

Chapter 1: Project Administration

Introduction

Administering Connecticut Community Development Block Grant grants requires regular attention to grant requirements and deadlines. This chapter provides [grantees](#) with general information on how to administer a CDBG grant from the Department of Housing. The chapter details requirements for grant contract procedures, release of grant funds, citizen participation and grievances, conflicts of interest, and record maintenance.

Section 1.1 Overview of Application Process

The Department of Housing (DOH) Small Cities Program has established an annual competitive round application process. Generally, applications are due in early spring and will be rated and ranked according to current DOH policy. This process is subject to change annually and will be communicated by DOH. The most recent evaluation criteria can be found in the [Small Cities Application Materials](#) on the DOH website.

Although subject to change, the general application steps are outlined below:

1. Attend the Application Workshop
 - a. Grantees attend application workshop
 - b. Receive application forms
2. Hold Public Hearing
 - a. Notice to be published at least twice (on different days) in a daily newspaper of general circulation in the municipality.
 - b. The first notice must be published at least 14 days prior to the date of the public hearing, and the second notice must be published no less than 3 days prior to the date of the public hearing.
 - c. Submit copies of notices along with newspaper Affidavit of Publication.
 - d. Submit copies of meeting minutes.
3. Conduct an [Environmental Review](#)
 - a. Establish Environmental Review Record
 - b. Determine type of activity and environmental impact
 - c. Publish Request for Release of Funds
 - d. Request Release from DOH
4. Prepare the Application
 - a. Select eligible activity
 - b. Determine National Objective
 - c. Prepare application
 - d. Submit to DOH

5. Rate and Rank
 - a. DOH receives and reviews applications
 - b. DOH rates & ranks applications
6. Award
 - a. DOH submits ratings & rankings to Commissioner for award approval
 - b. Governor's Office announces awards
7. Contract Documents
 - a. DOH prepares contract document
 - b. DOH sends contract documents to grantee
 - c. Grantee returns signed documents to DOH
 - d. Commissioner executes contract documents
8. Construction Period
 - a. Grantees begin construction phase
9. Closeout
 - a. DOH conducts monitoring and closeout

NOTE: The [Small Cities Application Handbook](#) is updated each year and will provide the most up to date information and will supersede this Manual.

Section 1.2 Grant Award and Agreement

Background Information

Submitting a CDBG funding application to DOH results in either an award or a notice of non-selection. Communities that are selected to receive a grant are sent an approval letter. This begins the process of setting up the grant and ensuring that all contractual documents are in place. These steps in the process for newly awarded grants are described in this section.

Project Expenditures Account/Agreement

First a Project Expenditures Account (PEA) must be opened. The PEA must be used solely for the Small Cities Grant and must not earn interest.

The purpose of the Project Expenditure Account is to provide a mechanism for expending funds. Therefore, this account should have check-writing privileges. All Small Cities funds must pass through this account to provide an accurate accounting of all CDBG funds.

The Project Expenditure Account Agreement is the document used to open the Project Expenditure Account. This Agreement sets forth the rights and responsibilities of the three parties involved: The Department of Housing, the Municipality, and the Bank.

One (1) original must be signed and sealed by the bank and the municipality and submitted to DOH for final approval. By completing Appendix "A" of the (PEA) Agreement (Attachment 1-2), the Bank determines whether signature cards will be required. If the signature card is required, then the municipality should submit one (1) signature card to DOH.

Once DOH has signed the Agreement, you will be emailed a PDF document; you must provide an executed copy to the bank.

Steps in the Process

Setting up a new CDBG grant award involves a number of steps. These steps are outlined below.

1. DOH will email the approval letter, including the Assistance Agreement, Project Expenditures Account Agreement, and the Authorized Signatures Form to the grantee that announces the award, the amount of the grant, and instructions on how the grantee needs to respond (the process may differ depending on type of grant, i.e., housing, infrastructure, etc.).
2. The Chief Elected Official or Town Manager will print and sign the Agreement.
3. Executed copies of the following documents are generally due to DOH within 30 days from the date of the letter.
 - a. Signed Assistance Agreement
 - b. Executed Project Expenditures Account Agreement (PEA)
 - c. Updated Financing Plan and Budget
 - d. Updated [Projected Timeline](#)
 - e. Updated [Local Assurances](#)
 - f. Legal Opinion
 - g. Authorized Signatures Form
 - h. Updated [HUD Disclosure Form](#)
 - i. Updated [Adopted Local Resolution](#)
4. An executed [ACH Form](#) (when applicable) shall be sent to the [Office of the Comptroller](#).

**Office of the State Comptroller
Accounts Payable Division, ACH/VSS Unit
55 Elm Street, 6th Floor
Hartford, CT 06106-1775**

5. DOH processes and executes the assistance agreement through the State approval system and defines all effective dates.
6. DOH retains the original copy of the Assistance Agreement and sends one fully executed copy back to the grantee, via email, for its records.

NOTE: The grantee should NOT submit an incomplete Agreement package.

[Attachment 1-1 Sample Assistance Agreement](#)

[Attachment 1-2 Sample Project Expenditures Agreement](#)

[Attachment 10-2 Financing Plan and Budget](#)

[Attachment 1-3 Sample Legal Opinion](#)

[Attachment 1-4 Authorized Signatures Form](#)

Application Budget Limits

The following are maximum reimbursable amounts when paid with CDBG funds (including locally held Program Income):

- Application Development \$3,000 maximum
- Environmental Review \$3,000 maximum
- Total Administration \$33,000 or 8% of the grant, whichever is less.

Section 1.3 Citizen Participation Requirements

Local governments must provide reasonable opportunities for citizen participation, hearings, and access to information with respect to local community development programs. Certain citizen participation requirements must be met by the grantee prior to application submission while other requirements apply throughout the course of the project. Grantees are expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

Citizen Participation Plan

All local governments receiving CDBG funds from the State of Connecticut must adhere to the Citizen Participation Requirements set forth in the State's Citizen Participation plan. Each local government must meet the following requirements:

[24 CFR Part 91.115\(e\)](#)

1. Solicit input on local community development needs and proposed activities;
2. Promote public comment on the proposed application and community development activities;
3. Provide special technical assistance to groups representative of LMH persons;
4. Identify the needs of non-English speaking residents;
5. Provide for a timely appropriate and effective written answer to complaints and grievances;
6. Provide 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.

[Attachment 1-5 Sample Citizen Participation Plan](#)

Also note that the required certifications are included in the "Local Assurances" which are submitted with your application.

Required Public Hearings

Grantees should pay particular attention to the Public Hearing Component of the Grant Process. No application will be reviewed if the Grantee has not complied with the procedures established and outlined below for public hearing notices and meetings. Two (2) public hearings are required at separate phases of the project.

1. Notice of public hearings must be published at least twice (on different dates) in a newspaper of general circulation in the municipality. Notice must be published in a daily newspaper of general circulation.
 - a. Enclosed is a required format for the public hearing advertisement (Attachment 1-7).
 - b. Weekly papers can be used as an additional notice (not a primary notice).
2. The first notice must be published no less than 14 days prior to the date of the public hearing. The second notice must be published no less than 3 days prior to the date of the public hearing.
3. When counting the 14-day period, you may NOT count the day the advertisement runs. You may count the date of the hearing, provided that the hearing is held after 6pm local time. If a hearing is held before 6pm that day cannot be counted as one of the 14 days.

[Attachment 1-6
Newspaper List](#)

[Attachment 1-7
Sample Public Hearing
Advertisement](#)

Example: Advertisement runs on 2/1/2018. The Public Hearing may be held:

- 2/15/2018 = after 6pm
- 2/16/2018 = before 6pm

4. Hold at least one public hearing prior to application to obtain a comment on the proposal 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, contact information, etc.) and the purpose of the public hearing.

When a Grantee is planning to conduct a 2nd hearing from one grant in conjunction with the 1st hearing for a new grant, the advertisement language must be clear in the purpose of the hearing. The 2nd hearing must provide status of the program (number of homes rehabbed, fund balance remaining, approximate applications that can be funded, etc.).

1. The second required public hearing must be conducted no earlier than 1 year from the date of fully executed Assistance Agreement and prior to submission of the Pre-Closeout Certificate.
2. Towns planning on earning Program Income (PI) 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 (amount of funds available, number of applicants that can be funded, etc.). More information on Program Income can be found in [Chapter 3: Financial Management](#).

3. Notice of the 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.
4. Copies of the Original Notices for the first public hearing must be included as part of the application submitted to DOH, along with an Original Affidavit of Publication from the newspaper.

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, post notices on bulletin boards at town hall, notices to local organizations, clubs, and churches, and/or personal contact. These efforts should especially be conducted in the neighborhoods affected by the proposed project.

The citizen participation requirements include that the grantee must identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate. Requirements to address Limited English Proficiency (LEP) are discussed in further detail in [Chapter 8: Fair Housing and Equal Access](#).

Virtual Public Hearings

Grantees may hold virtual hearings, in addition to or in lieu of, in-person public hearings to fulfill public hearing requirements imposed by the regulations at 24 CFR part 91 and 24 CFR part 570. Grantees may use online platforms such as Zoom, Slack, Facebook Live, Google Meet, and Microsoft Teams to hold virtual hearings that facilitate public access to all questions and responses and provide timely responses from local officials, so long as such platforms ensure equal access and opportunity for all residents to participate in the process. Grantees should be aware of the difference in functionality with respect to the various types of technology available in order to ensure that any online hearings comply with fair housing and civil rights requirements. Grantees should also consider other practices and protocols that expand upon the procedures set forth in the citizen participation plan, which may be necessary to ensure access to the citizen participation process. Such practices include the preparation and distribution of accessible and appropriate language versions of any prepared materials in advance of a virtual hearing.

[24 CFR Part 91.115\(e\)](#)
[24 CFR 570.486](#)

Public Hearing Content

The Public Hearing is an opportunity to educate and inform local residents about the project, and to provide a forum for citizen input. The following information should be made available at public hearings:

1. Goals and objectives of the CDBG program,
2. Total amount of CDBG funds available,
3. Community development and housing needs of the applicant,
4. 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,

5. Proposed amount of funds to be used to benefit low- and moderate- income people,
6. Amount and source of local funds to be expended on the project, and
7. Notification of any displacement resulting from the proposed activities or Notification of No Displacement.

Complaints and Grievances

Occasionally Grantees receive complaints regarding their projects and activities. Therefore, it is a requirement that Grantees develop a procedure for responding to complaints and grievances. Grantees must provide citizens with the name, address and phone number of a contact person who can receive and respond to complaints. Complaints related to the scope and work of the project should be addressed by the Grantee.

Where practical, the Grantee should respond to any complaints within 15 working days of its receipt. Each complaint and the resolution of the complaint should be well documented in the Grantee's files. Because complaints and grievances are best handled at the local level, DOH will forward any complaints it receives about a project to the Grantee. A copy of the DOH Grievance Policy can be found on the DOH website. It is the responsibility of the grantee to address the complaints (regardless if they have hired a consultant to manage the program). A detailed grievance process can be found in [Chapter 7: Housing Rehabilitation](#).

[DOH Grievance Policy](#)

Section 1.4 Meeting a National Objective

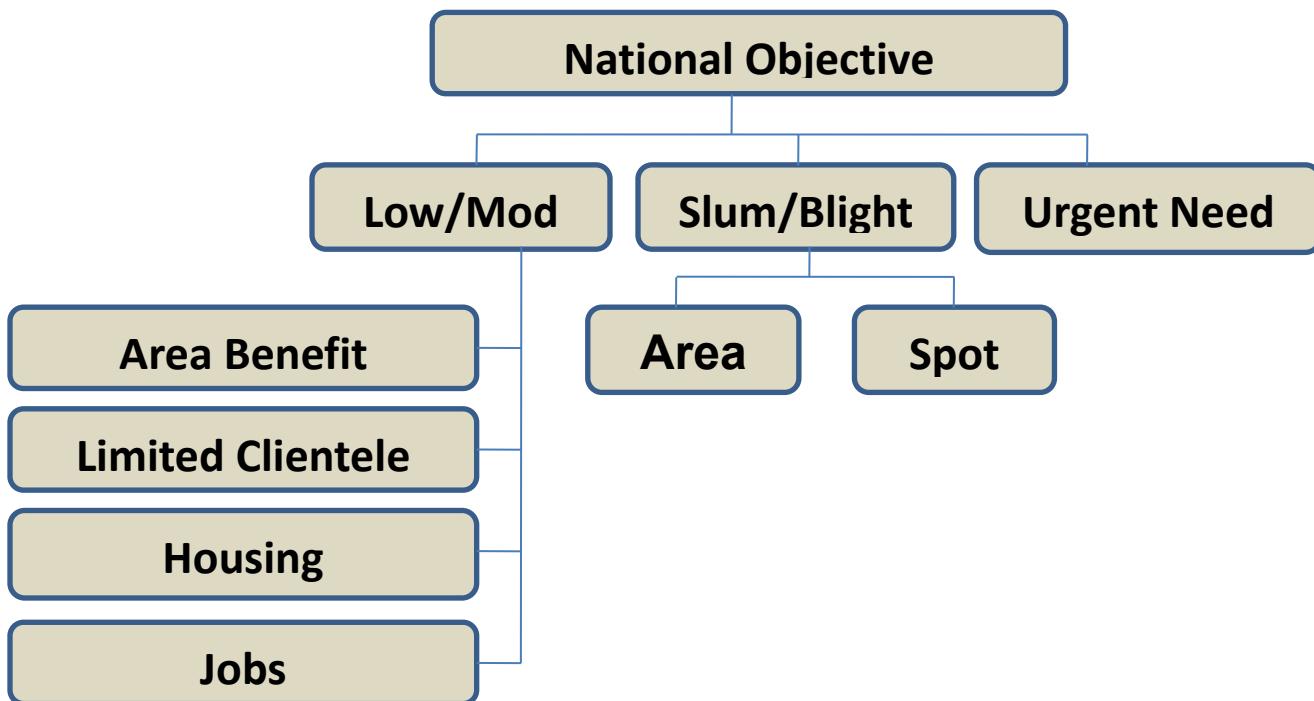
The primary objective of the CDBG program is to develop viable communities by helping to provide decent housing and suitable living environments, and expanding economic opportunities principally for persons of low- and moderate- income.

[24 CFR 570.483](#)

To achieve these goals, the CDBG regulations define eligible activities and the National Objectives that each activity must meet. As the recipient of CDBG funds, DOH is charged with ensuring that each project it funds meets one of the National Objectives listed below and that the project is an eligible activity. The three National Objectives are:

1. Provide benefits to Low- and Moderate- Income persons,
2. Aid in the prevention or elimination of slums or blight, or
3. Provide funding for projects that have a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

The diagram below illustrates the three HUD National Objectives and their methods for attainment.



Benefit to Low-to-moderate Income (LMI) Persons Public facilities activities such as water, sewer and storm water projects, generally qualify under the first National Objective; providing area-wide benefits to LMI persons. The 'benefit to LMI persons' test is met by documenting that 51% or more of the persons who live in the project area may be defined as being low- and moderate- income. This documentation is accomplished by using census data or by conducting an income survey. Other possible area wide projects include library projects, fire stations and community centers.

Applicants should refer to the processes in the booklet, "DOH Survey Methodology" for more information on process and recertification.

In some instances, the project may qualify under the limited clientele criteria. These are typically projects that serve a specific group of individuals in a community but not necessarily the entire community. HUD has designated eight limited clientele groups that automatically qualify as meeting the benefit of low- and moderate- income persons test. These groups are:

- Abused Children
- Battered Spouses
- Senior Citizens (62+)
- Illiterate Adults
- Severely Disabled Adults
- The Homeless
- Persons with HIV-AIDS
- Migrant Farm Workers

Examples of limited clientele projects include senior citizens centers or projects that benefit the homeless, migrant farm workers, or persons with HIV/Aids.

Elimination of Slums and Blighted Conditions Public and/or private facilities requiring improvements that aid in the prevention or elimination of slums or blighted conditions in a designated slum/blight area may qualify for DOH funding under the National Objective of Elimination of Slum and Blight Area Basis. Such projects would include downtown sidewalk repairs or façade improvements to multiple downtown buildings. Improvements could also be for a single downtown building not located in a blighted area, and in such case, the project would qualify under the Spot Basis. Spot Basis projects are typically historic preservation projects.

Urgent Need Projects If the improvement corrects a CDBG-defined urgent situation, the Urgent Need National Objective may be met. DOH seldom funds Urgent Need projects. In cases where Urgent Need projects have been funded, they typically addressed disaster relief or recovery. The HUD National Objective category must be identified in the grant application prior to the award of funding. However, the National Objective is not met until the Grant Recipient carries out the activity, and the closeout reports documenting how the National Objective was met, have been accepted.

Primary Beneficiaries By HUD guidelines, 70% of the projects funded through the CDBG program must meet the National Objective of Benefit to LMI Persons. LMI persons are defined as those who have total household income equal to or less than 80 percent of the median [family](#) income, for the county in which the project is located. Income parameters are defined by the U.S. Department of Housing and Urban Development (HUD).

A project is considered to be of benefit to LMI persons if at least 51 percent of the population benefiting from the project qualifies as LMI. Defining the area for an area-wide project is accomplished by answering two questions:

1. Who are the [beneficiaries](#) of the project?
2. Where do those persons live?

The defined area could be as small as a single neighborhood within a town or as large as multiple counties depending on the type of project. The LMI population of an area can be determined in one of two ways: By using the most recent [HUD Low-to-Moderate Income Summary Data \(LMISD\)](#), or by conducting an Income Survey. Documentation of the percentage of LMI beneficiaries must be provided with the grant application. For LMI limits in your area, please review the most recent Income Limits document. On the HUD CDBG income limits webpage, please click on the appropriate year to gain access to the most current data.

[CDBG Income Limits](#)

Income Surveys

Income Surveys may be used to ascertain whether or not a CDBG funded activity which is designed to benefit a particular area qualifies as primarily benefitting LMI persons. Detailed information on properly conducting Income Surveys can be found on DOH's website.

[DOH Income Survey Methodology Handbook](#)

All survey methodology must be approved by DOH prior to the start of the survey to ensure that the methodology is sound. More information on Income Surveys can be found in the DOH Survey Methodology Handbook.

Eligible Activities

As stated earlier, every project that receives CDBG funds through DOH must meet two criteria: the project must meet a National Objective and it must also be an Eligible Activity. A listing of typical eligible activities includes:

1. Public facilities improvements
2. Public services
3. Infrastructure improvements
4. Housing Rehabilitation
5. Public Housing Modernization
6. Handicap accessibility projects

This is not meant to be an all-inclusive list. DOH priorities will be set each year in the [Consolidated Plan](#) and/or Action Plan Update.

Ineligible Activities

In general, any activity not specifically authorized under CDBG statute or regulations is ineligible for CDBG funds. In addition, the statute specifically stipulates that the following activities may not be assisted with CDBG funds:

1. Buildings for the general conduct of government, except to create accessibility for disabled population (e.g., city hall)
2. General government expenses
3. Political activities
4. Purchase of equipment or furnishings for a property. This excludes certain types of manufacturing equipment connected with economic development activities and the purchase of fire trucks as firefighting equipment
5. New housing construction and Income Payments (Income Payments are defined in the regulations as direct payments to subsidize rent and/or utilities)
6. Operating and maintenance expenses for public facilities, improvements and services, and
7. Lobbying activities.

CDBG-assisted facilities may not be used as collateral during any part of the grant period.

Section 1.5 Conflicts of Interest

DOH policy requires that conflicts of interest on CDBG projects be disclosed. These requirements apply to the procurement of supplies, equipment, construction services and professional services, and the acquisition and disposition of real property. Federal and state guidelines stipulate that no person who performs any CDBG function or who has any CDBG responsibility, who is in a decision-making position, or who has inside information may obtain a financial interest or benefit from an activity funded in whole or in part with CDBG funds.

[Attachment 1-8:
Sample Request for
Exception to Conflict of
Interest](#)

[HUD Conflict of Interest
Integrity Bulletin](#)

In general, a conflict of interest would exist if any town employee or a person in a program decision-making capacity signs a contract with any portion of the CDBG Small Cities Program – including rehabilitation and consulting. This follows from the municipality's signed assistance agreement and from the Code of Federal Regulations at 24 CFR Part 570.611.

In certain circumstances, DOH may waive conflict of interest if specific criteria are met:

1. A disclosure of the nature of the conflict, including an [assurance](#) that there has been public disclosure of the conflict and a description of how the public disclosure was made.
2. A legal opinion (from local Counsel) is submitted that the potential for conflict of interest is minimal and that the situation does not violate either local or state conflict statutes or rulings.
3. The person applying for the waiver meets other program requirements. For example, low/moderate income guidelines for housing rehabilitation.
4. The person applying for the waiver is not in a decision-making position in the CDBG Small Cities Program.
5. The municipality must certify to all of the above, and also demonstrate that a system has been established to guarantee that no preferential treatment to the applicant has occurred. This might require a numbered and dated system for accepting and processing applications, for example.
6. Finally, the municipality must submit a letter to the Commissioner of the Department of Housing requesting a waiver of conflict of interest guidelines based on the above criteria.

After review of the supporting documentation, if DOH agrees that the potential for conflict of interest is minimal and if the applicant meets the above criteria for a waiver, staff will recommend approval.

Section 1.6 Project Signage

Nonresidential construction projects funded by the CDBG Program are required to have signage at the project site. The signage informs citizens that the project is being funded by DOH's CDBG Program, as well listing the sponsor, architect and/or engineer and contractor. The sign must include the required equal opportunity language. Specific requirements can be found in the CDBG Project Signage Guidelines. Photographic evidence of the signage must be made available at monitoring.

[Attachment 1-9
CDBG Project Signage
Guidelines](#)

[Attachment 1-10:
DOH Logo](#)

Section 1.7 Other Resources and Information

It is very important to note that the applicable regulations and requirements are subject to change.

Grantees are responsible for ensuring that they are in compliance with all applicable rules. This can be accomplished by periodically checking the websites listed below to see if updated or revised regulations have been issued:

Small Cities CDBG Program Update Bulletins:

<https://portal.ct.gov/DOH/DOH/Additional-program-pages/Small-Cities-Bulletins>

Connecticut Small Cities CDBG Program:

<https://portal.ct.gov/DOH/DOH/Programs/Small-Cities-Program>

Small Cities CDBG Program Brochure:

<https://portal.ct.gov/-/media/DOH/CDBGSCBrochurepdf5820.pdf>

State of Connecticut Consolidated Plan (under Housing Plans):

<https://portal.ct.gov/DOH/DOH/Housing/Notices-and-Publications>

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

<https://www.hudexchange.info/resource/2179/guide-national-objectives-eligible-activities-state-cdbg-programs/>

CPD Income Calculator

<https://www.hudexchange.info/incomecalculator/>

HUD Office of Community Planning and Development Training:

<https://www.hudexchange.info/training-events/>

HUD Office of Healthy Homes and Lead Hazard Control:

https://www.hud.gov/program_offices/healthy_homes

HUD Office of Davis Bacon and Labor Standards:

https://www.hud.gov/program_offices/davis_bacon_and_labor_standards

HUD Office of Environment and Energy (OEE):

<https://www.hudexchange.info/programs/environmental-review/>