs incidental to the generation of the income;
- Gross income from the use or rental of real property owned by the unit of general local government or a subrecipient of a unit of general local government, that was constructed or improved with CDBG funds; less the costs incidental to the generation of the income;
- Program Revenue generated from Revolving Loan Funds are considered PI, regardless of the amount. PI received and retained by the grantee is treated as additional CDBG funds and is subject to all applicable requirements of the CDBG program.
- PI is subject to a 8% limit on administration costs and a 12% limit on program costs per the amount of PI allocated toward a specific activity.

What is Not Considered Program Income?

- If total Program Revenue (PR) from all CDBG activities is less than \$35,000 for an entire PY, this is considered "Miscellaneous Revenue" ("MR"). MR may be spent on any local activity, not just CDBG-eligible activities. The jurisdiction must still complete and submit the Quarterly Reports and Annual Program Income Reports, if the jurisdiction could potentially receive any Program Income (PI). However, it should be noted that under Connecticut's SC CDBG program, any program revenue received from Revolving Loan Funds is considered PI and is not subjected to the \$35,000 limitation. Therefore, the grantee will not be generating any MR. If there is a conflict in any other document/manuals prepared by DOH, the language in this document prevails over other DOH documents/manuals.
- PI does not include interest earned on open grant advances from the Department. Any interest earned on grant advances must be forwarded to the Department.
- Unspent CDBG funds (for example, if a grantee made a \$40,000 loan to rehabilitate a dwelling but the final cost to rehabilitate the dwelling was \$35,000, the \$5,000 difference would reduce the \$40,000 loan to \$35,000 and the \$5,000 would be returned to the grantee loan pool as unspent funds, not program income.)
- Amounts generated by activities eligible under section 105(a)(15) of the Act carried out by a

nonprofit entity under the authority of section (1)(15) of the Act, with the prior approval of the Department of Housing (DOH) or its successor department.

WHAT SHOULD BE DONE WITH PROGRAM INCOME AT THE END OF THE PROGRAM YEAR (JUNE 30)?

Program Income (PI) retained by the jurisdiction must be substantially expended by the end of the Program Year (PY). A jurisdiction cannot accumulate excessive amounts of PI; accordingly, this department will consider a **PI balance of \$25,000 or less at the end of the PY to be substantially expended.**

Program Income Reuse Plan

DOH allows the grantees to retain Program Income (PI) locally (instead of sending it to the State), therefore you must prepare and submit with your application for a CDBG grant a PI Reuse Plan for local and Department approval. The PI Reuse Plan may be amended at anytime. A sample PI Reuse Plan is included in this Handbook.

A PI Reuse Plan governs the jurisdiction's ongoing use of PI. The PI Reuse Plan identifies all proposed uses of the PI and commits the jurisdiction to comply with all CDBG program requirements. The PI Reuse Plan substitutes for an ongoing contract with the Department. The Department closes out its grants to local governments upon satisfactory completion of the terms and conditions of the grant agreement. However, Federal statute requires the Department to track PI beyond the closeout of the grant that generated the PI. To that end, the PI Reuse Plan satisfies the Federal requirement that local governments obtain advance State approval of a local plan governing PI.

The proposed reuses of the PI are disclosed in the PI Reuse Plan and a public hearing is held to allow for meaningful local citizen comments about the plan, prior to its adoption by the local governing body. For each identified Revolving Loan Account (RLA), the PI Reuse Plan must specify all revolving and non-revolving uses of funds, e.g., general administration, or any activity delivery costs. Only such costs that are associated with the specific activity of the RLA may be charged to the RLA.

Program Income is income earned by the grantee from the use of CDBG funds. Program income can be:

1. Payments of principal and interest on loans made with CDBG funds;
2. Proceeds from the leases or sale of real property acquired with CDBG funds;
3. Interest earned on CDBG funds held in a revolving loan account; and
4. Interest earned on Program Income pending disposition of such Income.

Program Income must be used for the same activity from which it was derived. All CDBG regulations apply to its use and are guided by 24 CFR 570 and by the Assistance Agreement with the State. DOH is requiring all towns to assure the Department of Housing that their Program Income

will be consistent with these requirements.

To ensure compliance with these requirements, a Program Income Plan must be submitted with each application. At a minimum, your Program Income Plan must:

- Identify which of your proposed activities could potentially produce program income.
- Total program income expected to be earned from each activity.
- The schedule for generation of program income.
- Proposed use of program income, including a description of how the use will comply with national objectives and eligibility criteria.

The Program Income Plan will be reviewed for compliance with these guidelines.

SAMPLE PROGRAM INCOME PLAN

City/Town of _____

Date of this Plan _____

A Reuse Plan Governing Program Income from CDBG-Assisted Activities

The purpose of this plan is to establish guidelines on the policies and procedures for the administration and utilization of program income (PI) received as a result of activities funded under the State Community Development Block Grant Program.

Need for Plan Governing Reuse of Program Income

This Plan is intended to satisfy the requirements specified in Federal statute and regulation at Section 104 (j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489 (e) (3). These statutory and regulatory sections permit a unit of local government to retain program income for CDBG-eligible community development activities. Under federal guidelines adopted by the State of Connecticut's CDBG program, local governments are permitted to retain program income so long as the local government has received advance approval from the state of a local plan that will govern the expenditure of the program income. This plan has been developed to meet that requirement.

Program Income Defined

Program Income is defined in federal regulation at 24 CFR 570.489 (e) which specify that program income is the gross income received by the jurisdiction that has been directly generated from the use of CDBG funds. (For those program income-generating activities that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation). Examples of program income include: payments of principal and interest on housing rehabilitation or business loans made using CDBG funds; interest earned on program income pending its disposition, and interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating jurisdiction or sub recipient.

If the total amount of income (from all sources) generated from the use of CDBG funds (and retained by the City/Town) during a single program year (July 1 through June 30) is less than \$35,000, then these funds shall not be deemed to be program income and shall not be subject to these policies and procedures. However, any program revenue, regardless of the amount, generated from a Revolving Loan Fund is considered PI and is not subject to the \$35,000 limitation. In addition, Quarterly Reports must be submitted regardless of whether the \$35,000 threshold is reached or not. Costs incurred that are incidental to the generation of Program Income may be deducted from the gross program revenue to determine the net Program Income amount.

General Administration (GA) Cost Limitation

Program income is subject to an 8% limit on administration costs and a 12% limit on program costs per the amount of PI allocated toward a specific activity.

Reuses of Program Income

Program income must be: a) disbursed for an activity funded under an existing open grant prior to drawing down additional Federal funds (i.e. disbursed to an amount that is \$25,000 or less); b) forwarded to the State of Connecticut Department of Housing (the Department); c) with DOH's permission, apply to a future grant or (d) distributed according to this Program Income Plan that has been approved by the Department. The City's/Town's program income will be used to fund *eligible* CDBG activities that meet a *national objective*. Eligible activities and national objective requirements are specified in federal statute at Section 105(a) and in federal regulations at 24 CFR 570.482 and 24 CFR 570.483. ***The PI Reuse Plan shall specify all proposed uses of these funds and the plan shall be adopted by the local governing body after compliance with the locality's citizen participation process as specified in Federal Regulations at 24 CFR 570.486, Local Government Requirements.***

The City/Town reserves the option of utilizing program income to fund/augment a CDBG funded activity (that is different from the activity that generated the PI) included in a grant agreement. The City/Town must first follow the citizen participation process, provide for public disclosure (public notice), obtain a governing body resolution, and obtain approval from the State CDBG Program.

Planning Activities

The City/Town reserves the option of utilizing program income, within the 16 percent general administration annual cap, to fund planning for CDBG-eligible activities. Such planning activities may include environmental reviews or other studies necessary for CDBG-eligible projects or programs or application preparation for CDBG or other grants/loans to supplement funding for CDBG-eligible activities. The costs of such planning activities may be charged to an RLA if the planning is for the same activity as the RLA. Otherwise, PI may only be expended on planning activities in conjunction with an existing open CDBG Planning grant.

Distribution for Reuse of Program Income

The City's/Town's program income that has not been committed to an existing open grant will be distributed, as follows:

Two revolving loan accounts (RLAs) or PI accounts are established to utilize the program income.

The allocations to the RLAs are as follows:

- a) Fifty percent (50 percent) of all program income will be deposited into the Housing Rehabilitation Revolving Loan Account.
- b) Fifty percent (50 percent) of all program income will be deposited into the Business Expansion and Retention Revolving Loan Account.

(Note to persons drafting the PI Reuse Plan: Alternatively, the jurisdiction could choose different percentages, or to replace the above percentages with a scheme to place all housing rehabilitation loan repayments into the Housing Rehabilitation RLA, and all business loan repayments into the business Expansion and Retention RLA.)

Funds shall not be transferred between RLAs or to an open grant activity without conducting a properly noticed CDBG Citizen Participation public hearing. If it becomes necessary to transfer funds between RLAs, we will consider revising the above distribution formula.

Reporting and Federal Overlay Compliance

The City/Town shall comply with all State CDBG reporting requirements, including submission of a quarterly report on all PI. The City/Town shall ensure that the use of program income under this PI Reuse Plan complies with all CDBG program requirements, including citizen participation, environmental review, equal opportunity, Section 3 employment, lead-based paint, labor standards, procurement, property management, and maintenance of adequate accounting and recordkeeping systems. To ensure ongoing compliance with CDBG requirements, the City/Town shall utilize the latest available State CDBG Program Grant Management Manual for guidance on compliance procedures and policies. The City/Town shall obtain the Department's written approval before proceeding with any PI-funded activity.

Maximum Funds in Revolving Loan Accounts

Program Income received by the RLAs during the program year (July 1 through June 30) shall be substantially expended by the end of the program year (June 30). At any given time, the funding balance for either of the RLAs should not exceed \$25,000.

Revising This Plan

The City/Town has the authority to amend this document with a properly noticed Council/Board meeting and approval by the State Department of Housing (DOH).

Revolving Loan Accounts

The purposes and allowed uses of funds under these RLAs are, as follows:

Housing Rehabilitation Revolving Loan Account

This fund will be principally used for the purpose of making loans to rehabilitate residential units occupied by households that have an annual income of 80 percent or less of the area's median income. At least 51 percent of the funds expended for the activity funded under this RLA during the program year shall be used on revolving activities (i.e., loans).

No more than _____ percent of the program income funds actually expended during the program year under this RLA shall be expended for housing rehabilitation grants. No more than 8 percent of the total PI expended during a PY may be used for CDBG general administration (GA) expenses and no more than 12 percent may be used for program costs. In any event, the total expended for non-revolving activities (grants, program costs, and general administration) shall not exceed 49 percent of the total funds actually expended during the program year (July 1 thru June 30).

The review and funding of requests for CDBG loan or grant assistance under this RLA shall be conducted under the Housing Rehabilitation Program Guidelines that have been adopted by the City/Town. All assistance provided to activities under this RLA shall be made for activities that are located within the City's/Town's jurisdiction.

If the activities funded under the RLA are for the same activities as those funded under an open State CDBG grant agreement, then the funds available in this RLA shall be expended prior to drawing down funds from the State CDBG program.

Business Expansion and Retention RLA

This fund will be used to provide "gap" financing for businesses that can document the need for CDBG assistance and that will create or retain qualifying permanent jobs that will be principally filled by members of households which have an annual income that is 80 percent or less than the area's median household income, adjusted for size. At least 51 percent of the funds actually expended for the activity funded under this RLA during the program year shall be used on revolving activities (i.e., loans). No more than _____ percent of the program income funds expended during the program year under this RLA shall be for grants for public infrastructure improvements that are needed to accommodate a specific business expansion or retention project. No more than 8 percent of the total PI expended during a PY may be used for CDBG general administration (GA) expenses and no more than 12 percent may be used for program costs. In any event, the total expended for non-revolving activities (grants, activity delivery costs, and general administration) shall not exceed 49 percent of the total funds expended during the program year (July 1 thru June 30).

If the activities funded under the RLA are for the same activities as those funded under an open State CDBG grant agreement, then the funds available in this RLA shall be actually expended prior to drawing down funds from the State CDBG program.

The review and funding of requests for CDBG loan or grant assistance under this RLA shall be conducted under the federal underwriting guidelines specified at 24 CFR 570.482 (e) that have been incorporated into the City's/Town's adopted Business Revolving Loan Fund Program Guidelines (Attachment _____) and include the project review procedures. These guidelines will ensure that the amount and terms of the CDBG assistance are appropriate given the documented needs of the business and given the amount of public benefit (job creation/retention) that will result from the CDBG-assisted project. In addition, any activity requesting funding under this RLA shall be deemed to be eligible under Section 570.482 and Section 105 (a) of the Act and shall be determined to provide sufficient public benefit as specified under Section 570.482 (f). Any CDBG assistance for infrastructure shall meet the requirements of Section 570.483 (b) (4) (F) which requires ongoing job tracking for all businesses that initially benefit from an infrastructure project as well as any subsequent business(s) benefiting from these improvements. All assistance provided to activities under this RLA shall be made for activities that are located within the City's/Town's jurisdiction.

Signature of Authorized Official

Date

Name and Title of Authorized Official

REHABILITATION GUIDELINES

Rehabilitation is an eligible activity under several types of projects (residential rehabilitation, neighborhood or commercial revitalization, elimination of slums and blight and economic development). The most important considerations have to do with:

- 1) special requirements under residential rehabilitation,
- 2) the issue of how benefit to low and moderate income people is measured under each type of activity, and
- 3) how an appropriate program and set of rehabilitation guidelines may be designed for a given target area.



A. Written Rehab Program Guidelines

You must submit a copy of your proposed rehab program guidelines to the Department for review. The guidelines should be a comprehensive and clearly written statement of your grant and loan underwriting policies and procedures for owner-occupied and renter-occupied dwellings, including a discussion of the following topics:

- Application Process
- Determining applicant and resident eligibility
- Income eligibility standards
- Rehabilitation standard(s) to be used (minimum Section 8 HQS)
- Maximum grant amounts for deferred repayments
 1. DOH recommends \$25,000 per unit
 2. Additional \$5,000 for lead abatement
- Maximum loan amounts available to owner-occupants and owner-investors
 3. DOH recommends 50% total cost up to \$20,000 per unit
 4. Additional \$10,000 for lead abatement
- Determine Long term affordability
 5. under \$5,000 – minimum 5 years affordability
 6. \$5,000 to 25,000 – 10 years affordability
 7. \$25,000 and above – 15 years affordability
- Establish loan terms, loan-to-value ratios (DOH recommends 90% debt-to-income ratios), verify applicants' income, and repayment plans (any deviation

from this recommendation must be reported to DOH with reasons for such deviation)

- Remedy loan defaults and delinquencies up to and including foreclosure
- Process for sale or transfer of property or change of use of the property
- Subordination agreement procedures
- Grantee's role in contracting (putting projects out to bid for homeowner)
- Resolution of grievances between homeowners and contractors, both during and after completion of construction (language for arbitration)
- Owner-builder (self-help) rehabilitation with guidelines that allow for reimbursement of materials only and establish written contract procedures for owner/contractors
- Lead-based paint notification, inspection, mitigation, and clearing procedures for pre-1978 housing
- Owner-occupant/tenant temporary relocation assistance
- Affordable rent provisions for owner-investor properties
- Listing of ineligible property improvements
- General property improvements should be limited to 15% of the rehabilitation loan amount.

B. Project Documentation

You need to document the condition of the property and the work you propose to do before you rehabilitate it. You also should have a good boilerplate contract for homeowners to use in contracting for the work. You must document compliance with lead-based paint requirements. Project files should contain an initial inspection report and an initial cost estimate of the work to be completed. Files should contain contract documents, payment records, ongoing work inspections, final payment, release of liens and mortgage deed and note (security for use restrictions). It is recommended to have a three-party final inspection agreement between the municipality/building inspector/consultant, homeowner, and contractor, stating that the work has been done as per the contract and that appropriate entities have inspected the work performed and are satisfied with the work. The work must have a one year warranty along with other warrantees as may be applicable.

C. Other Considerations

Under residential rehabilitation, for example, no building may be done unless a majority of the units are occupied after rehabilitation by low- or moderate-income people at affordable rents. A two-unit structure may now be done as long as at least one of the units is occupied after rehabilitation by low/moderate income persons. An agreement must be obtained from the owner that the benefit (i.e., affordable rents) will remain in place for at least five years from the date of completion of the work, or, in the case of vacant units, from the time of rent-up. Buildings should be selected with the above criteria in mind.

Facades and the commercial portion of mixed-use structures must be counted either as indirect area-wide benefit (under commercial or neighborhood revitalization), or done under elimination of slum and blight, unless the owners are of low or moderate income or if some direct

employment of low and moderate income people results. No funds may be counted toward low and moderate income benefit if they are used for an activity that is carried out solely for the elimination of slum or blight or to meet community development needs having a particular urgency.

If proposed rehabilitation is extensive, contact DOH staff for guidelines on distinguishing it from new construction, which is largely an ineligible activity.

The restriction against new construction has been somewhat eased by the new 1987 federal legislation. Substantial reconstruction can now be funded as long as (a) the need for such could not be determined until rehabilitation had begun or (b) where the reconstruction is part of a neighborhood rehabilitation effort, the grantee must determine that the housing is not suitable for rehabilitation as well as demonstrate that the cost of substantial reconstruction will be less than the cost of new construction and less than the fair market value of the property after substantial rehabilitation.



Reconstruction became explicitly eligible for CDBG assistance as a result of a legislative change under Section 225 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 104-234, enacted April 26, 1996). This change [in Section 105(aK4) of the Housing and Community Development Act of 1974 as amended] broadens grant recipients' ability to use CDBG funds for "reconstruction" of properties. While the HCDA does not define the term "reconstruction," for CDBG purposes, it is generally defined as meaning the rebuilding of a structure on the same site in substantially the same manner. Deviations from the original design are permitted for reasons of safety or if otherwise impractical. The structure to be reconstructed may be residential or nonresidential, and either publicly or privately owned. A reconstructed unit need not contain the same number of rooms as the unit it replaces. States are cautioned that reconstruction that involves increasing the number of housing units on a site may constitute new housing construction. However, there could be situations in which a single-unit structure could be reconstructed as a multi-unit structure, such as to allow existing residents to comply with local housing standards on occupancy standards. (Note that any decrease in the number of units on a site may require compliance with the one-for-one replacement of L/M income dwelling units at 24 CFR Part 42, Subpart C.) Reconstruction of residential structures would also permit replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.

It is essential that considerable planning be done in advance in regard to program design and rehabilitation guidelines, and proposals should concretely reflect this -- not only to realistically anticipate costs and the numbers eligible to benefit but also to ensure a program that is appropriately designed for the housing stock and residents characteristic of a given target area. A survey should be done of buildings, code problems, owners and tenants, to give a clear idea of

what work is needed, what structures are eligible, what priorities will be set, what level of rehabilitation may be done while keeping rents affordable, whether owners and/or tenants are potentially eligible and interested in participating, etc. A target area of single-family elderly owner-occupants, for example, will require a different approach than one of larger multi-family investor-owned units or mixed use. A blighted area may require certain types of work to eliminate safety hazards and eyesores.

The type of financial assistance offered likewise should be appropriately designed and targeted. There are advantages and disadvantages associated with both loans and grants. A revolving loan program makes the money go farther and may benefit more people, but a program of grants or deferred loans may be more appropriate for lower income residents or elderly on fixed incomes. Some towns use a combined approach for flexibility, particularly if the target area contains a mix of buildings, applicants and problems, in order to ensure the best approach to each. DOH staff has resources available to assist with this prior to application.

It is also important to anticipate any potential displacement, as a Displacement Plan for the entire municipality then becomes a requirement. Relocation must be carried out under Federal Relocation Regulations (copies available from DOH) and relocation and temporary shelter costs paid for displaced residents, businesses, organizations, or farm operations. This can become very costly and needs to be anticipated in the proposed budget. Temporary relocation may be unavoidable if certain types of rehabilitation are needed; but permanent relocation is to be avoided.

In summary, each applicant should submit well thought out rehabilitation guidelines as part of its application. These guidelines should include a rationale for why its proposed program design is appropriate for the target neighborhoods chosen.

D. Walk-Away Policy Guidance

The purpose of the walk-away policy is to prevent investment in a home which is so deteriorated that compliance with the HUD Housing Quality Standards (HQS) and/or Rehabilitation Standards cannot be achieved within limited financial resources.

All the grantees must consider and utilize these criteria when drafting this policy:

- Overall condition of the house
- Ownership disputes
- Insufficient equity (over 90% loan to value ratio)
- Insufficient program funds
- Use of a disproportionate amount of the available funding
- Cost reasonableness/excessive cost
- Inability to meet HQS and/or Rehabilitation Standards upon completion
- Reduction of living units
- Permanent relocation
- Homeowner's ability to secure funds from other funding sources (homeowner's contribution, if sufficient equity in the house)

- Differentiate between needs vs. wants; urgent vs. future improvements
- Type of maintenance done in the past (when?)
- Examples of emergency repairs include failing septic, deteriorated and leaky roof, failing water heater, failing heating systems in the winter, unsafe electrical system, leaky plumbing system, lead/asbestos abatement if the house meets the requirements of 24 CFR Part 35, and other health and safety items that need immediate repair or replacement.

The Department of Housing (DOH) recommends that grantees, in the administration of a housing rehabilitation program, develop a “walk away” policy for projects when the cost to bring it into compliance with HUD Housing Quality Standards (HQS) exceeds \$30,000 per house or \$50,000 per property (if 2 or more units).

Under no circumstances, will a project be undertaken when the cost of rehabilitation is greater than 75% of the total cost of replacement after rehabilitation.

DOH also recommends that a written notification be provided to the homeowner if the project is deemed not feasible with appropriate reasoning and such documentation be filed for future monitoring.

DOH’s consent is required if deviating from above policies and dollar thresholds. Grantee is required to provide justification when making such a request.

CERTIFIED RESOLUTION

The governing body of the municipality must pass a resolution allowing the town to apply for a grant, as well as authorizing the chief elected/executive officer to act as the municipality's authorized representative.

SAMPLE FOR CERTIFIED RESOLUTION
OF APPLICANT

SMALL CITIES PROGRAM

Certified a true copy of a resolution adopted by the (Name of Municipality) at a meeting of its (Name of Governing Body) on (Date) and which has not been rescinded or modified in any way whatsoever.

(Clerk) _____
(Date) _____

(SEAL)

WHEREAS, Federal monies are available under the Connecticut Small Cities Community Development Block Grant Program, administered by the State of Connecticut, Department of Housing pursuant to Public Law 93 -3 83, as amended; and,

WHEREAS, pursuant to Chapter 127c, and Part VI of Chapter 130 of the Connecticut General Statutes, the Commissioner of Housing is authorized to disburse such Federal monies to local municipalities; and,

WHEREAS, it is desirable and in the public interest that the (Name of Municipality) make application to the State for \$ _____ in order to undertake a Small Cities Community Development Program and to execute an Assistance Agreement therefore, should one be offered.

NOW, THEREFORE, BE IT RESOLVED BY THE (Governing Body of the Municipality):

1. That it is cognizant of the conditions and prerequisites for State Assistance imposed by Part VI of Chapter 130 of The Connecticut General Statutes; and,
2. That the filing of an application by the (Name of Municipality) in an amount not to exceed \$ _____ is hereby approved, and that the (Title of Chief Executive Officer of Municipality) is hereby authorized and directed to file such Application with the Commissioner of the Department of Housing, to provide such additional information, to execute such other documents as may be required by the Commissioner, to execute an Assistance Agreement with the State of Connecticut for State financial assistance if such an Agreement is offered, to execute any amendments, rescissions, and revisions thereto, and to act as the authorized representative of the (Name of Municipality).

LOCAL ASSURANCES

The enclosed Local Assurances are part of the Application and part of the Assistance Agreement as Appendix 3. All communities must certify to these Assurances by signing the enclosed Local Assurances by the person authorized in the certified resolution. These assurances guarantee that the applicant will comply with all federal requirements if they receive a grant.

LOCAL ASSURANCES

The applicant hereby assures and certifies that:

- (a) It possesses the legal authority to apply for the grant, and to execute the proposed program.
- (b) Its governing body has duly adopted or passed as an official act, a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act as the connection with the application and to provide such additional information as may be required.
- (c) It has submitted, for comment, a copy of its application to its Regional Planning Agency.
- (d) It is following a detailed citizen participation plan that:
 - (1) provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blighted areas and of areas in which funds are proposed to be used;
 - (2) provides citizens with reasonable and timely access to local meetings, information, and records relating to the state's and the municipality's proposed method of distribution, as required by regulations of the Secretary, and relating to the actual use of funds under Title I of the Housing and Community Development Act of 1974, as amended;
 - (3) provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;
 - (4) provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodations for the handicapped;
 - (5) provides for a timely written answer to complaints and grievances, within 15 days where practicable; and
 - (6) identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be

reasonably expected to participate and has in a timely manner:

- (7) furnished citizens information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low and moderate income and the plans of the municipality for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced as a result of such activities;
- (8) published a proposed application in such manner to afford citizens an opportunity to examine its content and to submit comments on the proposed activities and on the community development plan of the municipality;
- (9) held one or more public hearings to obtain the views of citizens on community development and housing needs;
- (10) made the final application available to the public.

- (e) It has developed a community development plan that identifies community development needs and specifies both short and long term community development objectives that have been developed in accordance with the primary objective and requirements of Title I of the Housing and Community Development Act of 1974, as amended.
- (f) It will provide access to records on past use of Small Cities Community Development Block Grant funds.
- (g) The Small Cities Community Development Project has been developed so as to give maximum feasible priority to activities which will benefit low and moderate income families or aid in the prevention or elimination of slums or blight. (This certification will not preclude the municipality from submitting application where the applicant certifies and the Commissioner of Housing determines, that all or part of the Small Cities Community Development Activities are designed to meet other community development needs having a particular urgency as specifically explained in the application.)
- (h) It will comply with:
 - (1) Title VI of the Civil Rights Act of 1964 (P. L. 88-352), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no persons in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real

property or structure is used for a purpose for which Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

- (2) Title VIII of the Civil Rights Act of 1968 (P. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the safe or rental of housing , the financing of housing, and the provision of brokerage services.
- (3) Section 109 of the Housing and Community Development Act of 1974, which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, or be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under this part.
- (4) Executive Order 11063 which provides that no person shall on the basis of race, color, religion, sex or national origin be discriminated against in the sale or rental of housing built with Federal assistance, and will take affirmative steps to further fair housing.
- (5) Executive Order 11246, and the regulations issued pursuant (24 CFR Part 130 and 41 CFR Chapter 60), which provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of Federal of federally assisted construction contracts. Contractors and subcontractors on Federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.
- (6) It will comply with the requirements of Connecticut Executive Order No. Three of Governor Thomas J. Meskill which states that a State contract can be canceled, terminated or suspended by the State Labor Commissioner if the Labor Commissioner determines that contract provisions concerning nondiscrimination have not been complied with.
- (7) It will comply with the requirements of Connecticut Executive Order No. Seventeen of Governor Thomas J. Meskill which states that a State contract can be canceled, terminated or suspended by the State Labor Commissioner or the Commissioner of Housing if an agency assisted through the contract fails to list all employment opportunities with the Connecticut State Employment Service.
- (8) It will comply with the requirements of the Age Discrimination Act of 1975, as amended, which provides that no person shall be excluded from

participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving Federal funds.

- (9) It will comply with the Rehabilitation Act of 1973, Section 504 as amended, which provides that no otherwise qualified individual shall, solely by reason of his or her handicap be:
 - Excluded from participation (including employment)
 - Denied program benefits
 - Subjected to discrimination under any program or activity receiving Federal funds.
- 10) It will comply with the requirements of the Armstrong/Walker "Excessive Force" Amendment (P.L. 101-144) as found in Section 519 of the Department of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriation- Act of 1990, which provides that law enforcement agencies within its jurisdiction will prohibit the use of excessive force against any individuals engaged in nonviolent civil rights demonstrations.

- (i) It will require that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area, and contract for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the project by adopting a Plan in accordance with Section 3 of the Housing and Urban Development Act of 1968.
- (j) It is following a residential antidisplacement and relocation assistance plan and that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as required under 570.496a(a) and HUD implementing regulations at 24 CFR 42; the requirements in 570.496a(b) governing the residential antidisplacement and relocation assistance plan under section 104(d) of the Housing and Community Development Act of 1974; the relocation requirements of 570.496a(c) governing displacement subject to section 104(k) of the Act; and the relocation requirements of 570.496a(d) governing optional relocation assistance under section 105(a)(11) of the Act.
 - (1) It will comply with the other provisions of the Act and with other applicable laws.
- (k) It will comply with Section 110 of the Housing and Community Development Act and the regulations issued pursuant to 24 CFR, Part 570, Section 570.496 (c), regarding the payment of prevailing wage rates.
- (l) It will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with the requirements of 24 CFR,

and Section 104(f) of Title I of the Housing and Community Development Act.

(m) It will comply with Section 121 of Title I of the Housing and Community Development Act by:

- (1) Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR, Part 800.8) by the proposed activity, and
- (2) complying with all requirements established by the Connecticut Department of Housing to avoid or mitigate adverse effects upon such properties.

(n) It will not attempt to recover any capital costs of public improvements assisted in whole or in part with Community Development Block Grant funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:

- (1) CDBG funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such improvement that are financed from revenue sources other than Title I funds or;
- (2) for purposes assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low-income, the municipality certifies to DOH that it lacks sufficient Title I funds to comply with the requirements of clause (1).

(o) It will comply with the requirements of 24 CFR Part 35 Lead Based Paint and the State of Connecticut Lead-Based Statute (Public Act 87-394) which prohibits the use of lead-based paint in residential structures and governs the removal of lead based paint in all residential structures in Connecticut.

(p) It will comply with all other provisions of the Housing and Community Development Act of 1987 and with other applicable laws and statutes.

Date _____, 20____

AUTHORIZED SIGNATURE & TITLE

FOR JOINT COMMUNITY APPLICATION
COOPERATION AGREEMENT

**CONNECTICUT SMALL CITIES COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM**

This agreement entered into on the _____ day of _____, 20____ by and
between _____ and _____.

WITNESSETH:

WHEREAS, _____ (has, have) identified need in the municipality(ies)
(to provide decent housing and related conditions) (to expand economic opportunities) (to correct
serious deficiencies in community facilities), and

WHEREAS, _____ contemplates submitting (on behalf of) (jointly with)
_____ an application for (single purpose, comprehensive) Block Grant funds
under the Small Cities Program of the Connecticut Department of Housing for the purpose of
meeting such needs, and

WHEREAS, _____ and _____ understand that
_____ will act as the applicant and will have the ultimate responsibility to assume
all obligations under terms of the grant including assuring compliance with all applicable laws
and program regulations and performance of all work in accordance with the contract.

WHEREAS, it is understood that _____ and DOH have access to all
participants' community development block grant records and authority to monitor all activities.

NOW, THEREFORE, pursuant _____ and
_____ agree to cooperate in the submission of an application for such
Block Grant Funds, and agree to cooperate in implementation of the submitted Small Cities
Program, as approved by the Department of Housing.

Nothing contained in this agreement shall deprive any municipality of any power or zoning, development control or other lawful authority which it presently possesses.

ADOPTED on this _____ day of _____, 20 _____.

ATTEST: _____
(Clerk)

The above Cooperation Agreement has been authorized by the governing body of
_____ Connecticut, dated _____.

On behalf of _____:

(Name, Title)

(SEAL)

REPEATED FOR EACH PARTY TO THE AGREEMENT

CERTIFICATION BY APPLICANT

It is hereby represented by the applicant (undersigned) as an inducement to the Department of Housing to consider the financial assistance requested herein, that to the best of my knowledge and belief no information or data contained in the application or in the attachments are in any way false or incorrect, that no material information has been omitted, including the financial statements and that the document has been duly authorized by the governing body of the applicant and the applicant will comply with all program requirements for any approved activity.

The applicant agrees that banks, credit agencies, the Connecticut Department of Labor, the Connecticut Department of Revenue Services, the Connecticut Department of Energy and Environmental Protection, and other references are hereby authorized now, or any time in the future, to give the Department of Housing any and all information in connection with matters referred to in this application. In addition, the applicant agrees that any funds that may be provided pursuant to this application will be utilized exclusively for the purposes represented in the application, as may be amended.

Certifying Representative:

1. Type Name and Title: _____
2. Signature: _____
3. Date: _____

**CERTIFICATION OF COMPLIANCE WITH THE REQUIREMENTS OF 24 CFR
570.606 AND THE RESIDENTIAL ANTIDISPLACEMENT AND RELOCATION
ASSISTANCE PLAN**

Grantees must certify that they will comply with the requirements of 24 CFR 570.606 with respect to displacement, relocation, acquisition, and replacement of housing. Grantees must also adopt, make public, and certify that they are following a Residential Antidisplacement and Relocation Assistance Plan.

A guide form for complying with these requirements follows:

STATE OF CONNECTICUT
DEPARTMENT OF HOUSING
SMALL CITIES PROGRAM
GUIDEFORM

Certification of Compliance with the Requirements of 24 CFR 570.606 and the Residential Anti-Displacement and Relocation Assistance Plan Required by 24 CFR 42.325

This is to certify that the _____ will comply with the requirements of 24 CFR 570.606 with respect to the displacement, relocation, acquisition, and replacement of housing. The _____ will take the following actions to comply with these requirements:

Minimizing Displacement

Consistent with the goals and objectives of 24 CFR part 570, the _____ will take the following steps to minimize displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under that part:

(To be completed by the Grantee)

- 1) _____
- 2) _____
- 3) _____

The _____ will review all projects funded by its CDBG grant for potential displacement impact.

If a potential displacement impact is identified, the _____ will provide adequate funds and resources either through CDBG funds or other means to meet the requirements of 49 CFR, part 24 (URA) or 24 CFR, part 42 (Section 104 (d)), as applicable. The provisions of 49 CFR, part 24 (URA) and 24 CFR, part 42 (Section 104 (d)) are further described and clarified in HUD Handbook 1378.

The _____ will maintain written documentation detailing its review of all projects undertaken with CDBG funds with respect to displacement and/or relocation and will set forth the reason for its determinations in accordance with this Plan.

The _____ will ensure that the initial rent charged for a unit that is rehabilitated with CDBG funds is limited to an amount that will prevent the tenant's monthly cost for rent and utilities from exceeding the greater of:

1. The tenant's monthly rent and estimated average monthly utility costs before the rehabilitation, or
2. Thirty percent (30%) of the tenant's average monthly gross household income.

The initial rent charged after the rehabilitation is completed must be limited to this amount for at least one (1) year or the end of the lease term, whichever is greater.

The _____ will also ensure that the rent charged for a unit that is rehabilitated with CDBG funds is limited to the appropriate Fair Market Rent (minus any applicable utility allowance) for at least five (5) years after the completion of rehabilitation.

These requirements will be incorporated into a written agreement between the owner of the residential rehabilitation units and the _____. The agreement will contain penalties for noncompliance.

Relocation Assistance for Displaced Persons

The _____ will provide relocation assistance to displaced persons in accordance with the provisions of 49 CFR, part 24 (URA) or 24 CFR, part 42 (Section 104 (d)), as applicable. The provisions of 24 CFR, part 42 (Section 104 (d)) apply only to the displacement of any lower income person as a direct result of the demolition of any housing unit or the conversion of occupied or vacant occupiable low/moderate-income housing to a use other than low/moderate-income housing. A lower income person who qualifies under 24 CFR, part 42 (Section 104 (d)) may choose to receive relocation assistance at either the URA or Section 104 (d) levels. The provisions of 49 CFR, part 24 (URA) and 24 CFR, part 42 (Section 104 (d)) are further described and clarified in HUD Handbook 1378.

One-for One Replacement of Lower-Income Dwelling Units

The _____ will replace all occupied and vacant occupiable lower-income dwelling units demolished or converted to a use other than lower-income housing as a direct result of activities assisted with funds provided under the Housing and Community of 1974, as amended, as described in 24 CFR 42.375.

The replacement units must initially be made available for occupancy at any time during the period beginning 1 year before the recipient makes public the information required below and ending 3 years after the commencement of the demolition or rehabilitation related to the conversion. Before obligating or expending funds that will directly result in such demolition or conversion, the _____ will make public and submit in writing to the Department of Housing the following information:

- 1) A description of the proposed assisted activity;
- 2) The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than lower-income dwelling units as a direct result of the assisted activity;
- 3) A time schedule for the commencement and completion of the demolition or conversion;
- 4) The location on a map and approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the submission shall identify the general location on an area map and the approximate number of dwelling units by size, and information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as it is available;
- 5) The source of funding and a time schedule for the provision of replacement dwelling units;
- 6) The basis for concluding that each replacement dwelling unit will remain a lower-income dwelling unit for at least 10 years from the date of initial occupancy; and
- 7) Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of lower-income households in the municipality's jurisdiction.

(Signature of Authorized Official)

(Title of Authorized Official)

(Date)

ARMSTRONG/WALKER "EXCESSIVE FORCE" CERTIFICATION

Program recipients are required to certify to the State that they have adopted and will enforce a policy to prohibit the use of excessive force by law enforcement agencies in their jurisdiction against any individuals engaged in nonviolent civil rights demonstrations. The legislative history of the provision indicates that it may be satisfied by any means that will stand a practicable test of use. The policy may be adopted by a local legislative act, such as an ordinance, or by a local administrative act, such as a written statement of policy by the local chief executive, an executive order, or regulation within the police department. The general local government need not adopt a new policy if it has and is enforcing a written policy that meets the requirements of Section 519.

A guide form for certification of compliance with the Armstrong/Walker "Excessive Force" Amendment (P.L. 101-144) as found in Section 519 of the Department of Veteran Affairs and Housing and Urban Development, and Independent Agencies Appropriation Act of 1990 follows.

**ARMSTRONG/WALKER "EXCESSIVE FORCE" CERTIFICATION
GUIDEFORM**

The TOWN/CITY of _____ has adopted and will enforce a policy to prohibit the use of excessive force by law enforcement agencies within its jurisdiction. That policy prohibits the use of excessive force against any individuals engaged in nonviolent civil rights demonstrations.

Therefore, I certify that the above mentioned policy:

- will stand a practicable test of use;
- will be available for review by the Department of Housing;
- will be enforced by the TOWN/CITY of _____; and
- is in compliance with the ARMSTRONG/WALKER "Excessive Force" Amendment (P.L. 101-144).

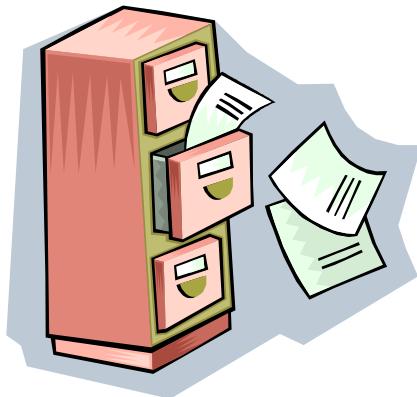
Signature

Date

Name and Title of Chief
Executive Officer

APPENDIX C - GENERAL INFORMATION NOTICE

This is a guide form for the General Information Notice (G.I.N.) which is used to inform tenants of their rights under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as awarded.



Appendix 2

**GUIDEFORM GENERAL INFORMATION NOTICE --
RESIDENTIAL TENANT THAT WILL NOT BE DISPLACED**

Grantee or Agency Letterhead

(date)

Dear _____:

On ____(date)____, ____(property owner)____ submitted an application to the (Grantee)____ for financial assistance to rehabilitate the building which you occupy at ____(address)____.

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact _____(name)_____,
_____ (title)_____, at _____(phone)_____(address)

Sincerely,

(name and title)_____

NOTES: 1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery.

2. This is a guide form. It should be revised to reflect the circumstances.

GUIDEFORM GENERAL INFORMATION NOTICE
RESIDENTIAL TENANT TO BE DISPLACED

Grantee or Agency Letterhead

(date)

Dear _____:

The City of _____, is interested in acquiring the property you occupy at _____ (address) _____ for the _____ (project) ___. This notice is to inform you of your rights under Federal law. If the City acquires the property and you are displaced for the project, you will be eligible for relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. However, do not move now. This is not a notice to vacate the premises. You should continue to pay your monthly rent to your landlord because a failure to pay rent and meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign any agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before you make any moving plans.

If the City acquires the property and you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least 90 days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house. This assistance is more fully explained in the enclosed brochure, "Relocation Assistance to Tenants Displaced from Their Homes."

If for any reason any other persons move into this unit with you after this notice, your assistance may be reduced. If you have any questions, please contact _____ (name) _____, _____ (title) _____, at _____ (phone) _____, _____ (address) _____.

Again, this is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. If the City decides not to purchase the property, you will be notified in writing.

Sincerely,

(name and title) _____

Enclosure

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery.
2. This is a guide form. It should be revised to reflect the circumstances.

CDBG/Small Cities & Technical Services

Small Cities Staff

Miguel Rivera	860-270-8012
Jerome Mihm	860-270-8097
Dominic Carew	860-270-8164
JaCinta Frazier, Technical Support	860-270-8129

Fair Housing/Civil Rights Staff

Michael Santoro	860-270-8171
Beth Generali	860-270-8121

Architectural/Engineering Staff – DECD: Office of Capital Projects

Maya Loewenberg	860-500-2455 (NEPA and Flood Plain Management Questions)
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