

City of Lawrence Community Development Block  
Grant (CDBG) and CDBG-CV Policies and Procedures  
and Guidance Manual



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*The mission of the City of Lawrence Housing Initiatives Division is to create a community where all enjoy life and feel at home by ending chronic homelessness, ensuring that everyone has a safe and affordable home, and revitalizing neighborhoods for inclusive and equitable community development.*

Revision History

CDBG Policies and Procedures and Guidance Manual

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1	5/18/23	Added: See Appendix H for guidelines for the review and approval specific to emergency grant payments. (p. 16); Added Appendix H	Brad Karr
2	5/18/23	Added new City of Lawrence logo	Brad Karr
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## Key Definitions

**The Act:** Title I of the Housing and Community Development Act of 1974, as amended, makes funds available to qualified cities to develop viable urban communities, by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

**Action Plan:** The annual Action Plan provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.

**Administrative Cap:** A maximum of 20 percent of the sum of the CDBG entitlement grant, plus program income that is received during the program year, may be spent on planning and administration costs.

**Affirmatively Furthering Fair Housing Plan (AFFH):** HUD's AFFH rule provides an effective planning approach to aid program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. As provided in the rule, AFFH means "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant's activities and programs relating to housing and urban development."

**Area Median Income (AMI) / Area Median Family Income (AMFI) / HUD Area Median Family Income (HAMFI):** Area Median Income (AMI) is an annual income figure. Unlike per capita income, which is an average, the median divides the distribution of the incomes of all families into two equal parts: one-half below the median income and one-half above. MFI is based on the distribution of the total number of families, including those with no income. HAMFI is a statistic calculated by HUD for each jurisdiction and is not necessarily the same as other calculations of median incomes (such as a simple Census number), due to a number of adjustments. This statistic is used to calculate Fair Market Rents (FMRs) and income limits that determine eligibility for HUD assisted housing and community development programs. Specifically, for each metropolitan area, subarea of a metropolitan and non-metropolitan county, 5-year ACS data is used as the basis for calculating MFI estimates.

**Area Benefit Activity:** An Area Benefit activity is an activity which is available to benefit all the residents of an area which is primarily residential. In order to qualify as addressing the national objective of benefit to LMI persons on an area basis, an activity must meet the identified needs of LMI persons residing in an area where at least 51% of the residents are LMI persons. The benefits of this type of activity are available to all residents in the area regardless of income.

**Basically CDBG for Entitlements:** This training was developed to guide and assist Community Development Block Grant (CDBG) Entitlement grantees in the implementation of their programs.

From national objectives and eligible activities to the details of administration, financial management, and other federal requirements, these resources are valuable for every CDBG program practitioner.

**Capacity Building:** Activities that build the capacity of the CDBG program, Sub-recipients, and program delivery to low-income residents. Capacity building activities are subject to the 20 percent administrative cap.

**Community Development Block Grant (CDBG):** The Community Development Block Grant program is a flexible program that provides communities with resources to address a wide range of unique community development needs. The CDBG Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

**CDBG Recipient:** Local governments are known as grantees or recipients, and also referred to as units of general local government (UGLG). Under the Entitlement CDBG Program, the City of Lawrence receives funding directly from HUD.

**Citizen:** A person living within the city limits of Lawrence. Unless otherwise distinguished by HUD or applicable statute, citizen and resident are used interchangeably.

**Citizen Participation Plan:** A plan prepared by the City of Lawrence in accordance with 24 CFR 570.486 which describes how the City will include and encourage citizen participation, especially by low- and moderate-income citizens. See Appendix A for the City of Lawrence Citizen Participation Plan.

**City Program:** An eligible activity or service provided by city staff through a noncompetitive application process.

**Code of Federal Regulations (CFR):** The Code of Federal Regulations is the codification of the general and permanent rules and regulations (sometimes called administrative law) published in the Federal Register by the executive departments and agencies of the federal government of the United States.

**Community Housing Development Organization (CHDO):** A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.

**Conflict of Interest:** Conflicts of interest arise when officials or staff stand to benefit--either directly themselves or indirectly through business partners or relatives--from the awarding or contracting of grant funds. Grantees are encouraged to avoid conflicts of interest to the extent possible. When conflicts of interest arise, grantees must identify, disclose, and manage them in compliance with applicable rules and regulations. See [HUD Integrity Bulletin: 7 Keys to Handling Conflicts of Interest](#).

**Consolidated Annual Performance and Evaluation Report (CAPER):** An annual report prepared by the City of Lawrence and submitted to HUD in accordance with 24 CFR Part 91, on accomplishments and progress toward Consolidated Plan goals.

**Consolidated Plan:** The Consolidated Plan is a five-year strategic plan prepared by the City of Lawrence in accordance with 24 CFR Part 91, and describes the needs, resources, priorities and proposed activities to be undertaken with respect to HUD's Office of Community Planning and Development (CPD) formula programs, including CDBG and HOME. The Consolidated Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs.

**Contractor:** A contractor is an entity paid with CDBG or HOME funds in return for a specific service (e.g., construction). Some characteristics of a contractor include providing the goods and services within normal business operations; providing similar goods or services to many different purchasers; normally operating in a competitive environment; providing goods or services that are ancillary to the operation of the Federal program; not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

**Corrective Action Plan:** A plan prepared by a subrecipient or city partner to correct issues of non-compliance within a specific schedule.

**Cost Allocation:** The purpose of cost allocation is to divide shared costs in such a way that the appropriate amount, based on the relative proportion of total resources used, is charged to each applicable program and funding source. One important outcome of the process is the assurance that the same cost is never charged to more than one funding source. Of course, costs defined as ineligible by OMB – or explicitly excluded by HUD or a local funder – can never be reimbursed by a federal grant.

**Cost Allocation Plan:** A document that identifies and explains the distribution of allowable direct and indirect costs and declares the allocation methods used for distribution.

**The Office of Community Planning and Development (CPD):** The Office of Community Planning and Development (CPD) seeks to develop viable communities by promoting integrated approaches that provide decent housing, a suitable living environment, and expand economic opportunities for low- and moderate-income persons. The primary means towards this end is the development of partnerships among all levels of government and the private sector, including for-profit and non-profit organizations.

**Davis-Bacon Act:** Establishes the requirement for paying the local prevailing wage rates and fringe benefits, as determined by the U.S. Department of Labor. It applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000. Davis-Bacon applies to the rehabilitation of residential property only if the property contains 8 or more units. Residential property that contains 7 or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing 7 or fewer units. Typically, single-family

homeowner properties are excluded under this exemption. However, "property" is not limited to a specific building. Property is defined as one or more buildings on an undivided lot or on contiguous lots or parcels, which are commonly owned and operated as one rental, cooperative or condominium project. Examples of 8+ unit properties may include:

- 5 townhouse buildings side-by-side which consist of 2 units each.
- 3 apartment buildings each consisting of 5 units and located on one tract of land.
- 8 single-family (not homeowner) houses located on contiguous lots.

The requirement is more clearly explained in [HUD Handbook 1344.1](#) Rev. 2 entitled Federal Labor Standards Requirements in Housing and Urban Development Programs.

**Developer:** Owns the property and develops a project or has a contractual obligation to a property owner to develop a project.

**Disabled Family:** A family whose head (including co-head), spouse, or sole member is a person with a disability. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.

**Displaced Family:** A family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief.

**Draw Down:** Refers to the process of requesting and receiving CDBG funds from HUD. Grantees draw down funds from a line of credit established by HUD in IDIS. Subrecipients typically draw down funds from grantees.

**Economic Development:** Activities to improve the economic health and standard of living in the City of Lawrence. Depending on the nature of the activity, eligible economic development activities may be subject to the public services or administrative caps.

**Elderly Family:** A family whose head (including co-head), spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living together, or one or more persons who are at least 62 years of age living with one or more live-in aides.

**Entitlement Community:** A city in a metropolitan area with a population of 50,000 or more, a principal city of a metropolitan area, or an urban county with a population of at least 200,000 (excluding the population of metropolitan cities located therein) that receives an annual allocation of grant funds directly from HUD. An Entitlement Community is sometimes referred to by HUD as a grantee or recipient.

**Entitlement Grant:** Federal funds received by an entitlement community in a program year.

**Environmental Review Record (ERR):** An assessment report of the effects a federally funded project will have on the environment and must be completed before any funds are expended on a project. The assessment is completed in HEROS and follows the requirements of 24 CFR Parts 50 and 58.



**Family:** Family refers to the definition of “family” in 24 CFR 5.403. Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

1. A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or
2. A group of persons residing together, and such group includes, but is not limited to:
  - a. A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
  - b. An elderly family;
  - c. A near-elderly family;
  - d. A disabled family;
  - e. A displaced family; and
  - f. The remaining member of a tenant family.

**Funding Cycle:** The time period associated with the City of Lawrence’s allocation of projected CDBG and HOME funds for the upcoming program year(s). The funding cycle is most commonly an annual cycle that begins in August and ends in July of the following year.

**Guide to National Objectives and Eligible Activities for CDBG Entitlement**

**Communities:** This guide is intended for public officials and citizens seeking to understand what activities are eligible to be assisted under the CDBG Entitlement Program and to guide them in making wise choices among certain alternatives available within the program for carrying out particular activities. While the statute, as amplified by the regulations, provides the authoritative version of program requirements, this Guide: Organizes eligibility requirements in a more accessible and understandable format; provides additional explanatory materials, including examples; provides guidance on the factors to be considered in selecting among alternative categories of eligibility and national objectives, where applicable; and provides guidance on accessing additional CDBG resources that may be available to a community.

**HOME Investment Partnerships Program (HOME):** The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

**Household:** All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements, regardless of actual or perceived, sexual orientation, gender identity, or marital status.

**Housing Initiatives Division (HID):** The mission of the City of Lawrence Housing Initiatives Division is to create a community where all enjoy life and feel at home by ending chronic homelessness, ensuring that everyone has a safe and affordable home, and revitalizing neighborhoods for inclusive and equitable community development. Community development housing programs provides neighborhood support and housing assistance programs through the Community Development Block Grant, HOME Investment Partnership Program, Emergency Solutions Grant and Neighborhood Stabilization Program.

**Housing Rehabilitation:** Activities that assist homeowners with the repair, rehabilitation, or reconstruction of owner-occupied and rental units.

**HUD:** U.S. Department of Housing and Urban Development. HUD established the regulations and requirements for the grant programs and has oversight responsibilities for the use of CDBG and HOME funds.

**HUD'S Environmental Review Online System (HEROS):** An online system for developing, documenting, and managing ERRs. Access to this system is requested from the HUD's Region Environmental Officer.

**HUD Guidelines:** All tools, guidebooks, trainings, notices, and other guiding materials and correspondence provided by HUD or CPD regarding the laws and regulations of the CDBG and HOME Programs.

**Integrated Disbursement and Information System (IDIS):** An online federal database that provides HUD with current information regarding program activities and funding data. The City of Lawrence uses IDIS to fund and report on its CDBG and HOME Programs. User identifications and passwords are issued by HUD.

**Income:** Gross income for a household as defined by 24 CFR Part 5 is used for all City of Lawrence CDBG and HOME funded programs.

**Income Limits:** CDBG Low- and moderate-income means family or household annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income (AMI), as established by HUD. Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons. HOME Income Limits are calculated using the same methodology that HUD uses for calculating the income limits for the Section 8 program, in accordance with Section 3(b)(2) of the U.S. Housing Act of 1937, as amended. These limits are based on HUD estimates of median family income, with adjustments based on family size. Please note that the 30 percent income limits for the HOME program have been calculated based on the definition of Extremely Low-Income Family (ELI) as described in Consolidated Submission for CPD Programs section of 24 CFR part 91.5. Therefore, the ELI Limit is calculated as 30 percent of median family income for the area and may not be the same as the Section 8 ELI Limit for your jurisdiction. The Section 8 Limit is calculated based on the definition of ELI as described in the 2014 Consolidated Appropriations Act, (Section 238 on page 128 Stat 635) which defines ELI as very low-income families whose incomes do not exceed the higher of the Federal poverty level or 30% of area median income. Family sizes in excess of 8 persons are calculated by adding 8% of the four-person income limit for each additional family member. That is, a 9-person limit should be 140% of the 4-person limit, the 10-person limit should be 148%. The HOME income limit values for large households (9-12 persons) must be rounded to the nearest \$50. Therefore, all values from 1 to 24 are rounded down to 0, and all values from 25 to 49 are rounded up to 50.

**Indirect Costs:** Costs that have been incurred for 'shared' or 'joint' objectives and cannot be readily identified with any particular activity. Typical examples of these costs include:

- Rent, utility, insurance, maintenance and other expenditures related to shared space
- Administrative and executive team functions that support multiple program areas
- Purchases, transportation and staff expenses that benefit multiple program areas

**Indirect Cost Rate:** A device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio, expressed as a percentage, of the indirect costs to a direct cost base. Indirect cost rate must be approved by HUD.

**Indirect Cost Rate Proposal:** The documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.

**Job Creation/Retention:** A mandatory public benefit standard that requires at least one full-time, permanent job per \$35,000 of CDBG funds used must be created or retained.

**Live-in Aide:** A person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

1. Is determined to be essential to the care and well-being of the persons;
2. Is not obligated for the support of the persons; and
3. Would not be living in the unit except to provide the necessary supportive services.

**Low- and Moderate-Income (LMI):** Low- and moderate-income means family or household annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income (AMI), as established by HUD. A minimum of 70% of all households receiving services using CDBG funding must qualify as LMI.

**Low- and Moderate-income Household:** a household having an income equal to or less than the Section 8 low-income limit established by HUD.

**Low- and Moderate-income Person:** a member of a family having an income equal to or less than the Section 8 low-income limit established by HUD. Unrelated individuals will be considered as one-person families for this purpose.

**LMI Limited Clientele Activity:** An activity which provides benefits to a specific group of persons rather than everyone in an area generally. It may benefit particular persons without regard to the area in which they reside, or it may be an activity which provides benefit on an area basis but only to a specific group of persons who reside in the area. In either case, at least 51% of the beneficiaries of the activity must be LMI persons. Limited clientele activities may qualify as either a presumed benefit activity or a direct benefit activity.

**LMI Housing:** For activities to qualify under the LMI Housing benefit national objective, it must result in housing that will be occupied by LMI households upon completion.

**LMI Jobs:** A LMI Jobs activity is one which creates or retains permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, are either held by LMI persons or considered to be available to LMI persons.

**Matrix Codes:** Matrix codes are used to indicate—but do not establish—activity eligibility. An activity must be eligible in accordance with the regulations at 24 CFR 570.201 – 570.207 for Entitlements, 570.703 – 570.705 for the Section 108 loan guarantee program, and with Section 105(a) of the HCDA [42 USC 5305] and 24 CFR 570.482 for States. Grantees need to refer to the regulations to determine an activity's eligibility; the codes defined below are used in IDIS On-Line chiefly to categorize activities for reporting purposes. See Appendix B for Matrix Code Definitions.

**Meeting Urgent Needs:** To comply with the national objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions in which the City certifies all of the following:

- Pose a serious and immediate threat to the health or welfare of the community,
- Are of recent origin or recently became urgent (within 18 months),
- The City is unable to finance the activity on its own, and
- Other resources of funding are not available to carry out the activity.

**Microenterprise:** A business that has five or fewer employees, one or more of whom own the enterprise.

**Minority Business Enterprise (MBE):** A business concern that is at least 51% owned by one or more individuals who are African American, Hispanic American, Native American, Asian-Pacific American or Asian-Indian American; and whose management and daily business operations are controlled by one or more of these owners.

**Monitoring Visits:** City staff visits to subrecipient and partner programs to evaluate the progress/performance of the program and/or to provide technical assistance.

**National Objective:** In order to be eligible for funding, every CDBG-funded activity must qualify as meeting one of the three national objectives of the program. Those three objectives are identified as:

1. Benefiting Low- and Moderate- Income (LMI) Persons
2. Preventing or Eliminating Slums or Blight
3. Meeting Urgent Needs

**Neighborhood Association:** The City maintains a list of contacts for neighborhood associations that register. The [interactive mapping system](#) can be used to see if your property is located in the boundaries of a neighborhood association, or a CDBG Low/Mod income area census tract.

**The Office of Management and Budget (OMB):** OMB is the largest office within the Executive Office of the President of the United States. The main function of the OMB is to assist the President in preparing the budget. The OMB issues budget instructions or information, known as circulars, to Federal agencies.

**Origin Year:** Origin year means the specific Federal fiscal year during which the annual grant funds were appropriated.

**Participating Jurisdiction (PJ):** Any state, local government, or consortium that HUD has designated to receive HOME funds and administer a HOME program.

**Pass-through Entity:** a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

**Person with Disabilities:** A person who:

1. Has a disability, as defined in 42 U.S.C. 423;
2. Is determined, pursuant to HUD regulations, to have a physical, mental, or emotional impairment that:
  - a. Is expected to be of long continued and indefinite duration;
  - b. Substantially impedes his or her ability to live independently, and

- c. Is of such a nature that the ability to live independently could be improved by more suitable housing conditions; or
3. Has a developmental disability as defined in 42 U.S.C. 6001.

This does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome; For purposes of qualifying for low-income housing, does not include a person whose disability is based solely on any drug or alcohol dependence; and means "individual with handicaps", as defined in § 8.3 of this title, for purposes of reasonable accommodation and program accessibility for persons with disabilities.

**Personally Identifiable Information (PII):** Defined in OMB M-07-16 as "...information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc." See Appendix C for the City of Lawrence Personally Identifiable Information Policy and Guidance.

**PR Reports:** Program reports generated in IDIS that provide financial and performance information.

**Presumed Benefit:** Benefit a group of clientele that is presumed to be principally LMI. Presumed benefit groups include abused children, battered spouses, severely disabled adults, homeless persons, illiterate adults, persons with AIDS, migrant farm workers, and elderly persons over 62 years of age.

**Preventing or Eliminating Slums or Blight:** The City currently has no designated areas that meet the definition of a slum, blighted, deteriorated, or deteriorating area under State and local law. The elimination of specific conditions of blight or deterioration on a spot basis is permitted on the premise that such actions serve to prevent the spread to adjacent properties or areas.

**Program Income:** Program income is the gross income received by the City and its subrecipients directly generated from their use of CDBG and HOME funds.

**Program Year:** The City of Lawrence's program year begins August 1 and ends July 31 of the following year.

**Public Service Activity:** Eligible public service activities include, but are not limited to, those concerned with child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, services for senior citizens, services for homeless persons, drug abuse counseling and treatment, energy conservation counseling and testing, homebuyer down payment assistance, and welfare (but excluding provision of income payments described at [24 CFR 570.207\(b\)\(4\)](#)). Paying the cost of operating and maintaining that portion of a facility in which the service is located is also considered to fall under the basic eligibility category of Public Services, even if such costs are the only contributions made by CDBG for those services. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of a service above that which has been provided by or on behalf of the unit of general local government through funds raised by such unit or received by such unit from the State in which it is located during the 12 months prior to submission of the grantee's applicable

Action Plan. (This requirement is intended to prevent the substitution of CDBG funds for recent support of public services by the grantee using local or State government funds.)

**Public Services Cap:** A maximum of 15 percent of the CDBG entitlement grant may be spent on public service activities.

**Resident:** Unless otherwise distinguished by HUD or applicable statute, resident and citizen are used interchangeably.

**Section 3:** Section 3 of the Housing and Urban Development Act of 1968 established the Section 3 Program, which requires recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other opportunities for low- and very low-income persons, especially recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons.

**Step Up to Better Housing:** A strategy adopted by the Lawrence City Commission to identify spending goals and priorities association with CDBG and HOME allocations, with focus on five key areas:

- Emergency Shelter
- Transitional Housing
- Permanent/Supportive Housing
- Revitalized Neighborhoods, and
- Community Facilities

**Subaward:** An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

**Subrecipient:** a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Some characteristics of a Subrecipient include determining who is eligible to receive what Federal assistance; having its performance measured in relation to whether objectives of a Federal program were met; having responsibility for programmatic decision making; is responsible for adherence to applicable Federal program requirements specified in the Federal award; and in accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

**Subrecipient Agreement:** A written agreement between the City of Lawrence and the subrecipient that is required before CDBG or HOME funds are disbursed.

**Substantial Amendment:** Substantial Amendments will be necessary whenever any of the criteria listed below is proposed. Substantial amendments to any of the Plans will be subject to Citizen Participation Plan requirements. The City will consider all substantial amendments at a public meeting. Notice of all public meetings and information regarding the proposed substantial amendment will be made by publishing a notice prior to the meeting, which will begin the 30-day

public comment period. The City will consider any comments or views of residents of the community received in writing, or orally at public hearings, if any, in preparing any substantial amendment. The recommendation regarding a substantial amendment will be forwarded to the City Commission for discussion and consideration of approval at a regularly scheduled meeting. If approved, the substantial amendment shall be attached to the plan, and submitted along with all public comments or views, to the local HUD office. Implementation of the amendment shall not occur before the expiration of the public comment period.

- a. Consolidated Plan and Annual Action Plan Amendment Considerations: A Substantial Amendment will be made to the Consolidated Plan or Annual Action Plan whenever one of the following decisions is made:
  - i. To change the allocation priorities or a change in the method of distribution of funds.
  - ii. To carry out an activity, using funds from any program covered by the Consolidated Plan (including program income), not previously described in the plan.
  - iii. To change the purpose of a previously approved activity. The following categories of purpose are established:
    - A. Acquisition and/or Disposition of Real Property;
    - B. Public Facilities and Improvements;
    - C. Clearance;
    - D. Public Services;
    - E. Rehabilitation;
    - F. Economic Development;
    - G. Homeownership Assistance;
    - H. Planning; and
    - I. Program Administration
  - iv. To change the scope of a previously approved activity. A change in scope will occur when the cost of the activity is reduced or increased by 50% or more, or when the quantity of the activity is reduced or increased by 50% or more.
  - v. To change the location of a previously approved activity, when the change of location will cause the targeted group of beneficiaries to lose the benefit.
  - vi. To change the beneficiaries of a previously approved activity, when the targeted groups of beneficiaries will no longer benefit, or when the percentage of low- and moderate-income beneficiaries will be less than the minimum required by federal law or regulation.

**Technical Assistance:** Assistance to an entity by another entity with more knowledge in the applicable subject field, resulting in increased capacity or knowledge of the assisted entity.

**Timeliness:** Carrying out CDBG funded activities in a timely manner.

**Timeliness Spending Test:** A test conducted sixty days prior to the end of the current program year, to ensure that the amount of entitlement grant funds available to the City of Lawrence under grant agreements, but undisbursed by the U.S. Treasury is not more than 1.5 times the entitlement grant amount for the current program year. Progress can be monitored in IDIS, through the PR 56 report.

**Women's Business Enterprise (WBE):** A business concern that is at least 51% owned by one or more women and whose management and daily business operations are controlled by one or more of those owners.



## City of Lawrence CDBG Overview and Policy Guidance

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. The CDBG Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The exact amount of CDBG funding allocated to the City of Lawrence is based on a formula that incorporates several urban characteristics including population, age and condition of the City's housing stock, demographics, and incidence of poverty.

These policies are a combination of federal rules and local policies used to oversee the CDBG program for the City of Lawrence. They reflect best practices and policies as set forth by the U.S. Department of Housing and Urban Development (HUD). These policies will be updated on an ongoing basis and shall always reflect a coordination of HUD's National Objectives, Eligible Activities, and City Priorities. HUD regulations, guidebooks, and manuals will supersede any future conflicting policies. The citation reference from [Title 24 Code of Federal Regulations \(CFR\) Part 570 - Community Development Block Grants](#) can be found in parentheses next to each heading below. All CDBG allocations are subject to the regulations detailed in [2 CFR Part 200](#) (formerly, OMB Circulars A-110 (2 CFR Part 225), OMB Circulars A-110 and A-122 (2 CFR Part 230)).

Local program guidelines are intended to guide City staff in program implementation and provide a framework for operating the program in compliance with federal statutes, best practices, and local policies. Local community needs, resources, priorities, and procedures for managing the CDBG program are approved by the City Commission as part of the City's five-year consolidated Plan process. In addition, each year the Lawrence City Commission reviews and considers approval of an Annual Action Plan which includes objectives and outcomes, an evaluation of past performance, and activities to be undertaken in the next program year.

This manual applies to all CDBG funds awarded by the City of Lawrence. The purpose of this manual is to provide the Housing Initiatives Division (HID), a division within the Planning and Development Services department, staff guidance on project eligibility and management support to CDBG-funded subrecipients/entities and activities. It is also designed to help CDBG funded entities understand the requirements that apply to the use of federal funds for the delivery of the CDBG Program and its eligible activities.

It is a supplement to applicable regulations, standards, and policies. The basic program regulations, government management, and financial systems for the CDBG Program are contained in the Code of Federal Regulations Title 24 and 2 CFR Part 200.

This manual does not replace or amend any of the provisions included in the Agreement executed between the City and subrecipients/entities Agencies and should not be used in lieu of reading the articles of the Agreement. Should there be any disagreement between the executed Agreement and this manual, the provisions contained within the Agreement shall take precedence. The Agreement refers to the executed contract, service level agreement or memorandum of understanding with the Agency.

The guideline provided in this manual represent minimum requirements and controls that must be embodied within the Agency's accounting, internal controls, and financial reporting systems.

They are not intended to replace existing procedures used by the Agency that achieve the same results.

Each Agency must comply with the minimum requirements and procedures prescribed in this manual to the maximum extent feasible. In addition, each Agency must ensure that a copy of the Manual is accessible to all personnel responsible for compliance with requirements and procedures contained in the manual.

This guidance manual and any revisions that may be issued from time to time shall be effective until superseded or canceled by appropriate notice from HID. Comments and suggestions for changes, modifications, or improvements are encouraged, and should be submitted in writing to the HID office.

While there are many aspects that must be considered in selecting activities to assist under the CDBG program, there are six key steps a grant recipient should take in the early stages of the process of determining if CDBG funds may be used to assist a proposed activity.

1. Determine if the activity is included within the listing of eligible activities in the CDBG statute ([24 CFR 570.201-206](#)), as amplified by regulation. Generally, if an activity does not fall within a category of explicitly authorized activities in the statute, the activity is considered ineligible. HUD's [Guide to National Objectives and Eligible Activities](#) describes categories of basic eligibility that were authorized at the time of publication.
2. Determine if the proposed activity falls within a category of explicitly ineligible activities ([24 CFR 570.207](#)), despite its apparent inclusion within an authorized category. For example, while public facilities are generically eligible for assistance with CDBG funds, there is an explicit statutory bar to providing assistance to "buildings for the general conduct of government" under the category of Public Facilities and Improvements.
3. Determine if the proposed activity can meet one of the national objectives of the program ([24 CFR 570.208](#)).
4. Ensure that carrying out the activity with CDBG funds will not result in the grantee violating its certification that at least 70% of CDBG expenditures will be for activities that are considered to benefit LMI persons over the one, two, or three consecutive program years specified by the grantee.
5. Review proposed costs of the activity to determine if they appear to be necessary and reasonable and will otherwise conform with the requirements of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards at [2 CFR Part 200](#), as applicable.
6. HID staff will complete the environmental review and clearance procedures for the project of which the activity is a part. Those procedures are set forth in [24 CFR Part 58](#) or [24 CFR Part 50](#). HUD is prohibited by law from releasing funds for a CDBG activity until the grantee certifies that it has met its responsibilities with respect to environmental protection.

## City of Lawrence Statement of CDBG Policies and Procedures

The following policy and procedure statements are included in this manual to clearly communicate the responsibilities of HID staff in the administration of the CDBG program.

- HID staff shall follow the CDBG/HOME Allocation and Recommendation Procedures as listed in Appendix D to review all applications received for funding.
- HID staff shall document its review of the eligibility of all activities proposed for CDBG funding prior to the inclusion of an activity in any funding recommendation or Action Plan. HID staff will review the national objectives in the CDBG statute and will consult the Guide to National Objectives and Eligible Activities to determine if the proposed activity can meet one of the national objectives. HID staff shall document that carrying out the activity with CDBG funds will not result in the grantee violating its certification that at least 70% of CDBG expenditures will be for activities that are considered to benefit LMI persons over the one, two, or three consecutive program years specified by the grantee. Such reviews shall be prepared by the Project Specialist or other qualified staff and approved by the Housing Initiatives Manager. See Appendix E for CDBG Eligibility/National Objectives determination form.
- HID staff shall review proposed costs of the activity to determine if they appear to be necessary and reasonable and will otherwise conform with the requirements of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards at [2 CFR Part 200](#), as applicable.
- HID staff shall document its review of each activity for compliance with the National Environmental Policy Act (NEPA) requirements prior to contracting, funding or disbursing funds.
- HID staff shall prepare written agreements for each CDBG-funded activity to disseminate all applicable federal, state and local requirements to subrecipients implementing CDBG-funded activities. The agreement will include the current income limits for the program.
- HID staff shall verify that participating contractors, subcontractors, consultants and subrecipients are not suspended, debarred or otherwise prohibited from conducting business with any Federal Agency by checking the System for Award Management (SAM) database at [SAM.gov](#).
- HID staff shall setup activities in IDIS and fund activities in IDIS to facilitate grant reporting and drawdown throughout the program year.
- HID staff shall hold all client Personally Identifiable Information (PII) in strict confidence in a secure location. See Appendix C for Personally Identifiable Information Policy and Guidance document.
- HID staff shall provide technical assistance to subrecipients and City Departments to foster program-wide compliance with the CDBG regulations and to facilitate practical understanding of the terms and conditions of written agreements.

- HID staff shall collect performance reports for all activities that are “open” in IDIS not less than quarterly. Performance reports shall be evaluated to determine the sufficiency of program performance and to facilitate the entry of accomplishment data into IDIS.
- HID staff shall review requests for reimbursement for compliance with the CDBG regulations and the terms and conditions of the written agreement between the City and subrecipient or City Department. Only those requests that are fully documented and compliant shall be paid. All requests for reimbursement shall be accompanied by the required Performance Report which includes demographic and income information on the clients served. See Sample Performance Report in Appendix F. See Appendix H for guidelines for the review and approval specific to emergency grant payments.
- HID staff shall draw down funds from the U.S. Treasury to reimburse the City for its expenditure of funds for CDBG activities. Drawdowns shall be conducted not less than quarterly, within 90 days of the end of each quarter, and may be conducted more frequently to meet business needs.
- HID staff shall conduct a risk assessment of all open CDBG activities and shall conduct desk or on-site monitoring reviews of all activities implemented by subrecipients or City Departments that meet the threshold criteria identified in the annual risk assessment.
- HID staff shall establish tracking and data collection systems to support the preparation and submittal of a variety of compliance reports to HUD throughout each program year as required by the CDBG regulations and other federal requirements.
- HID staff shall implement grant closeout procedures as part of IDIS activity completion and the preparation of the CAPER in order to verify records demonstrating that each CDBG activity has complied with 24 CFR Part 570 and to verify that all City of Lawrence CDBG procedures have been followed in the implementation of each activity.

# City of Lawrence CDBG Guidance Manual

## CDBG Eligible Activities

Determine if the activity is included within the listing of eligible activities in the CDBG statute ([24 CFR 570.201-206](#)), as listed by regulation. Generally, if an activity does not fall within a category of explicitly authorized activities in the statute, the activity is considered ineligible. HUD's [Guide to National Objectives and Eligible Activities](#) describes categories of basic eligibility that were authorized at the time of publication. Also see: [Basically CDBG for Entitlements](#).

### Categories of Eligible Activities:

- 1. Acquisition of Real Property:** Acquisition refers to the purchase of real property. An example of an acquisition activity is the purchase of a building to be converted into a shelter for the homeless, or the purchase of land in a LMI residential neighborhood to be used as a park. CDBG funds may be used to acquire real property either in whole, or in part by purchase, long-term lease, donation, or otherwise for any public purpose. CDBG funds may be used under this category by the grantee; a public agency; a public nonprofit entity, or a private nonprofit entity. CDBG funds may be used to pay for the cost of surveys to identify the property to be acquired, appraisals, the preparation of legal documents, recordation fees, and other costs that are necessary to the acquisition process. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**2. Disposition:** Disposition refers to the sale, lease, and donation of real property. When grantees choose to dispose of real property acquired with CDBG funds, costs associated with the disposition are CDBG-eligible. CDBG funds may be used to pay the costs associated with the disposition of real property acquired with CDBG funds through sale, lease, donation, or other means, including its disposition at less than fair market value if the property will be used to meet a national objective of the CDBG program. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**3. Public Facilities and Improvements:** Under the CDBG Program, grantees may use funds to undertake a variety of public facilities and public improvement projects. In general, public facilities and public improvements are interpreted to include all facilities and improvements that are publicly owned, or that are owned by a nonprofit and open to the general public. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

- 4. Clearance:** Clearance activities are usually related to demolishing structures or preparing a site for development. An example of this would be the demolition of a dilapidated structure in a LMI residential neighborhood from the site on which a neighborhood center will be built. As in this example, and in general, clearance activities often go hand-in-hand with other CDBG-eligible activities. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.



**5. Public Services:** The CDBG regulations allow the use of grant funds for a wide range of public service activities, including, but not limited to:

- Employment services (e.g., job training);
- Crime prevention and public safety;
- Child care;
- Health services;
- Substance abuse services (e.g., counseling and treatment);
- Fair housing counseling;
- Education programs;
- Energy conservation;
- Services for senior citizens;
- Services for homeless persons;
- Welfare services (excluding income payments);
- Down payment assistance; and
- Recreational services.

See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**6. Interim Assistance:** CDBG funds may be used to provide interim assistance where immediate action is necessary to stop physical deterioration until something permanent can be done or emergency conditions threaten the public health and safety. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**7. Relocation:** CDBG funds may be used for permanently and temporarily relocated persons where required under the provisions of §570.606 of the regulations or determined by the grantee to be appropriate under the provisions of §570.606(d). See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**8. Loss of Rental Income:** CDBG funds may be used to compensate property owners for the loss in rental income incurred while temporarily holding housing units to be used for the relocation of individuals and families displaced by CDBG-assisted activities. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**9. Privately-Owned Utilities:** Privately owned utilities are those owned by a private company rather than a public agency and may be assisted undertaken with CDBG funds under certain conditions. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**10.Rehabilitation:** Homeowner rehabilitation is one of the most common community development programs administered nation-wide. CDBG funds provide a wide range of flexibility with rehabilitation of projects and design considerations. Grantees can choose to do emergency repair programs, spot rehabilitation or full house rehabilitation. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**11. Construction of Housing:** CDBG funds can be used for new construction but only in very limited circumstances. Generally, new construction of housing is not eligible under the CDBG program. However, the regulations allow for certain eligible entities to carry out this activity on behalf of the grantee (570.204(c)).

- This entity is known as Community Based Development Organization or CBDO.
- The eligible groups include neighborhood-based organizations, section 301(d) Small Business Investment Companies (SBICs), local development corporations (LDCs), and some Community Housing Development Organizations (CHDOs).
- These development organizations must meet the definition outlined in Section 105(a)(15) of the Housing and Community Development Act and §570.204 of the regulations to be considered eligible to undertake such activities.
- These organizations must be undertaking a neighborhood revitalization, community economic development or energy conservation project in order to use CDBG for new construction. Note that new housing construction carried out by an eligible CBDO must be part of a larger effort to revitalize the neighborhood (i.e., a plan for the community's revitalization efforts based on a comprehensive plan, not just for the sake of the CDBG project).

See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**12. Code Enforcement:** Code enforcement refers to the payment of salaries and overhead costs that are directly related to state and/or local code enforcement. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.



**13. Special Economic Development Activities:** Creating economic opportunities and jobs are among the key CDBG activities funded by many grantees. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**14. Microenterprise Assistance:** These are activities designed to foster the development, support, and expansion of microenterprise businesses. See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**15.Special Activities by CBDOs:** Grantees may provide CDBG funds as grants or loans to qualified CBDOs to carry out the following types of projects:

- **Neighborhood Revitalization:** Includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographic designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population.
- **Community Economic Development:** Includes activities that increase economic opportunity, primarily for persons of LMI, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address the lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii).
- **Energy Conservation:** Includes activities that address energy conservation, principally for the benefit of the residents of the grantee's jurisdiction.

See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**16.Homeownership Assistance:** Owning a home is part of the American dream. CDBG funds can help support this dream by providing funds to income eligible households to purchase an existing or newly constructed home. CDBG funds may be used to provide direct homeownership assistance to LMI households in two ways. Both options are described below:

- As direct homeownership assistance under 570.201(n), a separate and permanent eligibility category that allows CDBG funding to:
  - Provide up to 50 percent of required down payment;
  - Pay reasonable closing costs;
  - Provide principal write-down assistance;
  - Subsidize interest rates;
  - Finance acquisition of housing occupied by the homebuyer; and
  - Acquire guarantees for mortgage financing from private lenders (i.e., assist homebuyers with private mortgage insurance).
- As a public service activity; however, this eligibility category is limited to down payment assistance only and would count towards the 15 percent public services cap under 570.201(e).

See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**17.Planning and Capacity Building:** See the following information from HUD’s Guide to National Objectives and Eligible Activities for additional information.

**18. Program Administration Costs:** See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

**19. Miscellaneous Other Activities:** See the following information from HUD's Guide to National Objectives and Eligible Activities for additional information.

## **CDBG Activities Specified as Ineligible**

Determine if the proposed activity falls within a category of explicitly ineligible activities ([24 CFR 570.207](#)), despite its apparent inclusion within an authorized category. For example, while public facilities are generically eligible for assistance with CDBG funds, there is an explicit statutory bar to providing assistance to “buildings for the general conduct of government” under the category of Public Facilities and Improvements.

The CDBG program regulations identify certain activities as categorically ineligible. They also identify certain other activities that are ineligible unless they are carried out by a CBDO under the authority of §570.204. The general rule in the CDBG program is that any activity that is not authorized under the provisions of §§ 570.201-570.206 (or, where applicable, the statute) is ineligible to be assisted with CDBG funds. However, the eligible activities are so broad that it is easy to forget that some things cannot be done under the program. The purpose of this section is to discuss specific activities that are ineligible and to provide guidance in determining the eligibility of other activities frequently associated with housing and community development.

### **Categorically ineligible:**

The following activities may not be assisted with CDBG funds under any circumstance:

- Buildings or portions thereof, used for the general conduct of government as defined at §570.3 may not be assisted with CDBG funds. This does not include, however, the removal of architectural barriers involving any such building, which may be assisted under the category of Public Facilities and Improvements. Also, where acquisition of real property includes a building or other improvement that would be used for the general conduct of government, the portion of the acquisition cost attributable to the land may be assisted under the category of Acquisition of Real Property. Reference: §570.207(a)(1)
- General government expenses. Except as otherwise specifically authorized in Subpart C of Part 570 or under OMB Circular A-87, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part. Reference: §570.207(a)(2)
- Political activities. CDBG funds may not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any. Reference: §570.207(a)(3)

### **Generally ineligible:**

The following activities may not be assisted with CDBG funds unless authorized as Special Economic Development Activities under §570.203 or when carried out by a CBDO under the provisions of §570.204:

- Purchase of equipment. The purchase of equipment with CDBG funds is generally ineligible.



- Construction equipment. The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing, depreciation, or use allowances pursuant to OMB 2 CFR 200, as applicable for an otherwise eligible activity is an eligible use of CDBG funds. However, the purchase of construction equipment for use as part of a solid waste disposal facility is eligible under the category of Public Facilities and Improvements [see §570.201(c)].
- Fire protection equipment. Fire protection equipment is considered for this purpose to be an integral part of a public facility. Thus, purchase of such equipment would be eligible under the category of Public Facilities and Improvements. This includes fire engines and specialized tools such as “jaws of life” and life-saving equipment as well as protective clothing worn by fire fighters [see §570.201(c)].
- Furnishings and personal property. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible. CDBG funds may be used, however, to purchase or to pay depreciation or use allowances for such items when necessary for use by a recipient or its subrecipients in the administration of activities assisted with CDBG funds, or when eligible as firefighting equipment, or when such items constitute all or part of a public service pursuant to §570.201(e). Also, these items are eligible when carried out by a for-profit business as part of CDBG assistance under the authority of §570.203(b). Reference: §570.207(b)(1)
- Operating and maintenance expenses. The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements, and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities [see §570.201(e)], interim assistance [see §570.201(f)], and office space for program staff employed in carrying out the CDBG program (see §570.206). For example, the use of CDBG funds to pay the allowable costs of operating and maintaining a facility used in providing a public service (e.g., salaries, rent) would be eligible under §570.201(e), even if no other costs of providing the service there are assisted with such funds. Examples of operating and maintenance expenses that are generally ineligible include:
  - Maintenance and repair of publicly-owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities, parking, and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of potholes in streets, repairing of cracks in sidewalks, the mowing of grass in city or county parks, and the replacement of street light bulbs.
  - Payment of salaries for staff, utility costs, and similar expenses necessary for the operation of public works and facilities. Reference: §570.207(b)(2)
- New housing construction. See the discussion of this activity type under the earlier sections of this chapter entitled Construction of Housing and Special Activities by CBDOs. Reference: §570.207(b)(3)

- Income payments. The general rule is that CDBG funds may not be used for income payments. For purposes of the CDBG program, “income payments” is defined as a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities, but excludes emergency grant payments made over a period of up to three consecutive months directly to the provider of such items or services on behalf of an individual or family. One-time grants, emergency type grants, or loans for such purposes may be authorized under the category of Public Services [see §570.201(e)]. Reference: §570.207(b)(4)

**Note:** Certain activities, even if they would otherwise be eligible under the category of Special Economic Development Activities, cannot be assisted with CDBG funds if they are specifically ineligible under the provisions of the Public Benefit standards under §570.209. For example, assisting a business to create jobs that would cost more than \$50,000 in CDBG funds per job would be unallowable. Also, providing assistance to a professional sports team is not allowed.

## Meeting a National Objective

Determine if the proposed activity can meet one of the national objectives of the program ([24 CFR 570.208](#)).

In order to be eligible for funding, every CDBG-funded activity must qualify as meeting one of the three national objectives of the program. This requires that each activity, except those carried out under the basic eligibility categories of Program Administration and Planning and Capacity Building, meet specific tests for either:

1. Benefiting low- and moderate-income (LMI) persons;
2. Preventing or eliminating slums or blight; or
3. Meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

An activity that fails to meet one or more of the applicable tests for meeting a national objective is in noncompliance with CDBG rules.

Note: The requirement that each activity must meet a national objective should not be confused with the requirement that at least 70% of a grantee’s funds over a particular time period must be used for activities that benefit LMI persons.

### 1. Activities Benefiting LMI Persons:

#### Persons vs Households

It is important to note that, for all but one of the subcategories under this national objective, the test of meeting the objective of Benefit to LMI is to be met based on LMI *persons*. Only with the subcategory of LMI Housing must the test be met based on LMI *households*.

There are reasons for this distinction. First, the statute requires that the focus be on the occupants of a CDBG-assisted housing unit when determining whether the national objective of benefit to LMI persons can be met. Secondly, there are two underlying assumptions in the CDBG regulations concerning this issue:

1. that all persons who reside in a housing unit that has been provided or improved with CDBG assistance will benefit from that housing unit; and
2. that the resources of all occupants could be brought to bear with respect to paying for the rental, improvement, or purchase of the unit.

For housing units receiving CDBG assistance which are occupied by persons of the same family, totaling the income of all occupants of a unit easily determines whether or not the family is a LMI family. However, CDBG-assisted housing units can be occupied by persons who are not related to each other in the traditional family sense. Thus, there needs to be a way to determine whether the beneficiaries of such an assisted housing unit should be considered to be LMI for purposes of meeting the CDBG national objective. In addressing this problem, the regulations provide first, that the income of all persons occupying a CDBG-assisted housing unit must be counted without regard to their familial relationships, and secondly, by treating them (for this purpose only) as though they were all of the same family. If the "household/family" income qualifies it as LMI, then the assisted housing unit would be considered to be occupied by a LMI household.

To illustrate this point, assume that there are two assisted housing units, one of which is occupied by three, unrelated adults and the second of which is occupied by an unmarried couple. Also assume that in each of these two units, one of the occupants is currently jobless and has no income. For nonhousing CDBG-assisted activities (such as a public service fair housing program), each of the two persons in these units who are without income would qualify separately as a LMI, eligible to receive the public service. (This is because the regulations treat them as though they are one-person families and, with no income, each is considered to be a LMI family.)

For CDBG-assisted housing activities, however, the benefits of the assistance are shared with all of the occupants, and the regulations require that the income of all household members must be considered to determine the LMI status of the beneficiaries. For the dwelling unit occupied by the three unrelated adults to qualify for CDBG housing assistance, the combined income of the two working adults could not exceed the limits for a three-person LMI family. For the unit occupied by the unmarried couple to qualify for CDBG housing assistance, the income of the one working adult would have to be less than the limit for a two-person family.

It is therefore important to note that, even though an individual may qualify as LMI for certain CDBG-assisted activities, the household of which they are a part may or may not qualify as LMI for assisted housing purposes, depending on the total combined income of all the household members.

The criteria for how an activity may be considered to benefit LMI persons are divided into four subcategories:

- A. Those based on *area benefit*;
- B. Those serving a *limited clientele*;
- C. Those involving *housing*; and
- D. Those involving employment (*jobs*).

### **Challenge to presumption**

The program rules state that an activity that meets the specified criteria for a national objective will be presumed to have met that objective. However, it should be noted that, because almost all CDBG-assisted activities involve *some* benefit to LMI persons or households, an “override” to a presumption that an activity meets the LMI Benefit national objective may come into play. The regulations provide that in any case where there is substantial evidence that an activity might not *principally* benefit LMI persons, even though the activity conforms with a literal reading of LMI Benefit criteria, the presumption that the activity meets the national objective may be rebutted. In such cases, HUD will consider *the full range of direct effects of the assisted activity*. This means that HUD will examine the extent to which the activity, in addition to benefiting the LMI persons, either negatively affects such persons or provides direct benefits to a substantial number of other non-LMI persons as well. When such a rebuttal is raised by HUD, the grantee will have to show why the activity should nevertheless be considered to meet the LMI Benefit national objective. Reference: [§570.208\(a\)](#)

It should be noted, however, that certain presumptions of a person’s LMI status for job creation/retention activities are specifically authorized by Section 105(c)(4) of the CDBG statute. Insofar as this is a statutory provision, it overrides any presumption that may seem “unwarranted” in a specific case. Thus, the “evidence to the contrary” language in the regulations is not applicable to these LMI job presumptions.

### **Restriction on Benefit to Moderate Income Persons**

The regulations require that each grantee ensure that moderate-income persons are not benefited to the exclusion of low-income persons [see [§570.208\(a\)](#)]. This does not mean that each CDBG-assisted activity must involve both low- and moderate-income beneficiaries. However, it does mean that the grantee’s CDBG program, as a whole, must primarily benefit low-income persons, and that moderate-income persons do not benefit to the exclusion of low-income persons.

### **Activities Benefiting LMI Persons: LMI Area Benefit**

For these purposes, an area benefit activity is an activity *which is available to benefit all the residents of an area* which is primarily residential. In order to qualify as addressing the national objective of benefit to LMI persons on an area basis, an activity must meet the identified needs of LMI persons residing in an area where at least 51% of the residents (or less if the “upper quartile” applies to the grantee, as described below) are LMI persons. The benefits of this type of activity are available to all residents in the area regardless of income. The requirement that an area benefit activity must qualify on the basis of the income levels of the persons who reside in the area served by the activity is statutory. (See section 105(c)(2) of the Housing and Community

Development Act of 1974 as amended.) This means that the activity may not qualify as meeting the LMI area benefit national objective on any other basis. For example, if the assisted activity is a park that *serves* an area having a LMI concentration that falls below the required percentage, the activity may not qualify even if there is reason to believe that the park will actually be *used* primarily by LMI persons.

### **Determining the Service Area**

As is probably evident, the determination of the area served by an activity is critical to this subcategory. The inclusion or exclusion of a particular portion of the grantee's jurisdiction can make the difference between whether the percentage of LMI residents in the service area is high enough to qualify under the LMI Benefit national objective. The principal responsibility for determining the area served by an activity rests with the grantee. HUD will generally accept a grantee's determination unless the nature of the activity or its location raises serious doubts about the area claimed by the grantee. The area that the grantee determines will be served by an activity need not be coterminous with census tracts or other officially recognized boundaries, but it is useful if it reasonably coincides with such boundaries because of the need to consider census data in the area, as discussed later in this section. It is critical, however, that the service area determined by the grantee be the entire area served by the activity. This means that, even though a predominantly LMI neighborhood may be one of several neighborhoods served by an activity (e.g., a grocery store) the percentage of LMI persons in the total area served by the activity is considered for this purpose.

The rules also provide that activities of the same type that serve different areas must be considered separately on the basis of their individual service area. This means that, if the grantee has a program that provides for sidewalks to be installed throughout the entire community during a CDBG program year, it would need to break this activity down into separate activities based on the different areas that the sidewalks would serve. Reference: [§570.208\(a\)\(1\)\(v\)](#)

For the most part, activities qualifying under the basic eligibility category of Public Facilities and Improvements provide a benefit to all the residents of an area and thus would be subject to meeting the criteria described here in order to meet the LMI Benefit national objective. A few activities that qualify as Public Services also provide an area benefit, most notably police or fire services. CDBG assistance to a for-profit entity that is a commercial/retail establishment generally also provides an area benefit (see Rehabilitation category concerning eligibility of commercial rehabilitation and Special Economic Development Activities category for eligibility of other assistance to a for-profit).

Certain activities that serve an area are designed to meet the needs of only some persons in that area. An example of this would be a facility that is used exclusively as a senior center for a particular neighborhood. Such area benefit activities serving special needs usually must qualify under the Limited Clientele subcategory of the LMI Benefit national objective. Although public schools may not be used by all the residents of the area they serve, in the CDBG program they nevertheless are considered to benefit all the residents not only because any household with children can avail themselves of the services of the school but also because of the contribution schools make to determining the value of the residential property in that area.

Typical area benefit activities include:

- Street improvements,
- Water and sewer lines,
- Neighborhood facilities, and
- Facade improvements in neighborhood commercial districts.

The regulations at §570.208(a)(1)(vi) provide that, for purposes of determining whether a particular area contains a sufficient percentage of LMI persons to qualify an activity under the area benefit criteria, available information from the latest Decennial Census shall be used to the fullest extent feasible. HUD will provide [Low- and Moderate- Income Summary Data \(LMISD\)](#) giving a listing of all census tracts and block groups in the community's jurisdiction. The LMISD shows the number of persons that resided in each such tract/block group at the time of the last census and the percentage of such persons who were LMI (based on the CDBG definition) at that time.

Using the LMISD, the grantee and HUD can compute the percentage of LMI persons residing in any combination of tracts/block groups within the grantee's jurisdiction, since the data contains both the total number of persons in each tract/block group that is to be combined, as well as the number of such persons who are LMI in each such tract/block group. Thus, it aids the grantee in determining whether a particular area benefit activity may be assisted with CDBG funds under the national objective of benefit to LMI persons.

An activity with a service area that is *not* primarily residential in makeup may not qualify under this category. For example, street construction in a central business district that contains financial institutions and investment firms that serve a national and international clientele may not qualify as an area benefit activity, even if there are some persons residing in the district and the majority of such residents are LMI persons. However, street improvements in a central business district composed of department stores and businesses that serve local customers such that the service area boundaries are drawn around a primarily residential area with the requisite number of LMI residents *would* qualify under this category.

The records that the grantee must keep to demonstrate compliance under this subcategory include:

- Boundaries of the service area and the basis for determining those boundaries, and
- The percentage of LMI persons in the service area and the data used for determining that percentage.

If the activity is one of the special situations described above, the records must identify the unique aspects of the activity that make it qualify under this respective subcategory. Reference: [§570.506\(b\)\(2\)](#)

### **Activities Benefiting LMI Persons: LMI Limited Clientele**

A LMI *limited clientele activity* is an activity which provides benefits to a specific group of persons rather than everyone in an area generally. It may benefit particular persons without regard to the area in which they reside, or it may be an activity which provides benefit on an area basis but

only to a specific group of persons who reside in the area. In either case, at least 51% of the beneficiaries of the activity must be LMI persons. It should be noted, however, that because of certain statutory limitations, the regulations preclude the following kinds of activities from qualifying under this subcategory:

- Activities involving the acquisition, construction, or rehabilitation of property for housing, including homeownership assistance (these must qualify under the Housing subcategory, because of section 105(c)(3) of the authorizing statute); or
- Activities where the benefit to LMI persons is the creation or retention of jobs (these must qualify under the Jobs subcategory with certain exceptions as noted under the previous area benefit section, because of the different presumptions provided under sections 105(c)(1)(C) and (4) of the authorizing statute).

To qualify under this subcategory, a limited clientele activity must meet one of the following tests:

- Exclusively benefit a clientele who are generally *presumed by HUD to be principally LMI persons*. The following groups are currently presumed by HUD to be made up principally of LMI persons:
  - abused children,
  - elderly persons,
  - battered spouses,
  - homeless persons,
  - adults meeting Bureau of Census' definition of severely disabled persons,
  - illiterate adults,
  - persons living with AIDS, and
  - migrant farm workers.

Reference: [§570.208\(a\)\(2\)\(i\)\(A\)](#)

(Note: this presumption may be challenged in a particular situation, however, if there is substantial evidence that the persons in the actual group that the activity is to serve are *most likely not* principally LMI persons.)

**OR**

- Require *information on family size and income* so that it is evident that *at least 51%* of the clientele are persons whose family income does not exceed the LMI limit. (This includes the case where the activity is restricted *exclusively to LMI* persons). Reference: [§570.208\(a\)\(2\)\(i\)\(B\) and \(C\)](#)

**OR**

- Be *of such nature and in such location* that it may reasonably be concluded that the activity's clientele will primarily be LMI persons (e.g., a day care center that is designed to serve residents of a public housing complex). Reference: [§570.208\(a\)\(2\)\(i\)\(D\)](#)

**OR**

- Be an activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current

Population Reports definition of "severely disabled," **provided** it is restricted, to the extent practicable, to the removal of such barriers by assisting:

- the reconstruction of a public facility or improvement, or portion thereof, that does not qualify under the LMI area benefit criteria;
- the rehabilitation of a privately-owned nonresidential building or improvement that does not qualify under the LMI area benefit criteria or the LMI jobs criteria; or
- the rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under the LMI housing criteria.  
Reference: [§570.208\(a\)\(2\)\(ii\)](#)

**OR**

- Be a microenterprise assistance activity carried out in accordance with the provisions of §570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. (Note that, for these purposes, once a person is determined to be LMI, he/she may be presumed to continue to qualify as such for up to a three-year period. This would enable the provision of general support services to such a person during that three-year period, without having to check to determine whether the person's income has risen.) Reference: [§570.208\(a\)\(2\)\(iii\)](#)

**OR**

- Be an activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent which qualifies under the limited clientele national objective in the following limited circumstance:
  - in such cases where such training or provision of supportive services assists business(es), and the only use of CDBG assistance received by the business is to provide the job training and/or supportive services; and the proportion of the total cost of the services borne by CDBG funds is no greater than the proportion of the total number of persons benefiting from the services who are LMI.  
Reference: [§570.208\(a\)\(2\)\(iv\)](#)

It should be noted that the so-called "presumed" categories were modified in the regulations in 1995. A new group has been added: "persons living with AIDS." The former category of "handicapped persons" has been replaced with "severely disabled adults." This latter change was made for two reasons. First, the word "persons" was replaced with "adults" to make it clear that an activity designed to treat handicapped children would not qualify for the presumption, because HUD has been unable to find evidence that the majority of handicapped (or even severely disabled) children are members of a LMI family. Moreover, the term "handicapped" has been replaced with "severely disabled" (which now will use the census definition of that term). This change was made because the term "handicapped" has been used in so many different ways for different Federal programs and has taken on a much broader meaning than had been envisioned



when it was originally introduced as a “presumed” LMI group for CDBG purposes. A review of census data supports the presumption that adults (but not children, as mentioned above) having severe disability are predominantly LMI persons.

The census definition of “severely disabled” follows:

- Persons are classified as having a severe disability if they: (a) used a wheel-chair or had used another special aid for six months or longer; (b) are unable to perform one or more “functional activities” or need assistance with an “ADL or IADL”; (c) are prevented from working at a job or doing housework; or (d) have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia, or mental retardation. Also, persons who are under 65 years of age and who are covered by Medicare or who receive SSI are considered to have a severe disability.

Note: For purposes of this definition, the term “functional activities” includes seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking. An ADL is an “activity of daily living” which includes getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating, and toileting. An IADL is an “instrumental activity of daily living” and includes going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

Activities that would be expected to qualify under the LMI Limited Clientele subcategory include:

- Construction of a senior center,
- Public services for the homeless,
- Assistance to LMI persons developing a microenterprise,
- Meals on wheels for the elderly, and
- Construction of job training facilities for severely disabled adults.

For each activity, *one* of the following five types of documentation must be kept:

1. Documentation showing that the activity is designed to be used exclusively by a segment of the population presumed by HUD to be LMI persons (e.g., abused children); or
2. Documentation describing how the nature and the location of the activity establishes that it will be used predominantly by LMI persons; or
3. Data showing the size and annual income of the family of each person receiving the benefit; or
4. Data showing that barriers to mobility or accessibility have been removed and how the barrier removal was restricted to the extent feasible to one of the particular cases authorized under this subcategory; or
5. Documentation showing that the activity qualifies under the special conditions regarding job services where less than 51% of the persons benefiting are LMI persons. *Reference:* [§570.506\(b\)\(3\)](#)

Activities which serve an area generally cannot qualify under the limited clientele criterion. For example, while a clinic serving only persons with AIDS living in a particular area would clearly

qualify as a limited clientele activity, a clinic providing CDBG-subsidized health services which are available to *all* persons in a neighborhood would not. It must instead meet the criteria for an area benefit activity. However, if the use of a clinic providing general health care were to be administered in a way such that the services are not available to everyone in the neighborhood, but only to LMI persons, the activity would qualify under limited clientele. (This is, of course, because the benefits would not be available to all the residents of the area.)

### **Activities Benefiting LMI Persons: LMI Housing**

Section 105(c)(3) of the authorizing statute requires that an activity which assists in the acquisition, construction, or improvement of permanent, residential structures may qualify as benefiting LMI persons *only to the extent* that the housing is occupied by LMI persons. (This includes activities directed towards homeownership assistance.) Thus, this subcategory provides that for such activities to qualify under the LMI Benefit national objective, it must result in housing that will be occupied by LMI households upon completion. The housing can be either owner- or renter-occupied and can be either one family or multi-unit structures. When the housing is to be rented, in order for a dwelling unit to be considered to benefit a LMI household, it must be occupied by the household at affordable rents. The grantee is responsible for establishing the criteria it will use to determine rent affordability for this purpose and must make these criteria public. Reference: [§570.208\(a\)\(3\)](#)

Note that LMI Benefit status for this purpose is based on households and not persons. This distinction is very important because there can be situations where the persons residing in an assisted housing unit are not all members of the same family. For example, consider the case where two working persons are sharing a housing unit but are not related by blood, marriage, or adoption, and their individual incomes qualify them both as LMI persons. It is possible, however, that their combined income might exceed the applicable Section 8 income limit for a two-person family and thus their household income would not qualify them to be a LMI household.

Occupancy of the assisted housing by LMI households under this subcategory is determined using the following general rules:

- All assisted single unit structures must be occupied by LMI households,
- An assisted two-unit structure (duplex) must have at least one unit occupied by a LMI household, and
- An assisted structure containing more than two units must have at least 51% of the units occupied by LMI households.

### **Exception**

The new construction of non-elderly, multi-family rental structures need only have at least 20% of the units occupied by LMI households. However, where LMI occupancy of such housing falls between 20 and 50%, the CDBG portion of total development costs may not be greater than the portion of units occupied by LMI households. (For this purpose, total development costs include the cost of all work from design and engineering through completion of the physical improvements and, if integral to the project, the cost of acquisition.) For example, if such a structure were to cost \$1 million and the occupancy by LMI households were to be only 35% of the units, the

grantee could not provide more than \$350,000 of CDBG funds to assist the structure. Reference: [§570.208\(a\)\(3\)\(i\)](#)

### **“Presumed” single structures**

In a few cases, CDBG assistance to two or more structures may be considered to meet the occupancy-by-structure test as though all of the assisted structures were in a single structure. These cases are:

- Buildings used for rental housing which are under common ownership and management and are located on the same or contiguous properties Reference: [§570.208\(a\)\(3\)](#); or
- All housing units for which CDBG assistance is obligated during a program year pursuant to a Neighborhood Revitalization Strategy approved by HUD under the authority of §91.215(e)(2) may be considered to be within a single structure Reference: [§570.208\(d\)\(5\)\(ii\)](#); or
- where CDBG-assisted activities are carried out by a Community Development Financial Institution (CDFI) whose charter limits its investments to a primarily residential area that has at least 51% LMI residents, all housing units for which CDBG assistance is obligated by the CDFI during the program year may be considered to be within a single structure Reference: [§570.208\(d\)\(6\)\(ii\)](#).

### **Condominiums**

Where rehabilitation of one or more units in a multi-unit building that are owned on a condominium basis is limited to the particular unit(s) and does not involve rehabilitation of portions of the property that are held in common ownership, the unit(s) are considered to be separate structure(s).

### **Architectural barriers**

When removal of existing barriers to accessibility or mobility is undertaken in one or more units within a multi-unit structure, it is considered to be rehabilitation of the unit(s) and must qualify under the LMI Benefit national objective based on the housing criteria and not limited clientele. Removal of such barriers to the common areas of such structures would also qualify under housing criteria, provided that the percent of units occupied by LMI households is sufficiently high. Where the occupancy test cannot be met under the housing subcategory, removal of barriers from common areas could qualify under the limited clientele subcategory.

### **Project administration for HOME**

As noted in the discussion under the subsection entitled Housing Services in the section on miscellaneous Other Activities, in the preceding chapter, CDBG funds may be used to pay (in whole or in part) for staff costs involved in providing services for the construction or rehabilitation of housing or for tenant-based rental subsidies that are assisted under the HOME program. When CDBG funds are so used, the activity qualifies under the LMI Housing subcategory provided that the requirements of 24 CFR 92.252 or 92.254 are met.

CDBG-assisted activities that, in order to be considered as benefiting LMI households, must qualify under the LMI Housing subcategory include:

- Acquisition of property to be used for permanent housing,
- Rehabilitation of permanent housing,
- Conversion of nonresidential structures into permanent housing,
- Newly constructed housing (when eligible), and
- Assistance to a household to enable it to acquire ownership of a home (homeownership assistance).

In order to demonstrate compliance, the grantee must maintain the following records:

- A copy of the written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multi-unit structure assisted and the number of those units which will be occupied by LMI households after assistance.
- Total cost of the activity, including both CDBG and non-CDBG funds.
- For each unit claimed to be occupied by a LMI household, the size and combined income of the household.
- For rental housing only:
  - the rent charged (or to be charged) after assistance for each dwelling unit in each structure assisted; and
  - information as necessary to show the affordability of units occupied (or to be occupied) by LMI households pursuant to criteria established and made public by the grantee.
  - For each property acquired on which there are no structures, evidence of commitments ensuring that the above criteria will be met when the structures are built.
  - Where applicable, records documenting that the activity qualifies under the special conditions regarding the new construction of nonelderly, multi-family housing that will have LMI occupancy of less than 51%.
  - Where applicable, information showing that the housing units assisted, although located in different structures, are authorized to be considered to be located in a single structure under one of the special situations described previously.
  - For housing services undertaken under the authority of §570.201(k) (activity delivery costs for HOME-assisted projects), evidence that the project(s) or assistance meet the HOME program income targeting requirements at 24 CFR 92.252 or 92.254. Reference: [§570.506\(b\)\(4\)](#)

For any type of housing activity, compliance with the LMI Benefit national objective is based on the initial occupancy of the housing following completion of the CDBG-assisted work. Notwithstanding this, grantees are urged to establish their own requirements for replacing such households with other LMI households whenever the assisted unit becomes vacant within a period of time following completion that is commensurate with the amount of CDBG financial assistance that was provided to the housing unit. For last resort housing provided pursuant to 24 CFR Part 42, Subpart I, compliance with a national objective is based on the activity that caused the displacement, rather than the income of the occupants.

Note that the eligibility category of homeownership assistance at §570.201(n) contains within it the requirement that only LMI households may be assisted. The effect of this eligibility constraint serves to prohibit the use of any other LMI national objective option that is less restrictive than might have otherwise been applied.

### **Activities Benefiting LMI Persons: LMI Jobs:**

Most (but not all) job creation or retention activities emanate from special economic development activities (§570.203). Section 105(c)(1) of the authorizing statute provides that these “special economic development” activities may meet the LMI Benefit national objective *only* in the following three ways:

1. Be located in a predominantly LMI neighborhood and serve the LMI residents (e.g., a grocery store serving a LMI neighborhood qualifies as area benefit); or
2. Involve facilities designed for use predominantly by LMI persons (e.g., a for-profit hospital that is designed to serve patients on Medicaid or welfare qualifies as limited clientele); or
3. Involve the employment of persons, the majority of whom are LMI persons (e.g., a retail clothing store creates or retains jobs principally for LMI persons).

This section of the Guide provides the criteria for the so-called “LMI Jobs” standard, which implements the third way authorized in the above referenced statutory provision. Reference: [§570.208\(a\)\(4\)](#)

A LMI *jobs activity* is one which creates or retains permanent jobs, at least 51% of which, on a full time equivalent (FTE) basis, are either *held by* LMI persons or considered to be *available to* LMI persons.

### **General rules**

Jobs that are not held (filled) by LMI persons may be claimed to be “available to” LMI persons *only* when *both* of the following are met:

- Neither special skills that can only be acquired with substantial (i.e., one year or more) training or work experience nor education beyond high school is a prerequisite to fill such jobs (or the business nevertheless agrees to hire unqualified persons and train them); and
- The grantee and/or the assisted business takes actions to ensure that LMI persons receive “first consideration” for filling such jobs.

Principles involved in providing "first consideration":

- The business must use a hiring practice that under usual circumstances would result in over 51% of LMI persons interviewed for applicable jobs being hired,
- The business must seriously consider a sufficient number of LMI job applicants to give reasonable opportunity to fill the position with such a person, and
- The distance from residence and availability of transportation to the job site must be reasonable before a particular LMI person may be considered a serious applicant for the job.

### **Special rules for retained jobs**

In order to consider jobs retained as a result of CDBG assistance, there must be clear and objective evidence that permanent jobs will be lost without CDBG assistance. For these purposes, "clear and objective" evidence that jobs will be lost would include:

- Evidence that the business has issued a notice to affected employees or made a public announcement to that effect, or
- Analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

To meet the LMI jobs standard, 51% or more of the retained jobs must be either:

- Known to be held by LMI persons at the time CDBG assistance is provided, and/or
- For jobs not known to be held by LMI persons, reasonably expected to "turn over" to LMI persons within two years. (This would involve the grantee or business taking actions to ensure that such a job, upon turnover, will be either taken by or made available to a LMI person in a manner similar to that pertaining to a newly created job, as discussed above.)  
Reference: [§570.208\(a\)\(4\)](#)

### **Presumed LMI status**

Section 105(c)(4) of the CDBG authorizing legislation provides that, for purposes of determining whether a job is held by or made available to a LMI person, the person may be presumed to be LMI if either:

- The person resides within a census tract (or Block Numbering Area [BNA]) that either:
  - has at least 70% of its residents who are LMI persons, or
  - meets the criteria related to "enterprise zones," or
- Both the assisted business and the created or retained job are located in a census tract or BNA that meets the criteria related to "enterprise zones."

In order to qualify for one of the presumptions referred to above concerning "enterprise zone" criteria, the census tract or BNA must either:

- Be part of a Federally-designated Empowerment Zone or Enterprise Community; or
- Meet all of the following criteria:
  - have a poverty rate of at least 20% as determined by the most recently available decennial census information;
  - not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract/BNA has a poverty rate of at least 30% as determined by the most recently available decennial census information; and
  - evidence pervasive poverty and general distress by meeting at least one of the following standards:
    - all block groups in the census tract have poverty rates of at least 20%;
    - the specific activity being undertaken is located in a block group that has a poverty rate of at least 20%; or
    - upon the written request of the recipient, HUD determines that the census tract/BNA exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline. Reference: [§570.208\(a\)\(4\)\(iv\) and \(v\)](#)

### **LMI Jobs Policies**

In counting the jobs to be used in the calculation for determining the percentage that benefit LMI persons, the following policies apply:

- Part-time jobs must be converted to full-time equivalents (FTE) (e.g., a job that will require only working half time would count as only one-half a job);
- Only permanent jobs count; temporary jobs may not be included;
- Seasonal jobs are considered to be permanent for this purpose only if the season is long enough for the job to be considered as the employee's principal occupation;
- All permanent jobs created or retained by the activity must be counted even if the activity has multiple sources of funds; and
- Jobs indirectly created or retained by an assisted activity (i.e., "spin off" jobs) may not be counted.

### **Provisions for aggregating jobs**

As a general rule, jobs from each business receiving CDBG assistance must be considered separately for purposes of demonstrating compliance with the requirement that at least 51% of the resultant created or retained jobs benefit LMI persons. However, there are certain circumstances under which the grantee may aggregate the jobs created or retained by two or more assisted businesses for this purpose. The following describes those circumstances:

- Where CDBG funds are used to acquire, develop, or improve real property (e.g., a business incubator, an industrial park, or shopping mall), jobs may be aggregated for all of the businesses which locate on the property, provided such businesses are not otherwise assisted with CDBG funds. Reference: [§570.208\(a\)\(4\)\(vi\)\(A\)](#)
- Where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses and where no CDBG funds are used to make or guarantee the loans, jobs created by all of the businesses receiving loans during any one program year may be aggregated. Reference: [§570.208\(a\)\(4\)\(vi\)\(B\)](#)
- Where CDBG funds are used solely to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving such technical assistance during each program year. Reference: [§570.208\(a\)\(4\)\(vi\)\(C\)](#)
- Where CDBG funds are used for activities meeting important national interests as delineated in the criteria under the public benefit standard at §570.209(b)(2)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except that the activities cannot be aggregated under more than one category. Reference: [§570.208\(a\)\(4\)\(vi\)\(D\)](#)
- Where CDBG funds are used by a Community Development Financial Institution (CDFI) to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year. Reference: [§570.208\(a\)\(4\)\(vi\)\(E\)](#)
- Where CDBG funds are used for public facilities or improvements (infrastructure) which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement, using the following ground rules:
  - where such an improvement is undertaken principally for the benefit of one or more particular businesses, and the cost (in CDBG funds) for the facility/improvement amounts to less than \$10,000 per permanent full-time equivalent (FTE) job to be created or retained by those businesses, the requirement may be met by aggregating the jobs created or retained by only those businesses for which the facility/improvement is principally undertaken, regardless of whether other businesses might also benefit from the improvement.
  - where the CDBG cost per FTE job expected to be created or retained (as determined under the paragraph above) is \$10,000 or more, the requirement may still be met by aggregating the resultant jobs created or retained but jobs from all businesses in the service area of the infrastructure must be included. More specifically, in such a case, the aggregation must also include all businesses which, as a result of the public improvement, locate or expand in the service area of the improvement between the date the grantee identifies the activity in its Action Plan under 24 CFR Part 91 and the date one year after the physical completion of the



facility/improvement. In addition, the assisted activity must comply with the public benefit standards at § 570.209(b)(2). *Reference: [§570.208\(a\)\(4\)\(vi\)\(F\)](#)*

Activities that could be expected to create or retain jobs include:

- Construction by the grantee of a business incubator which is designed to offer both space and assistance to new, small businesses to help them survive and perhaps even expand;
- Loans to help finance the expansion of a plant or factory;
- Financial assistance to a business which has publicly announced its intention to close; and to help it update its machinery and equipment instead; and
- Improvement of public infrastructure as needed by a company to comply with environmental laws to avoid closure.

Maintaining records to demonstrate compliance with this subcategory can be quite challenging. Not only do businesses often dislike having to provide special reports or keep special records, but individuals who hold a job to be retained or who are taking or being considered for a newly created or a "turnover" retained job may resist providing information concerning their family income. The addition of the presumptions described earlier in this section were made in an effort to respond to this problem. Certain other requirements have also been modified over the past few years in an attempt to make this task less onerous.

The following outlines the records that must be kept with respect to the various aspects of this subcategory.

### **LMI Jobs: General**

When assistance is provided to a business for the purpose of creating or retaining jobs, the grantee must have on file a written agreement with the business in which that business agrees to keep or create a specific number of jobs and identifies each such job by type and whether the job will be full- or part-time. The agreement must also specify the actions the business and the grantee will take to ensure that at least 51% of the jobs created or retained will benefit LMI persons pursuant to the program rules.

The program records also must document which jobs were actually created and retained, whether each such job was held by, taken by, or made available to a LMI person, and the full-time equivalency status of each job.

### **Job Creation**

#### **Held by:**

With respect to jobs which will be held by LMI persons, the records must show:

- A listing by job title of the specific jobs to be created,
- A listing by job title of the jobs filled,
- The name and income status of the person who filled each position, and
- The full-time equivalency status of the jobs.

**Available to:**

Where the job was not taken by a LMI person, but the grantee nevertheless wants credit based on the job being made available to LMI persons, the records must show:

- The title and description of the jobs made available, and the full- time equivalency status of the job at that time;
- The prerequisites for the job; special skills or education required for the job, if any; and the business commitment to provide needed training for such jobs (and the training that the business provided to the LMI person hired, if applicable); and
- How first consideration was given to LMI persons for the job, such as:
  - the name(s) of the person(s) interviewed for the job and the date of the interview(s), and
  - the income status of the person(s) interviewed.

Reference: [§570.506\(b\)\(5\)](#)

**Job Retention**

Where LMI benefit is based on job retention, the files must include the following documentation.

**Otherwise lost:**

- The specific evidence that the grantee relied on in concluding that, in the absence of CDBG assistance, the jobs would be lost.

**Held by:**

- A listing by job title of permanent jobs retained, those jobs known to be held by LMI persons at the time CDBG assistance was provided, and the full-time equivalency status of each such job; and
- Information on the family size and annual income of each such LMI person.

**Turnover jobs:**

- Identification of any of the retained jobs (other than those known to be held by LMI persons) projected to become available to LMI persons through turnover within two years of the time CDBG assistance was provided;
- The basis upon which the job was determined to be likely to turn over within two years following the CDBG assistance;
- The date the job actually turned over;
- The name and income status of the person who filled the vacancy;
- If the person who took the job was not LMI, but the claim is that the job was nevertheless made available to LMI persons, records equivalent to those described above to substantiate the "available to" claim; and
- Information on the family size and annual income of each such LMI person hired.

Reference: [§570.506\(b\)\(6\)](#)

## **Documenting income status**

Documentation that a particular applicant/employee family income was LMI may include any of the following:

- Evidence that the employee/applicant was a referral from a state, county, or local employment agency or other entity that has agreed to refer individuals whom they have determined to be LMI based on HUD's criteria. These entities must maintain records showing the basis upon which they determined that the person was LMI, which they agree to make available for grantee or Federal inspection; or
- A written certification signed and dated by the employee/applicant indicating his/her family size and total income as necessary to determine whether the person is a member of a LMI family at the time the certification is made. The certification may either show the actual size and income of the family or contain a statement that the annualized family income is below the Section 8 low-income limit for the applicable family size. The form must include a statement that the person making the certification is aware that the information being provided is subject to verification by the local or Federal government; or
- Evidence that the employee/applicant has qualified for assistance under another program with income qualification criteria at least as restrictive as those used by this program (e.g., referrals from Public Housing or the Welfare Agency). The Joint Training Partnership Act (JTPA) Program has income standards that are acceptable for this purpose, except for referrals under the JTPA Title III program for dislocated workers; or
- Evidence that the person is homeless; or
- Evidence that the person may be presumed to be LMI as discussed earlier in this section.

It is important to note that, in order to demonstrate that for any given assisted activity a sufficient percent of the jobs created or retained actually benefit LMI persons, the recipient may use any of the above approaches either singly or in combination. For example, if the recipient knows that some of the persons benefiting from the jobs qualify for the presumption based on their residence, it may use that presumption for those persons while using one or more of the other approaches (e.g., certifications or referrals) for other persons who benefit from jobs created or retained by the same assisted activity.

The test for determining whether an employee or applicant is LMI for the purposes of this subcategory must be made based on the person's income status at the time the CDBG assistance is provided. One of the most important aspects of this is that the income the person would make from the assisted job under consideration is not included in the calculation. Additional guidance can be found in section 570.3 of the regulations under the definition of "income."

Note that, since the determination of LMI status is to be made based on income at the time the CDBG assistance is provided, a person who occupies a high-paying but low-skilled job may not qualify as a LMI person in a retained job, but the same job might be filled by a LMI person if it were to be created (instead of retained) or if it were to become available to be filled through turnover by a LMI person.

Note that certain job creation or retention activities may also be undertaken by a CDFI or as part of a Neighborhood Revitalization Strategy and thereby could meet the LMI Benefit national objective based on area benefit in lieu of jobs. In such a case, the grantee will need to decide which subcategory it wants to qualify the activity under and record that decision in the program files. This is important so that both HUD and the grantee will know which criteria are being applied.

For created jobs, the benefit is intended for persons who are LMI prior to being hired. For retained jobs, the family must be LMI at the time the job is retained. Thus, a high-paying unskilled job might count as a created job but might not be counted for retention except for turnover purposes.

## **2. Prevention/Elimination of Slums or Blight:**

The second of the CDBG national objectives has its roots in the Urban Renewal program, one of the major Federal programs that were terminated and replaced with the CDBG program upon its formation in 1974. Although the vast majority of persons who resided in the areas that qualified for assistance under the Urban Renewal program were LMI, the principal focus of that program lay in eliminating major slums and other areas of blight within the community and preventing the return of blight to the treated areas. Because of some concerns that the CDBG program might not allow the continuance of the type of projects that were funded under the Urban Renewal program, provision was made for this through the inclusion of the national objective concerning slums and blight.

In developing the criteria for qualifying under this national objective, HUD has taken considerable care to ensure that activities that qualify under the objective are either clearly eliminating objectively determinable signs of slums or blight in a designated slum or blighted area or are strictly limited to eliminating specific instances of blight outside such an area ("spot blight"). Criteria are also included under this national objective to allow for the completion of projects that had been approved under the Urban Renewal program prior to the program's termination.

Accordingly, the subcategories under this national objective are:

- Addressing slums/blight on an area basis,
- Addressing slums/blight on a spot basis, and
- Addressing slums/blight in an urban renewal area.

### **Addressing Slums or Blight on an Area Basis**

To qualify under the national objective of slums/blight on an area basis, an activity must meet all of the following criteria:

- The area must be officially designated by the grantee and must meet a definition of a slum, blighted, deteriorated, or deteriorating area under State or local law. (For these purposes, it is not necessary to follow the formal procedures under State law for designating a slum or blighted area.)

- The area must exhibit the following physical signs of blight or decay:
  - there must be a substantial number of deteriorated or deteriorating buildings throughout the area. As a "safe harbor," HUD will consider this test to have been met if either:
    - the proportion of buildings in the area that are in such condition is at least equal to that specified in the applicable State law for this purpose; or
    - in the case where the applicable State law does not specify the percentage of deteriorated or deteriorating buildings required to qualify the area, then at least one quarter of all the buildings in the area must be deteriorated or deteriorating; or
    - the public improvements throughout the area must be in a general state of deterioration. (For this purpose, it would be insufficient for only one type of public improvement, such as a sewer system, to be in a state of deterioration; rather, the public improvements taken as a whole must clearly exhibit signs of deterioration.)
- Documentation must be maintained by the grantee on the boundaries of the area and the conditions which qualified the area at the time of its designation.
- Activities to be assisted with CDBG funds must be limited to those that address one or more of the conditions which contributed to the deterioration of the area. (Note that this does not limit the activities to those that address the blight or decay itself, but it allows an activity to qualify if it can be shown to address a condition that is deemed to have contributed to the decline of the area.)

It should be noted here that, once an area has been properly designated as a slum or blighted area under these provisions, the grantee may continue to assist activities that are designed to address a condition that caused the decline of the area even if the area has been brought to a point where it could no longer meet the tests for physical evidence of blight needed for its initial designation. However, if the regulatory requirements have been revised to become more stringent since the area was designated, the area would need to be newly designated (e.g., requalify) under the new criteria before new activities could be assisted with CDBG funds.

Where the assisted activity is rehabilitation of residential structures, two additional criteria must be met:

- Each such building must be considered substandard under local definition. (At a minimum, the local definition must be at least as stringent as the housing quality standards used in the Section 8 Housing Assistance Payment Program - Existing Housing.); and
- All deficiencies making the building substandard must be corrected before less critical work on the building may be undertaken.

Note: These two criteria do not apply to nonresidential rehabilitation (rehabilitation of commercial or industrial buildings). Reference: [§570.208\(b\)\(1\)](#)

Typical activities designed to address blight on an area basis include:

- Acquisition and clearance of blighted properties,
- Installation of a park or playground,
- Commercial revitalization through facade improvements, and
- Treatment of toxic materials on property to enable it to be redeveloped for a specific use when the assistance is designed to address one or more of the specific conditions which originally qualified the area.

The records must include:

- The date of designation of the area and its boundaries;
- A description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the criteria for designation;
- A description of the activity showing how it addressed a condition which led to the decline of the area. Each residential rehabilitation activity must also be supported by documentation that shows:
  - how the building qualifies under the grantee's definition of "substandard";
  - a pre-rehabilitation inspection report describing the deficiencies in each structure to be rehabilitated; and
  - details and scope of the CDBG-assisted rehabilitation, by structure (including the information needed to show that any deficiencies making the building substandard were eliminated prior to less critical work being done).

Reference: [§570.506\(b\)\(8\) and \(9\)](#)

Just because an activity is located in a designated slum/blight area does not mean that it must qualify only under this subcategory. If the activity would meet the criteria under the national objective of benefiting LMI persons, the location of the activity in the blighted area would not preclude its qualifying under the LMI Benefit national objective. For example, rehabilitation of housing that is located in a designated slum/blight area but will be occupied by a LMI Benefit household upon completion of the rehabilitation work could possibly meet both the criteria under this subcategory and the criteria under the LMI Housing subcategory. The grantee should consider choosing the LMI Benefit national objective in this case, since it would help meet the grantee's certification that at least 70% of CDBG expenditures will be for activities that meet the LMI Benefit national objective.

### **Addressing Slums or Blight on a Spot Basis**

The elimination of specific conditions of blight or deterioration on a spot basis is designed to comply with the statutory objective for CDBG funds to be used for the prevention of blight, on the premise that such action(s) serves to prevent the spread to adjacent properties or areas.

To comply with the national objective of elimination or prevention of slums or blight on a spot basis, i.e., outside a slum or blighted area, an activity must meet the following criteria:

- The activity must be designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area; and
- The activity must be limited to one of the following:
  - Acquisition (but see the discussion about this category under the section entitled Documenting Compliance later in this chapter);
  - Clearance;
  - Relocation;
  - Historic Preservation; or
  - Rehabilitation of buildings, but only to the extent necessary to eliminate specific conditions detrimental to public health and safety.  
Reference: [§570.208\(b\)\(2\)](#)

Examples:

- Elimination of faulty wiring, falling plaster, or other similar conditions from a residential building which are detrimental to all potential occupants;
- Historic preservation of a blighted public facility; and
- Demolition of a vacant, deteriorated, abandoned building.

The grantee's records must include:

- A description of the specific condition of blight or physical decay treated; and
- A description of the assisted activity showing that it falls under one of the activity types that are eligible to be carried out under this subcategory. For rehabilitation of a building carried out under this category, a description for each assisted structure showing the specific conditions that posed a threat to public health and safety, and details of the scope of CDBG-assisted rehabilitation, indicating that it was limited to addressing a specific condition that posed such a threat.  
Reference: [§570.506\(b\)\(10\)](#)

To be considered to be detrimental to public health and safety, a condition must pose a threat to the public in general. A specific condition of a housing unit may be treated under this subcategory only if it poses a threat to any occupant. Thus, if a housing unit is occupied by a disabled person and a specific condition of the housing unit poses a threat to the health and safety only for the disabled occupant, it would not qualify (i.e., it would have to pose a threat to nondisabled occupants as well).

Housing that will be occupied by a LMI household following rehabilitation should qualify under the LMI Housing criteria and should not be treated under this subcategory even though it might otherwise meet the tests to do so. This is because the grantee has an obligation to use a minimum of 70% of its funds for activities qualifying under the LMI Benefit national objective.

Public improvements cannot qualify under this standard except for rehabilitation of public buildings (other than buildings for the general conduct of government) and historic preservation of public property that is blighted.

As a general rule, national objective compliance for the acquisition of real property must be based on the use of the property after the acquisition takes place. The initial determination is based on the planned use of the property, but the final determination is to be based on the actual use. However, when property is acquired for the purpose of clearance to remove specific conditions of blight or physical decay, the clearance is considered to be the actual use of the property, but any subsequent use made of the property following clearance must be considered to be a "change of use" under §570.505. (See §570.208(d)(1)).

### **Addressing Slums or Blight in an Urban Renewal Area**

To qualify under the national objective of addressing slums/blight on the basis of urban renewal completion, an activity must:

- Be located within an Urban Renewal project area or Neighborhood Development Plan (NDP) action area; i.e., an area in which funded activities were authorized under an Urban Renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to Title I of the Housing Act of 1949; and
- Be necessary to complete the Urban Renewal plan, as then in effect. (This includes the initial land redevelopment called for by the plan.)

Reference: [§570.208\(b\)\(3\)](#)

This category is intended to permit completion of the redevelopment of areas in which activities were begun with funds received under the Federal Urban Renewal and NDP programs which were replaced by the CDBG program and for which areas the Urban Renewal plan remains in effect. CDBG funds may be used for any activity that falls within one or more of the categories of basic eligibility and is undertaken for the purpose of completing the approved plan for the Urban Renewal area.

Note: Note that the plan for redevelopment of such an area may have been amended since it was first approved. For purpose of this application, the Urban Renewal Plan is the latest plan that has been approved through officially authorized procedures. Once a property has been developed or redeveloped in accordance with the plan, any future redevelopment of the same property is not considered as necessary to complete the plan and, therefore, would not meet the criteria described above.

The grantee records must contain the following:

- A copy of the Urban Renewal Plan, including maps and supporting documentation, as in effect at the time of close-out of Federal financial assistance under the Housing Act of 1949, or financial settlement under Section 112 of the HCD Act; and
- A description of the assisted activity showing how it was needed to complete the plan for the area.

Reference: [§570.506\(b\)\(11\)](#)



### **3. Urgent Needs**

To comply with the national objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions which the grantee certifies:

- Pose a serious and immediate threat to the health or welfare of the community,
- Are of recent origin or recently became urgent,
- The grantee is unable to finance the activity on its own, and
- Other resources of funding are not available to carry out the activity.

A condition will generally be considered to be of recent origin if it is developed or became critical within 18 months preceding the grantee's certification. Reference: [§570.208\(c\)](#)

A major catastrophe such as a flood or earthquake that threatens the community's residents with the spread of serious disease. The community's other resources may well be depleted and other Federal programs may not be sufficient to cover all the costs.

The records should include:

- A description of the condition that was addressed, showing the nature and degree of seriousness of the threat it posed;
- Evidence that the grantee certified that the CDBG activity was designed to address the urgent need;
- Information on the timing of the development of the serious condition; and
- Evidence confirming that other financial resources to alleviate the need were not available. Reference: [§570.506\(b\)\(12\)](#)

If a participating unit of general local government within an urban county uses CDBG funds for an urgent need, the county must be able to document that it was unable to finance the activity out of its own resources, in addition to having evidence that the participating local government was unable to finance the activity.

### **Documenting Compliance When Choosing Among the Three National Objectives**

It is useful to consider the record keeping requirements that go with a particular national objective category or subcategory before deciding which one to use for the activity.

A given activity may be able to meet the criteria for more than one national objective. In most such cases, it would be wise to use the LMI Benefit national objective because of the requirement that at least 70% of the funds must be used under that objective. Even where it seems clear that the 70% requirement will be met, based on the activities currently planned to be assisted by the grantee, it may still be useful to choose the LMI Benefit national objective over the other two national objectives. This is because the grantee cannot always accurately plan its expenditures by activity, nor can it anticipate the fact that an opportunity may arise to assist an activity that cannot qualify under the LMI Benefit national objective but that may be of great importance.

There are also cases where it would be useful to keep records for a given activity so that it can be shown to meet more than one national objective if there is a high degree of uncertainty as to whether an activity might not meet one of the national objectives. Consider the case of an activity that is to qualify on the basis of creating jobs. If the nature of the project leaves some doubt that it may be able to create one or more of the planned jobs that may be critical to meeting the test that at least 51% of the jobs benefit LMI persons, the grantee may be reluctant to proceed. If the activity could also qualify under the Slums/Blight Area criteria, the grantee may want to consider keeping records to show that the activity meets both objectives. In this way, if the project does not proceed as planned and the LMI Jobs criteria cannot be met, the grantee could then switch the activity to the Slums/Blight national objective rather than have the activity in noncompliance with CDBG rules.

Some activities (especially providing assistance to commercial properties) can be carried out under either the LMI Jobs or LMI Area Benefit criteria (e.g., expansion of a grocery store serving a poor neighborhood). Where this is the case, the record-keeping for national objectives purposes usually would be easier for the grantee if it were to qualify the activity under area benefit. If the service area can be easily determined, the percent of LMI residents can be quickly calculated for the area. If the resultant percent is high enough to qualify, there would be no further records needed to be kept for the activity to qualify under the LMI Benefit national objective. (Note, however, that for property under the control of a grantee or a subrecipient, records showing how the property is being used may have to be kept for an extended period of time, pursuant to the requirements of §570.503(b)(8) and 570.505). The activity might also be able to qualify based on jobs being created or retained that would principally benefit LMI persons. But qualifying on this basis entails careful monitoring of the business to keep track of the jobs and securing income information from the employees or applicants. Before making this choice, however, one needs to consider the related requirement concerning public benefit, where that applies. It is likely that the national objective and public benefit requirements can be met using the same basis (i.e., area benefit vs. jobs), but this is not always the case. If the nature of the planned activity is such that the business could not meet the public benefit test based on the area served, but the activity could meet the public benefits job standards, it might then be the best choice to qualify both tests (public benefit and national objectives) on the basis of jobs. This is because the grantee would have to keep track of the jobs created or retained for public benefit purposes and would only have to add the information on income status of employees or applicants to qualify under LMI Benefit national objective based on Jobs.

When the grantee elects to meet the Slums/Blight national objective, it is necessary to be able to show that blight exists (either for an area or with respect to the property being assisted). In either case, one way that this may be documented easily is through the use of pictures. As the saying goes, "a picture is worth a thousand words." Since the test for qualifying under this objective involves showing that objectively determinable signs of blight exist, it should be evident to the eye and a picture may be able to show this most clearly. The records should still, however, also include narrative information to supplement the pictures and complete the documentation requirements.

Many grantees have expressed a concern about designating an area as a slum or blighted area for CDBG purposes. The concern is that persons residing in that area might object to such a characterization of their neighborhood. It should be noted that, while the grantee does have to

make a formal designation of the area for this purpose, it need not use the term "slum or blight" in so doing. In making public statements about the area, it may simply call it a "redevelopment area." However, in its record-keeping for activities in the area, a reference can be made to the applicable regulation citation in lieu of repeating the words used in the regulations in order to provide sufficient clarity for program monitors regarding the CDBG qualifying classification.

As mentioned in the section of this chapter on LMI Jobs, there are cases where a person may be considered to be LMI based on the census tract or BNA in which he/she resides, without having to check further for family size and income. If the grantee typically uses a certification form for determining LMI status, it might be wise to add the location of the person's residence if it is not already on the form. Since the presumptions are based on the census tract (or BNA), it is necessary that the grantee maintain information showing addresses that fall within the Census divisions in its jurisdiction. It should also be possible to use a computer program to determine whether a particular address falls within a tract/BNA that qualifies the person for the LMI presumption.

Also, as mentioned earlier under the section on LMI Area Benefit, the proper identification of the area served by the activity is critical for purposes of complying under this subcategory. Records showing the factors considered by the grantee in making this determination are important to showing compliance for this purpose.

Section §570.208(d)(1) provides that, where the assisted activity falls under the basic eligibility category of Acquisition of Real Property (at 570.201(a)), a preliminary determination of whether the activity meets a national objective may be based on the planned use of the property after acquisition. But a final determination must be based on the actual use. This means that the grantee's files must be able to show the actual use of the property after acquisition.

This same provision also states that, where the acquisition is for the purpose of clearance to eliminate blight, the clearance activity will be considered to be the actual use of the property for this purpose. However, any subsequent use or disposition of the cleared property is to be treated as a "change of use" under the provisions of §570.503 or §570.505, as applicable.

## **CDBG Spending Restrictions**

### **Planning and Administrative Costs:**

- **Origin Year Grant Expenditure Test**

For origin year 2015 grants and subsequent grants, no more than 20 percent of any origin year grant shall be expended for planning and program administrative costs, as defined in §§ 570.205 and 570.206, respectively. Expenditures of program income for planning and program administrative costs are excluded from this calculation. (24 CFR 570.200(g)(1))

- **Program Year Obligation Test**

The amount of CDBG funds obligated during each program year for planning plus administrative costs, as defined in §§ 570.205 and 570.206, respectively, shall be limited to an amount no greater than 20 percent of the sum of the grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year. For origin year 2015 grants and subsequent grants, recipients must apply this test consistent with paragraph (g)(1) of this section. (24 CFR 570.200(g)(2))

Funds from a grant of any origin year may be used to pay planning and program administrative costs associated with any grant of any origin year. (24 CFR 570.200(g)(3))

**Public Service Activities:** The amount of CDBG funds used for public services shall not exceed 15 percent of each grant. Compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year to an amount no greater than 15 percent of the entitlement grant made for that program.

**Compliance with the Primary Objective:** At least 70 percent of CDBG funds utilized during three consecutive program years, as specified by the grantee, must be expended for LMI benefit; the costs of planning and program administration are excluded from this calculation. (24 CFR 570.200(a)(3))

HUD ensures that CDBG primarily benefits LMI people by requiring that at least 70% of CDBG funds spent on activities other than program administration benefit LMI. This requirement may be met during a one, two, or three-year certification period that is specified in the Annual Action Plan certifications. The City reports overall LMI benefit to HUD in the Consolidated Annual Performance and Evaluation Report (CAPER) as part of the PR26 report generated by the Integrated Disbursement and Information System (IDIS).

### **Timeliness**

**Timeliness Spending Test:** A test conducted sixty days prior to the end of the current program year, to ensure that the amount of entitlement grant funds available to the City of Lawrence under grant agreements, but undisbursed by the U.S. Treasury is not more than 1.5 times the entitlement grant amount for the current program year. (24 CFR 570.902(a))

Progress can be monitored in IDIS, through the PR 56 report. Currently, the annual Timeliness Test date is June 2.

If the carry forward of unspent grant funds would inhibit the City's ability to meet the timeliness spending test, allocations of CDBG funding in total amounts less than \$250,000 in a single Program Year may be directed toward eligible City Projects/Programs within the same category of the unspent allocation. The Planning and Development Services Director may propose one-time CDBG-eligible City public facility or infrastructure projects to the City Manager for such previously allocated but unspent CDBG funding. Depending on project size and scope, the City Manager may bring such one-time projects directly to the City Commission for authorization as deemed necessary and appropriate for the timely expenditure of CDBG funds.

## **Income Restrictions**

CDBG Low- and moderate-income means family or household annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income (AMI), as established by HUD. Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons.

Gross income for a household as defined by 24 CFR Part 5 is used for all City of Lawrence CDBG and HOME funded programs.

The HOME Income Limits are calculated using the same methodology that HUD uses for calculating the income limits for the Section 8 program, in accordance with Section 3(b)(2) of the U.S. Housing Act of 1937, as amended. These limits are based on HUD estimates of median family income, with adjustments based on family size. Please note that the 30 percent income limits for the HOME program have been calculated based on the definition of Extremely Low-Income Family (ELI) as described in Consolidated Submission for CPD Programs section of 24 CFR part 91.5. Therefore, the ELI Limit is calculated as 30 percent of median family income for the area and may not be the same as the Section 8 ELI Limit for your jurisdiction. The Section 8 Limit is calculated based on the definition of ELI as described in The 2014 Consolidated Appropriations Act, (Section 238 on page 128 Stat 635) which defines ELI as very low-income families whose incomes do not exceed the higher of the Federal poverty level or 30% of area median income. Family sizes in excess of 8 persons are calculated by adding 8% of the four-person income limit for each additional family member. That is, a 9-person limit should be 140% of the 4-person limit, the 10-person limit should be 148%. The HOME income limit values for large households (9-12 persons) must be rounded to the nearest \$50. Therefore, all values from 1 to 24 are rounded down to 0, and all values from 25 to 49 are rounded up to 50.

Current [HOME Income Limits](#) are located on the HUD Exchange website.

For area benefit activities, the [Low- and Moderate-income map for the City of Lawrence](#) provides the current percentage of low- and moderate-income residents in each Census Tract and Block Group.

## **Affordable Rents**

For any CDBG assisted rental housing activity qualifying as a Benefitting Low- and Moderate-Income (LMI) Persons, LMI Housing National Objective, occupancy by low- and moderate-income households must be at affordable rents to qualify under this criterion. The recipient shall adopt and make public its standards for determining "affordable rents" for this purpose. (24 CFR 570.208(a)(3))

The City of Lawrence shall adopt the yearly voucher payment standard used by the Lawrence-Douglas County Housing Authority to determine "affordable rents". This standard is based upon 110% of the Fair Market Rents (FMR) established yearly by HUD.

## **Affirmatively Furthering Fair Housing**

Affirmatively Furthering Fair Housing means taking meaningful actions to address significant disparities in housing needs and access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. More information can be found on the [HUD Exchange AFFH](#) website.

The City of Lawrence, in partnership with the Lawrence-Douglas County Housing Authority, submitted an [Assessment of Fair Housing](#) (AFH) to HUD on October 26, 2017. On December 11, 2017 HUD issued a [letter of acceptance](#) for the City of Lawrence's AFH. The accepted AFH was included in the 2018-2022 City of Lawrence Consolidated Plan.

The City of Lawrence and the Lawrence-Douglas County Housing Authority identified 10 goals in the accepted AFH:

- Increase affordable housing options
- Explore additional revenue streams for funding the Affordable Housing Trust Fund
- Maintain existing affordable housing
- Improve public perception of affordable housing
- Commission a housing needs market assessment
- Expand housing choice and access to opportunity
- Increase home ownership among low-income households and members of the protected classes
- Increase recruitment and outreach to private landlords
- Improve local fair housing enforcement efforts
- Improve local fair housing outreach efforts

## **Organizational Structure and Job Descriptions**

## **Consolidated Plan**

The Consolidated Plan is a five-year strategic plan prepared by the City of Lawrence in accordance with 24 CFR Part 91, and describes the needs, resources, priorities and proposed activities to be undertaken with respect to HUD's Office of Community Planning and Development (CPD) formula programs, including CDBG and HOME. The Consolidated Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs.

The Consolidated Plan is published for a 30-day public review and comment period. The City Commission conducts a public hearing for consideration and approval of the Consolidated Plan. The public hearing provides an opportunity to obtain citizens' views and comments on housing and community development needs, including priority nonhousing community development needs and affirmatively furthering fair housing. The approved Consolidated Plan must be submitted to HUD at least 45 days before the start of the grant program year.

Throughout the development of the Consolidated Plan, the City of Lawrence will comply with all Citizen Participation plan requirements to ensure proper public noticing, citizen participation, and public hearings are conducted. The City of Lawrence's Citizen Participation Plan may be found at [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).

The Consolidated Plan is carried out through the Annual Action Plan.

## **Annual Action Plan**

The annual Action Plan provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.

The Annual Action Plan is published for a 30-day public review and comment period. The City Commission conducts a public hearing for consideration and approval of the Annual Action Plan. The public hearing provides an opportunity to obtain citizens' views and comments on housing and community development needs, including priority nonhousing community development needs and affirmatively furthering fair housing. The approved Annual Action Plan must be submitted to HUD at least 45 days before the start of the City's grant program year.

Throughout the development of the Annual Action Plan, the City of Lawrence will comply with all Citizen Participation plan requirements to ensure proper public noticing, citizen participation, and public hearings are conducted. The City of Lawrence's Citizen Participation Plan may be found at [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).



## **Consolidated Annual Performance and Evaluation Report (CAPER)**

The Consolidated Annual Performance and Evaluation Report (CAPER), which is a requirement of HUD pursuant to 24 CFR Part 91, is due for submission at HUD within ninety (90) days of the close of the City's program year, which is July 31<sup>st</sup> of each year. The purpose of the CAPER is to provide HUD with necessary information to assess the City's ability to carry out its programs in compliance with applicable regulations and requirements; provide information necessary for HUD to report to Congress; and provide the City with an opportunity to describe its program achievements to interested citizens, agencies, and/or groups. The City of Lawrence's CAPER may be found at [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).

## **Environmental Review**

The National Environmental Policy Act (NEPA) of 1969 established a nationwide policy for protecting the environment. HUD regulations for implementing NEPA include 24 CFR Part 58, "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities", which provides for the assumption of HUD's environmental responsibility by States, Tribes, and units of general local government.

All CDBG and HOME activities are subject to requirements of HUD environmental review regulations at 24 CFR Part 58. These regulations implement HUD's responsibilities for use of federal funds under NEPA.

Regardless of the number of activities associated with a project, a single environmental review is required. Aggregating related activities ensures the recipient adequately addresses and analyzes the separate and combined impacts of a proposed project.

The City of Lawrence must prepare and maintain a written record of the environmental review undertaken for each project. This written record or file is called the Environmental Review Record (ERR), and it must be available for public review upon request.

Until the City has completed the environmental review process under the regulation, neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit non-HUD funds on or undertake an activity or project that would limit the choice of reasonable alternatives. Actions that limit the choice of reasonable alternatives include acquisition, leasing, or disposition of real property, and repair, rehabilitation, construction or demolition.

The ERR shall contain all of the environmental review documents, public notices (and proof of their publication if necessary), and written determinations or environmental findings required by 24 CFR Part 58 as evidence of review, decision making and actions pertaining to a particular project.

The document shall:

- Describe the project and each of the activities comprising the project, regardless of individual activity funding source; and
- Evaluate the effects of the project or the activities on the human environment; and
- Document compliance with applicable statutes and authorities; and
- Record the written determinations and other review findings required by 24 CFR Part 58.

The ERR will vary in length and content depending upon the classification level of review required for the classification of activities.

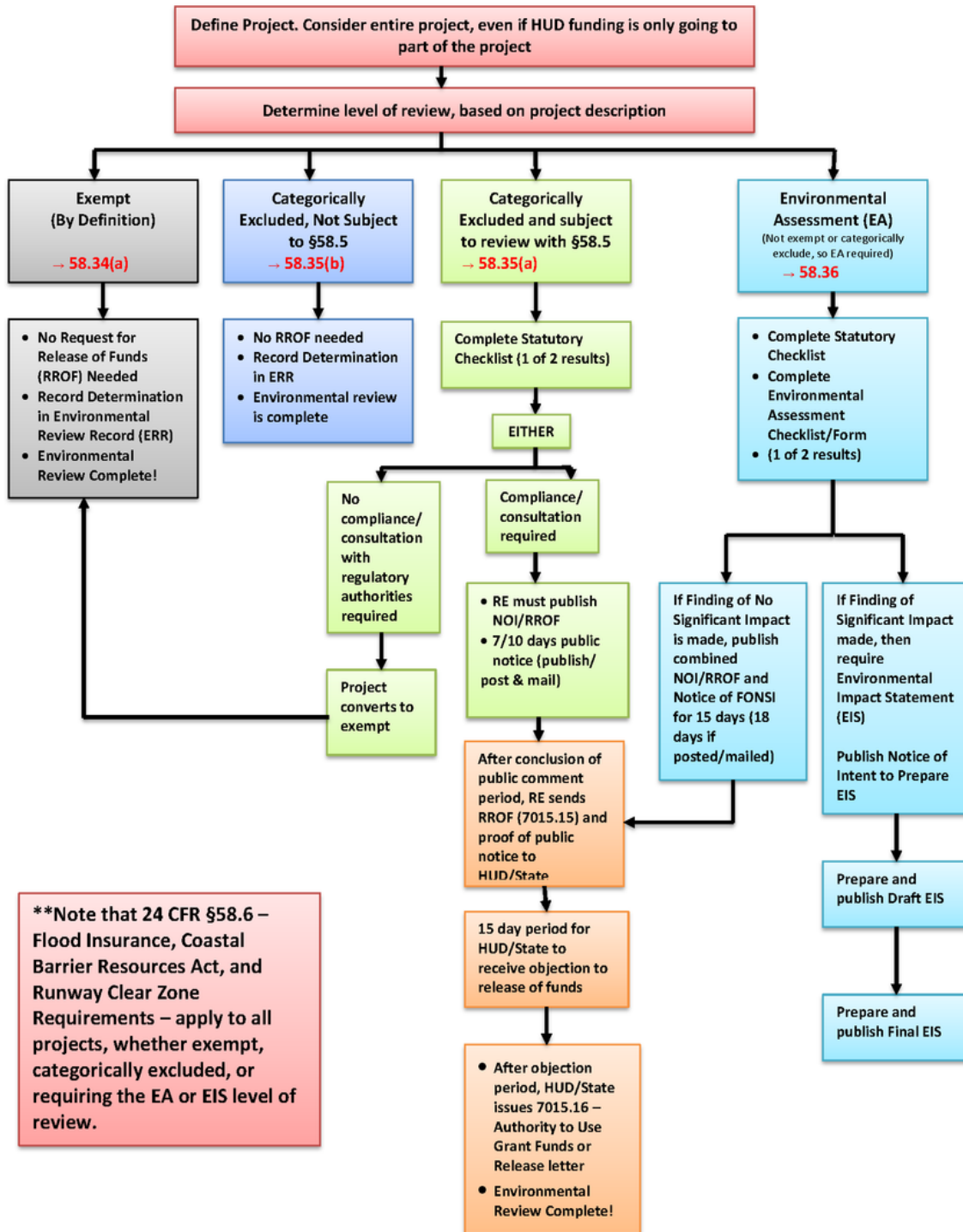
The five environmental classification levels are:

- Exempt Activities (24 CFR 58.34);
- Categorically Excluded NOT Subject to 58.5 Activities (24 CFR 58.35(b));
- Categorically Excluded SUBJECT to 58.5 Activities (24 CFR 58.35(a));
- Activities Requiring an Environmental Assessment (24 CFR 58.36); or
- Activities Requiring an Environmental Impact Statement (24 CFR 58.37).

Environmental review records are created through HUD's Environmental Review Online System (HEROS), which is a part of HUD's Integrated Disbursement & Information System (IDIS).

Subsequent to the completion of the environmental review, the City may enter into agreements and fund activities. It is important to note that the City is also responsible for ensuring that any remediation or mitigating conditions identified as part of the NEPA review are completed during the course of the project and that documentation is maintained in the CDBG activity file.

# Environmental Review Process (To Be Conducted by Responsible Entity)



## **Procurement Policies and Procedures**

Procurement is the process through which an agency obtains goods and services. The federal government has established a set of procurement rules that apply to ESG, CDBG and HOME-funded projects. These rules are in place to ensure that federal dollars are spent fairly and encourage competition for the best level of service and price.

The City of Lawrence and its subrecipients will follow all applicable federal and local procurement rules to assure that all purchases are handled fairly and in a manner that encourages full and open competition.

## **Applicable Laws and Regulations**

Both the City of Lawrence and its subrecipients must follow federal procurement standards and local policies when purchasing services, supplies, materials, or equipment.

## **Federal Procurement Standards**

The applicable federal regulations are found in 200.318-200.326 of 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

- **Procurement Procedures:** The City and its subrecipients will use their own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in 2 CFR 200.
- **Oversight:** The City and its subrecipients will maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- **Conflict of Interest:** The City of Lawrence and its subrecipients will maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
- **Acquisition of Unnecessary or Duplicative Items:** Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- **Shared Services:** To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the City and its subrecipients are encouraged to enter into state and local

intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

- **Excess and Surplus Property:** The City and its subrecipients are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- **Value Engineering:** The City and its subrecipients are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- **Awarding Contracts:** The City and its subrecipients will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. The City and its subrecipients will take the required steps to determine that the contractor was not debarred, suspended, or otherwise excluded from, or ineligible for, participation in Federal assistance programs or activities.
- **Records:** The City and its subrecipients will maintain records sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- **Time-and-Materials Type Contract:** The City and its subrecipients may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit. Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the City and its subrecipients awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- **Settlement of Issues:** The City and its subrecipients will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the City and its subrecipients of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the City unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

- **Competition:** All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
  1. Placing unreasonable requirements on firms in order for them to qualify to do business;
  2. Requiring unnecessary experience and excessive bonding;
  3. Noncompetitive pricing practices between firms or between affiliated companies;
  4. Noncompetitive contracts to consultants that are on retainer contracts;
  5. Organizational conflicts of interest;
  6. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
  7. Any arbitrary action in the procurement process.
- **Geographical Preferences:** The City and its subrecipients will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- **Solicitations:** The City and its subrecipients will have written procedures for procurement transactions. These procedures must ensure that all solicitations:
  1. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

2. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- **Prequalified Lists:** The City and its subrecipients will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the City and its subrecipients must not preclude potential bidders from qualifying during the solicitation period.
  - **Methods of Procurement:** The City and its subrecipients must use one of the following methods of procurement:
    1. Procurement by micro-purchase

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold. To the extent practicable, the City and its subrecipients must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the City and its subrecipients consider the price to be reasonable. The micro-purchase threshold is currently \$10,000, as established by a June 20, 2018 Office of Management Budget memorandum ([OMB M-18-18](#)).
    2. Procurement by small purchase procedures

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. The simplified acquisition threshold is currently \$250,000, as established by a June 20, 2018 Office of Management Budget memorandum ([OMB M-18-18](#)).
    3. Sealed Bids

Bids are publicly solicited, and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction. In order for sealed bidding to be feasible, the following conditions should be present:

      - a. A complete, adequate, and realistic specification or purchase description is available;
      - b. Two or more responsible bidders are willing and able to compete effectively for the business; and
      - c. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- If sealed bids are used, the following requirements apply:
- a. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening

the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

- b. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
- c. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
- d. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- e. Any or all bids may be rejected if there is a sound documented reason.

#### 4. Competitive Proposals

The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- a. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- b. Proposals must be solicited from an adequate number of qualified sources;
- c. The City must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- d. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- e. The City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.



5. Noncompetitive Proposals

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- a. The item is available only from a single source;
- b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City; or
- d. After solicitation of a number of sources, competition is determined inadequate.

- **Contract Provisions for Contracts under Federal Awards:** In addition to other provisions required by the Federal agency or City, all contracts made by the City under the Federal award must contain provisions covering the following, as applicable.

1. Contracts for more than the simplified acquisition threshold currently set at \$250,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the City including the manner by which it will be affected and the basis for settlement.
3. Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
4. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage

determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The City must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The City must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The City must report all suspected or reported violations to the Federal awarding agency.

5. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the City in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
6. Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
7. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued

pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

8. Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
9. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

### **Local Purchasing Policy**

The City of Lawrence has a [Purchasing Policy](#) as prepared by the Purchasing Department. This policy applies to all City purchases unless Federal or State grant requirements supersede.

- **Ethics in City Purchasing:** [Resolution 7269](#) establishes a Code of Ethics for all City employees. This Code of Ethics reflects the City's values and is further defined in the Employee Handbook. General Employee Conduct, Section VI of the Employee Handbook applies, including disciplinary action.

City employees, elected, appointed officials, and City employees are bound by the City's values, Code of Ethics, and Personnel Policies/Procedures. An employee who has, or obtains any benefit from, any City contract with a business in which the employee has a financial interest shall report such benefit to the Finance Director; provided, however, these Sections shall not apply to a contract with a business where the employee's interest in the business has been placed in an independent trust. Any employee who knows or should have known of such benefit and fails to report such benefit to the Finance Director, is in breach of ethical standards. Procurement with State and/or Federal grants or funds is subject to the respective entity's rules regarding conduct, conflicts of interest, improper business practices or related standards.

City personnel at all levels deal with vendors, contractors, suppliers as they transact business on behalf of the City. It is vital that clear communication between the supplier

and City with the objective of understanding, agreeing, and codifying, when possible, the interactions between the vendor and the City. City personnel should consider more than just how much money is spent with a vendor, rather they should have a clear understanding of which suppliers are the most strategically important to the organization and which are less important.

Vendors shall not discriminate in the performance of the contract on account of actual or perceived race, ethnicity, color, religion, national origin, gender, disability, age, military status, sexual orientation, gender identity, gender expression, or marital or familial status. This requirement applies to all of the vendor's subcontractors.

Vendor Ethics: Any efforts to influence any City employees to breach the standards of ethical conduct set forth in this policy is also a breach of ethical standards. Vendors found to be conspiring with employees in this manner, may be debarred from future purchasing with the City.

### **Section 3 of the Housing and Urban Development Act of 1968, as amended**

If applicable, the parties to a contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). As evidenced by their execution of the covered contract, the parties to the contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations. To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located. Where feasible, priority for opportunities and training described in this section should be given to Section 3 workers residing within the service area or the neighborhood of the project, and participants in YouthBuild programs.

If applicable, the Subrecipient agrees to comply with these Section 3 requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent."

### **Minority Outreach**

A participating jurisdiction must prescribe procedures acceptable to HUD to establish and oversee a minority outreach program within its jurisdiction to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by the participating jurisdiction with such persons or entities,

public and private, in order to facilitate the activities of the participating jurisdiction to provide affordable housing authorized under this Act or any other Federal housing law applicable to such jurisdiction. Section 200.321 of title 2 Code of Federal Regulations describes actions to be taken by a participating jurisdiction to assure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services. (92.351(b))

### **Uniform Relocation Act and 104(d)**

Whenever Federal funds are used in a project involving the acquisition, rehabilitation or demolition of real property, a Federal law known as the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) generally applies. In some cases, the use of CDBG or HOME funds in a project involving the demolition or conversion of lower income dwellings may also trigger another Federal law under Section 104(d) of the Housing and Community Development Act of 1974 (Section 104(d)).

- The URA establishes minimum requirements for the acquisition of real property and the displacement of persons from their homes, businesses or farms as a result of acquisition, rehabilitation or demolition for a federally funded project. The URA requires relocation assistance and payments to be provided to all eligible displaced persons. 49 Code of Federal Regulations (CFR) Part 24 are the government-wide regulations that implement the URA.
- Section 104(d) establishes minimum requirements for the displacement of lower income persons who, in connection with a HOME or CDBG funded activity, are displaced as a result of demolition or conversion of a lower income dwelling. Section 104(d) requires relocation assistance and payments to be provided to all eligible displaced lower income persons. Although the relocation payments and assistance under section 104(d) are generally similar to the URA, there are some important differences. It is also important to note that section 104(d) requires the replacement on a one-for-one basis of lower income dwellings demolished or converted to another use other than lower income housing in connection with a HOME or CDBG funded activity. 24 Code of Federal Regulations (CFR) Part 42 are the HUD regulations that implement Section 104(d) requirements.

### **Relocation Requirements Applicability**

An agency's obligation to provide required relocation assistance and payments under the URA and section 104(d) is dependent on the program activities that result in the displacement of persons from their homes, businesses or farms.

- Three activities may cause the URA requirements to apply – acquisition, rehabilitation and/or demolition. URA relocation requirements generally apply when displacement occurs as a direct result of any one of these activities for a federally funded project.
- Distinct from the URA, section 104(d) requirements may be triggered by the demolition or conversion of lower-income dwelling units. Activities that involve acquisition alone do not trigger 104(d) though they may trigger the URA. Rehabilitation activities that cause conversion or demolition may trigger 104(d)

requirements. Generally, section 104(d) requirements may apply when HOME or CDBG assistance is used for a project involving demolition or conversion.

### **Relocation Obligations**

When a federally funded project causes people to move from their homes, businesses, or farms, eligible displaced persons must be provided with relocation assistance and payments. "Displaced person" is a term used to refer to residential and nonresidential (businesses, farms, and nonprofit organizations) owners and tenants who must relocate due to a project.

For residential displacements, agencies must:

- Provide relocation advisory services
- Provide a minimum 90 days written notice to vacate prior to requiring possession
- Reimburse for moving expenses
- Provide payments for the added cost of renting or purchasing comparable replacement housing

For nonresidential displacements, agencies must:

- Provide relocation advisory services
- Provide a minimum 90 days written notice to vacate prior to requiring possession
- Reimburse for moving and reestablishment expenses

Eligible lower income displaced persons may choose assistance based on either section 104(d) or the URA. 104(d) relocation assistance and payments are similar to URA relocation assistance and payments, in fact, relocation advisory services, moving expense payments and a number of other requirements are identical to the URA. However, there are a number of differences.

Agencies must ensure compliance with all applicable statutory and regulatory requirements for HUD funded programs and projects. The URA and section 104(d) statute, regulations and other helpful materials, including contact information for HUD's Regional Relocation Specialists, may be found on HUD's Real Estate Acquisition and Relocation Web Site at:

<http://www.hud.gov/relocation>. Another resource is this guide for [Planning and Budgeting Relocation Costs for HUD-Funded Projects](#).

### **Build America, Buy America Act [2 CFR 184]**

The Build America, Buy America Act (BABA) requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the "Buy American Preference (BAP)" and the specific requirements are codified in 2 CFR 184.

Similar to other cross cutting requirements, grantees should include the following BABA language in all contracts and agreements with subrecipients, contractors, developers and subgrantees. Grantees and subrecipients should include this language in any NOFOs and procurement bid/contract documents to ensure BABA compliance by subgrantees, developers and/or contractors.

The Grantee must comply with the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the Grantee's infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

The City of Lawrence will use the Buy America Preference Determination Checklist in Appendix G to document if a project is subject to the BABA requirements.

## **City of Lawrence CDBG-CV Overview and Policy Guidance**

This CDBG-CV Policy and Procedure Manual is intended as a guide, not as a substitute for a thorough knowledge of state and federal laws and regulations referenced in this manual. In the event of any discrepancy, federal regulations will prevail. The Grantee is responsible for compliance with the most current and stringent of any applicable local, state, or federal law or regulation(s).

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) (CARES Act) was signed into law. The CARES Act makes available \$5 billion in CDBG coronavirus response (CDBG-CV) funds to prevent, prepare for, and respond to coronavirus. A Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants and Other Formula Programs was published on August 7, 2020, which states:

“The nation faces significant public health and economic challenges related to this respiratory disease. To address these challenges, CDBG-CV and CDBG grants are a flexible source of funding that can be used to pay costs that are not covered by other sources of assistance, particularly to benefit persons of low and moderate income.”

The CARES Act modifies some CDBG program rules and authorizes the Secretary of HUD to grant waivers and alternative requirements. Accordingly, the notice describes how requirements of the CDBG program are modified for CDBG-CV grants, fiscal year 2020 CDBG grants under the Department of Housing and Urban Development Appropriations Act, 2020 (Public Law 116-94), and fiscal year 2019 CDBG grants under the Department of Housing and Urban Development Appropriations Act, 2019 (Public Law 116-6).

CDBG-CV grants are subject to the requirements of the CARES Act, the authorities and conditions imposed on fiscal year 2020 CDBG grants, and the mandatory provisions of this notice and waivers and alternative requirements. Except as otherwise described, grantees must comply with statutory and regulatory provisions governing the CDBG program. These include regulations at: 24 CFR part 570 subpart I (states); 24 CFR part 570 subparts A, C, D, E, F, J, K, and O for CDBG (entitlements, nonentitlement Hawaii counties and insular areas).

To facilitate the use of CDBG-CV funds in accordance with the grant requirements, HUD is imposing an alternative requirement that the definitions of CDBG funds in 24 CFR 570.3 (entitlements) include CDBG-CV funds. This alternative requirement applies the requirements in 24 CFR part 570 to the use of CDBG-CV funds, except as modified by rules, waivers, and alternative requirements applicable to CDBGCV grants.

Grantees should not assume that their normal CDBG funding distribution procedures are adequate to swiftly distribute and use CDBG-CV grants. The City of Lawrence, Douglas County, LMH Health, and the Lawrence-Douglas County Public Health Department implemented a Unified Command system to respond to the novel coronavirus (COVID-19) pandemic in Douglas County, Kansas. On April 14, 2020, the City of Lawrence passed Resolution 7319 to designate a portion or all of the additional CDBG funds, allocated to the City under the CARES Act, to be prioritized for response to the coronavirus (COVID-19) pandemic as needed. It authorizes the City Manager to make such



expenditures as may be necessary and directed under the Unified Command to fulfill the needs and objectives in this Federal, State, and County declared Emergency.

The CARES Act authorizes a CDBG-CV grantee to adopt and utilize expedited procedures to prepare, propose, modify, or amend its consolidated plan, notwithstanding sections 104(a)(2), (a)(3), and (c) of the HCD Act (42 U.S.C. 5304(a)(2), (a)(3), and (c)) and section 105 of the Cranston-Gonzalez National Affordable Housing Act (NAHA, at 42 U.S.C. 12705). The expedited procedures may permit virtual hearings, as described in section III.B.4.(a)(ii) of the notice, whenever a public hearing is required by 24 CFR 91.105 (entitlements), or by the grantee's citizen participation plan. Expedited procedures adopted by the grantee shall provide citizens with notice and a reasonable opportunity to comment of no less than 5 days.

On April 21, 2020, the Lawrence City Commission adopted the updated Community Development Block Grant/HOME Investment Partnerships Citizen Participation Plan. The updated plan contains additions to the document centered around disaster response grant processes, including (but not limited to) public meetings, public comment periods, and reasonable notice.

The grantee is required to use all CDBG-CV funds for CDBG-eligible activities that are carried out to prevent, prepare for, and respond to coronavirus. CDBG-CV grants cannot be used for any other purpose. Additionally, HUD weighed the purpose of the CARES Act to prevent, prepare for, and respond to coronavirus with the intent of Congress expressed in section 101I of the HCD Act (42 U.S.C. 5301(c) that CDBG funds not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance. Given the extreme and unexpected downturn in local and national economic conditions, local resources are strained. Jurisdictions must provide new and expanded support with fewer resources. Therefore, HUD has concluded that when CDBG funding is used for purposes of the CARES Act, it is not considered to substantially replace the amount of local financial support previously provided to community development activities.

### **City of Lawrence Statement of CDBG-CV Policies and Procedures**

The following policy and procedure statements are included in this manual to clearly communicate the responsibilities of HID staff in the administration of the CDBG-CV funds.

- HID staff shall review all proposed CDBG-CV projects received from the City Manager and/or Unified Command.
- HID staff shall document its review of the eligibility of all activities proposed for CDBG-CV funding prior to the inclusion of an activity in any funding recommendation. Such review shall be prepared by the Project Specialist or other qualified staff and approved by the Housing Initiatives Manager. See Appendix E for CDBG Eligibility/National Objectives determination form.
- HID staff shall document its review of each activity for compliance with the National Environmental Policy Act (NEPA) requirements prior to contracting, funding or disbursing funds.

- HID staff shall prepare written agreements for each CDBG-CV funded activity to disseminate all applicable federal, state and local requirements to subrecipients implementing CDBG-CV funded activities. The agreement will include the current income limits for the program.
- HID staff shall verify that participating contractors, subcontractors, consultants and subrecipients are not suspended, debarred or otherwise prohibited from conducting business with any Federal Agency by checking the System for Award Management (SAM) database at [SAM.gov](https://sam.gov).
- HID staff shall setup activities in IDIS and fund activities in IDIS to facilitate grant reporting and drawdown throughout the program year.
- HID staff shall hold all client Personally Identifiable Information (PII) in strict confidence in a secure location. See Appendix C for Personally Identifiable Information Policy and Guidance document.
- HID staff shall provide technical assistance to subrecipients and City Departments to foster program-wide compliance with the CDBG and CDBG-CV regulations and to facilitate practical understanding of the terms and conditions of written agreements.
- HID staff shall collect performance reports for all activities that are "open" in IDIS not less than quarterly. Performance reports shall be evaluated to determine the sufficiency of program performance and to facilitate the entry of accomplishment data into IDIS.
- HID staff shall review requests for reimbursement for compliance with the CDBG and CDBG-CV regulations and the terms and conditions of the written agreement between the City and subrecipient or City Department. Only those requests that are fully documented and compliant shall be paid. All requests for reimbursement shall be accompanied by the required Performance Report which includes demographic and income information on the clients served. See Sample Performance Report in Appendix F.
- HID staff shall draw down funds from the U.S. Treasury to reimburse the City for its expenditure of funds for CDBG-CV activities. Drawdowns shall be conducted not less than quarterly, within 90 days of the end of each quarter, and may be conducted more frequently to meet business needs.
- HID staff shall conduct a risk assessment of all open CDBG-CV activities and shall conduct desk or on-site monitoring reviews of all activities implemented by subrecipients or City Departments that meet the threshold criteria identified in the annual risk assessment.
- HID staff shall establish tracking and data collection systems to support the preparation and submittal of a variety of compliance reports to HUD throughout each program year as required by the CDBG and CDBG-CV regulations and other federal requirements.
- HID staff shall implement grant closeout procedures as part of IDIS activity completion and the preparation of the CAPER in order to verify records demonstrating that each CDBG-CV activity has complied with 24 CFR Part 570 and to verify that all City of Lawrence CDBG-CV procedures have been followed in the implementation of each activity.

CDBG-CV funds are subject to additional measures designed to prevent fraud, waste, and abuse. HUD will conduct regular oversight and monitoring activities to determine that use of CDBG-CV funds is consistent with grant requirements and limited to the necessary and reasonable costs of activities to prevent, prepare for, and respond to coronavirus. Measures to increase transparency and accountability include:

- regular reporting on the use of CDBG-CV funds, including reporting that may be required by the CARES Act to conduct audits and reviews of programs, operations, and expenditures relating to funds under the CARES Act and the Coronavirus response (see section III.B.8. for information on reporting requirements); and
- a requirement that grantees prevent the duplication of benefits that is caused when a person, household, business, or other entity receives financial assistance from multiple sources for the same purpose, and the total assistance is more than the total need.

The CARES Act requires HUD to ensure that there are adequate procedures in place to prevent any duplication of benefits as required by section 312 of the Stafford Act, as amended by section 1210 of the Disaster Recovery Reform Act of 2018 (division D of Public Law 115-254; 42 U.S.C. 5121 et seq.). Duplication of benefits occurs when Federal financial assistance is provided to a person or entity through a program to address losses resulting from a Federally-declared emergency or disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs. A grantee is required to develop and maintain adequate procedures to prevent a duplication of benefits that address (individually or collectively) each activity or program. A grantee's policies and procedures are not adequate unless they include, at a minimum: (1) a requirement that any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must agree to repay assistance that is determined to be duplicative; and (2) a method of assessing whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate need and the resources available to meet that need.

The City of Lawrence will include the CDBG-CV Duplication of Benefits Policy and Procedures in all written agreements for CDBG-CV funded activities. This policy is located in Appendix G.

## APPENDIX A

# City of Lawrence Citizen Participation Plan

### 1. **INTRODUCTION**

The City of Lawrence (City) is a federal entitlement jurisdiction that receives federal grant funding from the U.S. Department of Housing and Urban Development (HUD) for the following programs: Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME).

As a requirement for receiving the above named entitlement grants, the City is required to prepare the following documents:

- (a) [Consolidated Plan](#): A five year Consolidated Plan to identify local community development needs and set forth a funding strategy to address those needs.
- (b) [Annual Action Plan](#): An Annual Action Plan that summarizes the activities that will be undertaken in the upcoming Program Year (PY) to address the needs outlined in the Consolidated Plan.
- (c) [Consolidated Annual Performance Evaluation Report \(CAPER\)](#): A Performance Report that evaluates the progress during the previous PY in carrying out the activities outlined in the Annual Action Plan.
- (d) [Assessment of Fair Housing \(AFH\)](#): An assessment to identify local and regional fair housing issues and set goals for improving fair housing choice and access to opportunity. Assessment of Fair Housing uses the HUD provided Assessment of Fair Housing tool to guide grantees through the identification process of fair housing issues and related contributing factors.

Under HUD's Code of Federal Regulations for citizen participation (Title 24 CFR 91.105), the City is required to adopt a Citizen Participation Plan that sets forth the City's policies and procedures for citizen participation in the planning, execution, and evaluation of the Consolidated Plan, Annual Action Plan, CAPER, and Assessment of Fair Housing. The guidelines established in this Citizen Participation Plan apply to the development and adoption of all of the above-listed documents (hereafter referred to as "the Plans"). Each Plan individually describes the agencies, groups, organizations, and others who participated in the citizen participation and consultation process.

### 2. **OBJECTIVE**

The Citizen Participation Plan establishes standards to promote citizen participation in the development of the Plans and related documents. The Citizen Participation Plan is designed to especially encourage participation by low- and moderate-income persons. As an entitlement jurisdiction for the respective HUD programs, the City is responsible for the implementation and use of the Citizen Participation Plan. The requirements for citizen participation do not restrict the responsibility or authority of the City for the development and execution of its Plans.

### **3. CITIZEN PARTICIPATION (24 CFR 91.105)**

The City provides for and encourages citizens to participate in the development of all the Plans covered by the Citizen Participation Plan. The City further encourages participation by low- and moderate-income persons, particularly those persons living in areas designated by the jurisdiction as a revitalization area or in a slum and blighted area and in areas where CDBG funds are proposed to be used, and by residents of predominantly low- and moderate-income neighborhoods, as defined by the City. The City will take appropriate actions to encourage the participation of all citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

The City encourages the participation of local and regional institutions, Continuums of Care, and other organizations (including businesses, developers, nonprofit organizations, philanthropic organizations, and community-based and faith-based organizations) in the process of developing and implementing the Plans. The City encourages the participation of public and private organizations, including broadband internet service providers, organizations engaged in narrowing the digital divide, agencies whose primary responsibilities include the management of flood prone areas, public land or water resources, and emergency management agencies in the process of developing the Plans.

The City encourages, in conjunction with consultation with public housing agencies (PHA), the participation of residents of public and assisted housing developments (including any resident advisory boards, resident councils, and resident management corporations) in the process of developing and implementing the Plans, along with other low-income residents of targeted revitalization areas in which the developments are located. The City will make an effort to provide information to the PHA about the AFH, AFH strategy, and consolidated plan activities related to its developments and surrounding communities so that the PHA can make this information available at the annual public hearing(s) required for the PHA Plan.

The City will explore alternative public involvement techniques and quantitative ways to measure efforts that encourage citizen participation in a shared vision for change in communities and neighborhoods, and the review of program performance; e.g., use of focus groups and the Internet.

The City will provide citizens with a reasonable opportunity to comment on the Plans and on substantial amendments to the Plans, and will make the citizen participation plan public. The citizen participation plan will be in a format accessible to persons with disabilities, upon request.

The City will take reasonable steps to provide language assistance to ensure meaningful access to participation by non-English-speaking residents of the community. The City of Lawrence Community Development Division (CDD) Limited English Proficiency (LEP) Plan is established pursuant to and in accordance with Title VI of the Civil Right Act of 1964, Executive Order 13166, "Improving Access to Services for Persons With Limited English Proficiency," and the Department of Housing and Urban Development's (HUD) Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against

National Origin Discrimination Affecting Limited English Proficient Persons, dated January 22, 2007, and effective February 21, 2007. The current CDD LEP Plan is available for public review online at: [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).

#### **4. CONSULTATION (24 CFR 91.100)**

In the development of the Plans, the City will consult with other public and private agencies and organizations that provide assisted housing, health services, and social services (including those focusing on services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, homeless persons), neighborhood-based groups, community-based and regionally-based organizations that represent protected class members, organizations that enforce fair housing laws, broadband internet service providers, organizations engaged in narrowing the digital divide, agencies whose primary responsibilities include the management of flood prone areas, public land or water resources, and emergency management agencies.

When preparing the portions of the consolidated plan describing the City's homeless strategy and the resources available to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) and persons at risk of homelessness, the City will consult with:

- (a) The Continuum of Care that serves the City's geographic area;
- (b) Public and private agencies that address housing, health, social service, victim services, employment, or education needs of low-income individuals and families; homeless individuals and families, including homeless veterans; youth; and/or other persons with special needs;
- (c) Publicly funded institutions and systems of care that may discharge persons into homelessness (such as health-care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and
- (d) Business and civic leaders.

When preparing the portion of its consolidated plan concerning lead-based paint hazards, the City will consult with state or local health and child welfare agencies and examine existing data related to lead-based paint hazards and poisonings, including health department data on the addresses of housing units in which children have been identified as lead poisoned.

The City also will consult with adjacent units of general local government and local and regional government agencies, including local government agencies with metropolitan-wide planning and transportation responsibilities, particularly for problems and solutions that go beyond a single jurisdiction.

The City will consult with the Lawrence-Douglas County Housing Authority regarding consideration of public housing needs, planned programs and activities, the AFH,

strategies for affirmatively furthering fair housing, and proposed actions to affirmatively further fair housing in the consolidated plan.

A variety of mechanisms may be utilized to solicit input from the persons/service providers/agencies listed above. These include posting and/or mailing notices of public meetings and hearings, telephone or personal interviews, mail surveys, social media, internet-based feedback and consultation workshops.

## **5. AVAILABILITY OF DRAFT AND APPROVED DOCUMENTS**

The draft versions of Consolidated Plans and Annual Action Plans will present to residents, public agencies, and other interested parties, information that includes the estimated amount the City expects to receive (including grant funds and program income) and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income.

The City will publish the proposed Plans in a manner that affords its residents, public agencies, and other interested parties a reasonable opportunity to examine the contents and to submit comments. The requirement for publishing will be met by publishing a summary of each document in one or more newspapers of general circulation. The summary will describe the content and purpose of the Plan, and will include a list of the locations where copies of the entire proposed document may be examined.

The draft and final versions of Consolidated Plans, Annual Action Plans, CAPERs, Assessments of Fair Housing, and Citizen Participation Plans, and all related amendments, will be made available for public review online at the City of Lawrence website: [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).

Hard copies of the documents will be available at the City of Lawrence Planning and Development Services Department, 1 Riverfront Plaza, Suite 320 Lawrence, KS 66044. The City will provide a reasonable number of free copies of the Plans to residents and groups that request it.

The City will provide residents of the community, public agencies, and other interested parties with reasonable and timely access to information and records relating to the Plans, and use of assistance under the programs covered by this plan during the preceding five years.

## **6. AMENDMENTS**

Substantial Amendments will be necessary whenever any of the criteria under each Plan listed below is proposed. Substantial amendments to any of the Plans will be subject to Citizen Participation Plan requirements. The City will consider all substantial amendments at a public meeting. Notice of all public meetings and information regarding the proposed substantial amendment will be made by publishing a notice prior to the meeting, which will begin the 30-day public comment period. The City will consider any comments or views of residents of the community received in writing, or orally at public hearings, if any, in preparing any substantial amendment. The recommendation regarding a substantial amendment will be forwarded to the City Commission for discussion and

consideration of approval at a regularly scheduled meeting. If approved, the substantial amendment shall be attached to the plan, and submitted along with all public comments or views, to the local HUD office. Implementation of the amendment shall not occur before the expiration of the public comment period.

- (a) Consolidated Plan and Annual Action Plan Amendment Considerations: A Substantial Amendment will be made to the Consolidated Plan or Annual Action Plan whenever one of the following decisions is made:
- (i) To change the allocation priorities or a change in the method of distribution of funds.
  - (ii) To carry out an activity, using funds from any program covered by the Consolidated Plan (including program income), not previously described in the plan.
  - (iii) To change the purpose of a previously approved activity. The following categories of purpose are established:
    - (A) Acquisition and/or Disposition of Real Property;
    - (B) Public Facilities and Improvements;
    - (C) Clearance;
    - (D) Public Services;
    - (E) Rehabilitation;
    - (F) Economic Development;
    - (G) Homeownership Assistance;
    - (H) Planning; and
    - (I) Program Administration
  - (iv) To change the scope of a previously approved activity. A change in scope will occur when the cost of the activity is reduced or increased by 50% or more, or when the quantity of the activity is reduced or increased by 50% or more.
  - (v) To change the location of a previously approved activity, when the change of location will cause the targeted group of beneficiaries to lose the benefit.
  - (vi) To change the beneficiaries of a previously approved activity, when the targeted groups of beneficiaries will no longer benefit, or when the percentage of low- and moderate-income beneficiaries will be less than the minimum required by federal law or regulation.



All other changes may be handled administratively and are not subject to the public hearing requirements of this Citizen Participation Plan. The following changes are considered administrative:

- (i) Proportional adjustments to previously approved activities to accommodate actual HUD allocation amounts (provided new subrecipients are not awarded funds).
  - (ii) Reallocation of funds, not exceeding an amount of \$100,000, between activities approved in the current or prior Annual Action Plan.
  - (iii) Reallocation of fund balance, in any amount, from a completed activity to another approved activity.
  - (iv) If the carry forward of unspent grant funds would inhibit the City's ability to meet the CDBG timeliness spending test, allocations of CDBG funding in total amounts less than \$250,000 in a single Program Year may be directed toward eligible City Projects/Programs within the same category of the unspent allocation. The Planning and Development Services Director may propose one-time CDBG-eligible City infrastructure projects to the City Manager for such previously allocated but unspent CDBG funding. Depending on project size and scope, the City Manager may bring such one-time projects directly to the City Commission for authorization as deemed necessary and appropriate for the timely expenditure of CDBG funds.
- (b) Citizen Participation Plan Amendment Considerations: A substantial amendment to the Citizen Participation Plan is defined as an addition or deletion of the plan's priorities or goals. All other changes may be handled administratively and are not subject to the public hearing requirements of this Citizen Participation Plan.
- (c) Assessment of Fair Housing Amendment Considerations: An AFH previously accepted by HUD must be revised and submitted to HUD for review under the following circumstances:
- (i) A material change occurs. A material change is a change in circumstances in the jurisdiction of a program participant that affects the information on which the AFH is based to the extent that the analysis, the fair housing contributing factors, or the priorities and goals of the AFH no longer reflect actual circumstances. Examples include Presidentially declared disasters, under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, in the program participant's area that are of such a nature as to significantly impact the steps a program participant may need to take to affirmatively further fair housing; significant demographic changes; new significant contributing factors in the participant's jurisdiction; and civil rights findings, determinations, settlements (including Voluntary Compliance Agreements), or court orders; or

- (ii) Upon HUD's written notification specifying a material change that requires the revision.

The City shall provide residents with reasonable notice of a revision to the AFH and provide not less than 30 calendar days to receive comments from residents. Notice of a revision to the AFH will be made public by publishing a notice prior to the revised AFH being submitted to HUD for review, which will begin the 30 day written comment period. The City shall consider the comments or views of residents, whether received in writing or orally, in regard to a revision to the AFH. A summary of any comments or views, and a summary of any comments or views not accepted and the reasons why, shall be attached to the revision to the AFH.

## **7. PUBLIC HEARINGS, NOTIFICATION AND ACCESS**

The City will follow the following procedure in conducting public hearings and providing notification and access to all Consolidated Plan and Annual Action Plan documents discussed in this Citizen Participation Plan:

- (a) Public Hearing Process: The City will conduct at least two public hearings per year to obtain citizens' views and comments, and to respond to proposals and questions. Such meetings will be conducted at a minimum of two different times of the program year and together will cover the following topics:
  - (i) Housing and Community Development Needs;
  - (ii) Development of Proposed Activities;
  - (iii) Proposed strategies and actions for affirmatively furthering fair housing consistent with the AFH; and
  - (iv) Review of Program Performance.

To obtain the views of residents of the community on housing and community development needs, including priority nonhousing community development needs and affirmatively furthering fair housing, the City will conduct at least one of these hearings before the Consolidated Plan is published for comment.

The City, at its discretion, may conduct additional outreach, public meetings, or public hearings as necessary to foster citizen access and engagement.

- (b) Public Hearing Notification: Notification of public hearings will be posted/printed at least two weeks prior to the meeting date. Noticing may include printing a public notice in newspaper(s) of general circulation in the City, website posting, email, and/or press releases.

Notices will include sufficient information about the subject of the hearing, including summaries when possible and appropriate, to permit informed comment.

- (c) Public Review/Comment Period: Public notices will be printed/posted prior to the commencement of any public review/comment period alerting citizens of the

documents for review. The minimum public review/comment period for each Plan is listed below:

<b>Document</b>	<b>Public Comment Period</b>
Consolidated Plan	30 days
Annual Action Plan	30 days
Substantial Amendments	30 days
CAPER	15 days
AFH	30 days
Citizen Participation Plan	30 days

Copies of all documents and notices will be available for public review at the City of Lawrence Planning and Development Services Department, 1 Riverfront Plaza, Suite 320 Lawrence, KS 66044, and on the City of Lawrence website: [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).

The City shall consider any comments or views of residents of the community received in writing or orally at all public hearings and/or meetings. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons why, shall be attached to the Plans.

- (d) Access to Meetings: Unless otherwise noted, public hearings requiring City Commission action will be conducted at regularly scheduled City Commission meetings located at 6 E 6<sup>th</sup> Street, Lawrence, KS 66044. For public hearings and/or meetings not requiring City Commission action, the City will make every effort to conduct such meetings at a location accessible and convenient to potential and actual beneficiaries.

The City will provide residents of the community with reasonable and timely access to local meetings, consistent with accessibility and reasonable accommodation requirements, in accordance with section 504 of the Rehabilitation Act of 1973, the regulations at 24 CFR part 8, the Americans with Disabilities Act, and the regulations at 28 CFR parts 35 and 36, as applicable.

If an attendee or participant at a public hearing and/or meeting needs special assistance beyond what is normally provided, the City will attempt to accommodate such persons in every reasonable manner.

- (e) Technical Assistance: The City will provide for technical assistance to groups representative of persons of low- and moderate-income that request such assistance in commenting on the Plans and in developing proposals for funding assistance under any of the programs covered by the consolidated plan, with the level and type of assistance determined by the City. The assistance need not include the provision of funds to the groups.
- (f) Complaints: A complaint regarding any of the Plans and related documents covered by this Citizen Participation Plan must be submitted in writing to the

Planning and Development Services Director, 1 Riverfront Plaza, Suite 320 Lawrence, KS 66044.

Community Development Division staff will assist the complainant with the preparation of written complaints and/or advise the complainant of other sources of technical assistance. All complaints shall be submitted on a Complaint Form provided by the Community Development Division and shall be signed by the complainant.

Pursuant to 24 CFR 91.105(j), the City will provide a timely, substantive written response to every written resident complaint within 15 working days, where practicable.

- (g) Individuals with Limited English Proficiency: The City will take reasonable steps to provide language assistance to ensure meaningful access to public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. If an individual or participant with Limited English Proficiency needs assistance beyond what is normally provided, the City will attempt to accommodate their request in every reasonable manner.

The City of Lawrence Community Development Division (CDD) Limited English Proficiency (LEP) Plan is established pursuant to and in accordance with Title VI of the Civil Right Act of 1964, Executive Order 13166, "Improving Access to Services for Persons With Limited English Proficiency," and the Department of Housing and Urban Development's (HUD) Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, dated January 22, 2007, and effective February 21, 2007. The current CDD LEP Plan is available for public review online at: [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).

- (h) In the Event of an Emergency: In the event of an unforeseen and unpreventable event that renders in-person public gathering impossible or inadvisable, such as a natural disaster or pandemic, public hearings may be held as a virtual meeting. Meeting formats may include webinars, webcasts, telecasts, radio or audio broadcasts, or other virtual communication tools as appropriate for the meeting format. Virtual meetings must provide, at a minimum, an opportunity for the public to submit public questions and for the presenter or public officials to make public response, or an acknowledgement of receipt of the comments. All questions and responses must be documented, either via text, such as meeting minutes or chat scripts, or recorded, or as appropriate for the meeting format. Virtual meetings must be publicly noticed, and in the event traditional noticing tools are unavailable or will not effectively reach the public, alternative public noticing efforts must be made and documented.

In the event of an emergency, the following alternatives may be instituted by the City:

- (i) The public comment and display period for the Consolidated Plan and/or Annual Action Plan and any amendment thereto will be consistent with HUD's requirements;
- (ii) Draft documents for public comment and review will be made available on the City's website at [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/). Copies of the draft documents will be e-mailed upon request, if possible;
- (iii) Public meetings may be held as virtual meetings using online platforms for public viewing with the option for real-time questions to be presented; and/or
- (iv) The City may opt to hold one public hearing during the Consolidated Plan/Annual Plan process and its second required public hearing during the CAPER process for the same program year if a virtual hearing is not feasible.

## **8. ANTIDISPLACEMENT AND RELOCATION PLAN**

The City seeks to minimize, to the greatest extent feasible, the involuntary displacement, whether permanently or temporarily, of persons (families, individuals, businesses, nonprofit organizations, or farms) from projects funded with CDBG or HOME involving single or multi-family rehabilitation, acquisition, commercial rehabilitation, demolition, economic development, or capital improvement activities.

Projects that the City deems beneficial but that may cause displacement may be recommended and approved for funding only if the City demonstrates that such displacement is necessary and vital to the project and that they take efforts to reduce the number of persons displaced. Further, it must be clearly demonstrated that the goals and anticipated accomplishments of a project outweigh the adverse effects of displacement imposed on persons who must relocate.

This section describes the City's Residential Antidisplacement and Relocation Assistance Plan and how it will assist persons who will be temporarily relocated or permanently displaced due to the use of HUD funds. This plan takes effect whenever the City sponsors projects using CDGB or HOME funds that involve property acquisition or the demolition or conversion of low- and moderate-income dwelling units.

- (a) Minimizing Displacement: The City will take reasonable steps to minimize displacement occurring as a result of its CDBG and HOME activities. This means that the City will:
  - (i) Consider if displacement will occur as part of funding decisions and project feasibility determinations;
  - (ii) Assure, whenever possible, that occupants of buildings to be rehabilitated are offered an opportunity to return;

- (iii) Plan substantial rehabilitation projects in “stages” to minimize displacement; and
  - (iv) Meet all HUD notification requirements so that affected persons do not move because they have not been informed about project plans and their rights.
- (b) Relocation Assistance for Displaced Persons: Consistent with the goals and objectives of the CDBG and HOME programs, the City will take all reasonable steps necessary to minimize displacement of persons, even temporarily. If displacement occurs, the City will provide relocation assistance for lower income tenants who, in connection with an activity assisted under the CDBG and/or HOME Program(s), move permanently or move personal property from real property as a direct result of the demolition of any dwelling unit or the conversion of a lower-income dwelling unit in accordance with the requirements of 24 CFR 42.350. A displaced person who is not a lower-income tenant, will be provided relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR Part 24.
- (c) One-For-One Replacement of Lower-Income Dwelling Units: The City will replace all occupied and vacant occupiable lower-income dwelling units that are demolished or converted to a use other than as lower-income dwelling units in connection with a project assisted with funds provided under the CDBG and/or HOME Program(s).

Before entering into a contract committing the City to use HUD funds on a project that will directly result in demolition of lower-income dwelling units or the conversion of lower-income dwelling units to another use, the City will make public, by providing a notice that such information is available at the City of Lawrence Planning and Development Services Department, and submit to HUD, a One-for-One Replacement Plan that contains the following information in writing:

- (i) A description of proposed assisted activity;
- (ii) The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than for lower-income dwelling units as a direct result of the assisted activity;
- (iii) A time schedule for the commencement and completion of demolition or conversion;
- (iv) The location on a map and 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;

- (v) The source of funding and a time schedule for the provision of replacement dwelling units;
- (vi) The basis for concluding that each replacement dwelling unit will remain a lower-income dwelling unit for at least 10 years from date of initial occupancy; and
- (vii) 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 needs assessment contained in its HUD-approved consolidated plan.

Under 24 CFR 42.375(d), the City may submit a request to HUD for a determination that the one-for-one replacement requirement does not apply, based on objective data, that there is an adequate supply of vacant lower-income dwelling units in standard condition available on a non-discriminatory basis within the area.

## **9. ASSESSMENT OF FAIR HOUSING**

During the development of the Assessment of Fair Housing (AFH), the City of Lawrence will:

- (a) Encourage citizens to participate in the development of the AFH and any revisions of the AFH.
- (b) Encourage the participation of Continuums of Care, businesses, developers, nonprofit organizations, philanthropic organizations, and community-based and faith-based organizations, in the process of developing and implementing the AFH.
- (c) Encourage, in conjunction with public housing agency consultations, participation of residents of public and assisted housing developments, including any resident advisory boards, resident councils, and resident management corporations, in the process of developing and implementing the AFH, along with other low-income residents of targeted revitalization areas in which the developments are located.
- (d) Take reasonable steps to provide language assistance to ensure meaningful access to participation by non-English-speaking, limited English proficiency residents, and persons with disabilities.
- (e) Make available to the public, residents, public agencies, and other interested parties any HUD-provided data and the other supplemental information the City plans to incorporate into its AFH at the start of the public participation process (or as soon as feasible after).
- (f) Provide for at least one public hearing during the development of the AFH, and provide not less than 30 calendar days to receive comments from residents.

- (g) Provide residents of the community with reasonable and timely access to local meetings, consistent with accessibility and reasonable accommodation requirements, in accordance with section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR part 8 as well as the Americans with Disabilities Act and implementing regulations at 28 CFR part 35 and 36, as applicable.
- (h) Publish the proposed AFH in a manner that affords its residents, units of general local government, public agencies, and other interested parties a reasonable opportunity to examine its content and to submit comments.
- (i) A summary which describes the content and purpose of the AFH, and includes a list of locations where copies of the entire proposed document may be examined, will be made public by publishing a display ad in one or more newspapers of general circulation, and by making copies of the AFH available on the City of Lawrence website at [https://lawrenceks.org/pds/reports\\_plans/](https://lawrenceks.org/pds/reports_plans/).
- (j) Provide for technical assistance to groups representative of persons of low-and-moderate income that request such assistance to comment on the AFH.
- (k) Consider the comments or views of residents, whether received in writing or orally at the public hearing, in preparing the final AFH. A summary of any comments or views, and a summary of any comments or views not accepted and the reasons why, shall be attached to the final AFH.
- (l) Provide a reasonable number of free copies of the AFH to residents and groups that request a copy.
- (m) Provide a timely, substantive written response to every written resident complaint related to the AFH and any revisions of the AFH, within an established period of time (normally within 15 working days, where practicable).



# Appendix B CDBG MATRIX CODES

Release Date:  
March 2019

## MATRIX CODE DEFINITIONS

Matrix codes are used to indicate—but do not establish—activity eligibility. An activity must be eligible in accordance with the regulations at 24 CFR 570.201 – 570.207 for Entitlements, 570.703 – 570.705 for the Section 108 loan guarantee program, and with Section 105(a) of the HCDA [42 USC 5305] and 24 CFR 570.482 for States. Grantees need to refer to the regulations to determine an activity’s eligibility; the codes defined below are used in IDIS On-Line chiefly to categorize activities for reporting purposes.

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<b>Acquisition and Disposition</b>	
<b>01</b>	<p><b>Acquisition of Real Property</b> 24 CFR 570.201(e) or 42 USC 5305(a)(1)  Acquisition of real property that will be developed for a public purpose. Use code 01 if CDBG funds will be used ONLY for the acquisition of property. This code is frequently used for the acquisition of property on which a public facility, public improvement or housing will be constructed using other funds.</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>When a grantee acquires and constructs or rehabilitates a public facility with CDBG funds, assign the appropriate 03* matrix code, instead of 01.</i></li> <li>• <i>When a grantee combines acquisition with relocation or disposition in a single activity, that activity can be coded as Acquisition 01.</i></li> <li>• <i>When a grantee acquires and rehabilitates housing with CDBG funds for residential purposes, use code 14G.</i></li> <li>• <i>When a grantee or subrecipient acquires land, clears structures, or packages land for the purpose of creating an industrial park or encouraging commercial/industrial redevelopment, use matrix code 17A.</i></li> </ul>
<b>02</b>	<p><b>Disposition of Real Property</b> 24 CFR 570.201(b) or 42 USC 5305(a)(7)  Costs related to the sale, lease, or donation of real property acquired with CDBG funds or under urban renewal. Eligible costs would include the costs incidental to disposing of the property, such as preparation of legal documents, fees paid for surveys, transfer taxes, and other costs involved in the transfer of ownership of the CDBG-assisted property. The costs can also include the costs of temporarily maintaining property pending disposition, for example, boarding property up, mowing grass, security. However, the temporary maintenance costs are eligible only for properties initially acquired with CDBG funds.</p>
<b>04</b>	<p><b>Clearance and Demolition</b> 24 CFR 570.201(d) or 42 USC 5305(a)(4)  Clearance or demolition of buildings/improvements, or the movement of buildings to other sites.</p>
<b>04A</b>	<p><b>Cleanup of Contaminated Sites</b> 24 CFR 570.201(d) or 24 CFR 570.482(c)(3) [Public Law 105-276]  Activities undertaken primarily to clean toxic/environmental waste or contamination from a site.</p>
<b>08</b>	<p><b>Relocation</b> 24 CFR 570.201(i) or 42 USC 5305(a)(11)  Relocation payments and other assistance for permanently or temporarily displaced individuals, families, businesses, non-profit organizations, and farms.</p>

## Public Facilities and Improvements

Use matrix codes in this section when the CDBG funds are used by the grantee or other public or private non-profit entities for public facilities and improvements.

### Note:

- Grantees may only have one public facility in an activity. Grantees must set up a separate activity for each public facility. When two or more related activities are funded with CDBG, the grantee needs to set up a separate activity for each facility or improvement.
- When a facility is used only by a specific client group, the activity should be assigned the matrix code specific to that group, not the type of facility. For instance, assign 03Q to a health facility for abused and neglected children, not 03P.
- If CDBG funds are only used to acquire property for a public facility, use matrix code 01. If the grantee uses CDBG funds to pay for the acquisition and construction, or rehabilitation of a public facility or improvement, use the appropriate 03\* matrix code.
- For commercial and industrial improvements undertaken by a grantee or a subrecipient for economic development purposes, use matrix code 17A, 17B, 17C, or 17D.

<b>03A</b>	<b>Senior Centers</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of facilities (except permanent housing) for seniors. 03A may be used for a facility serving both the elderly and persons with disabilities, provided it is not intended primarily to serve persons with disabilities. If it is, use 03B instead.  <i>Note: For the construction of permanent housing for the elderly, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>
<b>03B</b>	<b>Facilities for Persons with Disabilities</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of centers, group homes, and other facilities (except permanent housing) for persons with disabilities. 03B may be used for a facility serving both persons with disabilities and the elderly, provided it is not intended primarily to serve the elderly. If it is, use 03A instead.  <i>Note: For the construction of permanent housing for the persons with disabilities, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>
<b>03C</b>	<b>Homeless Facilities (not operating costs)</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, conversion of buildings, or rehabilitation of temporary shelters and transitional housing for the homeless, including victims of domestic violence, dating violence, sexual assault or stalking, disaster victims, runaway children, drug offenders, and parolees.  <i>Note: For the construction of permanent housing for the homeless, use code 12; for the rehabilitation of such housing, use the appropriate 14* code; for facilities for abused and neglected children, use 03Q.</i>

<b>03D</b>	<p><b>Youth Centers</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2)  Acquisition, construction, or rehabilitation of facilities intended primarily for young people age 13 to 19. These include playground and recreational facilities that are part of a youth center.  For the acquisition, construction or rehabilitation of facilities intended primarily for children age 12 and under, use 03M; for facilities for abused and neglected children, use 03Q.</p>
<b>03E</b>	<p><b>Neighborhood Facilities</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2)  Acquisition, construction, or rehabilitation of facilities that are principally designed to serve a neighborhood and that will be used for social services or for multiple purposes (including recreation). Such facilities may include libraries and community centers.</p>
<b>03F</b>	<p><b>Parks, Recreational Facilities</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2)  Development of open space areas or facilities intended primarily for recreational use.</p>
<b>03G</b>	<p><b>Parking Facilities</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2)  Acquisition, construction, or rehabilitation of parking lots and parking garages. Use 03G if rehabilitation of a public facility or street improvement is a small part of an activity to improve a parking facility. However, if parking improvements are only a small part of a larger street improvement activity, use 03K.</p>
<b>03H</b>	<p><b>Solid Waste Disposal Improvements</b> 24 CFR 570.201(c) or 42 USC 5205(a)(2)  Acquisition, construction or rehabilitation of solid waste disposal facilities. The eligible costs can also include equipment, such as bulldozers, used exclusively at the facility.</p>
<b>03I</b>	<p><b>Flood Drainage Improvements</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2)  Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds, catch basins, streambank erosion controls, channelization of streambeds, or dams. 03I can also be used for "Green Infrastructure" improvements to manage stormwater. However, if stormwater management improvements are integral to some other activity like a park or a street project, it should be included in that matrix code (03F for parks, 03K for streets) rather than 03I.</p> <p><i>Note: Do not use 03I for construction/rehabilitation of storm sewers, street drains, or storm drains. Use 03J for storm sewers and 03K for street and storm drains.</i></p>
<b>03J</b>	<p><b>Water/Sewer Improvements</b> 24 CFR 570.201(c) or 42 USC 5305(a)(2)  Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants. Costs of street repairs (usually repaving) made necessary by water/sewer improvement activities are included under 03J.</p> <p>For water/sewer improvements that are part of:</p> <ul style="list-style-type: none"> <li>• More extensive street improvements, use 03K. For example, an activity that involves paving six blocks of Main Street and installing 100 feet of new water lines in one of those blocks.</li> <li>• A housing rehabilitation activity such as water/sewer hookups (lines from a house to the street), use the appropriate 14* housing rehabilitation matrix code.</li> </ul>

<b>03K</b>	<b>Street Improvements</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Installation or repair of streets, street drains, storm drains, curbs and gutters, tunnels, bridges, and traffic lights/signs. Also use 03K: <ul style="list-style-type: none"> <li>For improvements that include landscaping, street lighting, and/or street signs (commonly referred to as "streetscaping").</li> <li>If sidewalk improvements (see code 03L) are part of more extensive street improvements.</li> </ul>
<b>03L</b>	<b>Sidewalks</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Improvements to sidewalks. Also use 03L for sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees.
<b>03M</b>	<b>Child Care Centers</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of facilities intended primarily for children age 12 and under. Examples are daycare centers and Head Start preschool centers. For the construction or rehabilitation of facilities for abused and neglected children, use 03Q; for the construction or rehabilitation of facilities for teenagers, use 03D
<b>03N</b>	<b>Tree Planting</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Activities limited to tree planting (sometimes referred to as "beautification"). For streetscape activities that include tree planting, use 03K; for sidewalk improvement activities that include tree planting, use 03L.
<b>03O</b>	<b>Fire Stations/Equipment</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of fire stations and/or the purchase of fire trucks and emergency rescue equipment.
<b>03P</b>	<b>Health Facilities</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of physical or mental health facilities. Examples of such facilities include neighborhood clinics, hospitals, nursing homes, and convalescent homes. Health facilities for a specific client group should use the matrix code for that client group. For example, use 03Q for the construction or rehabilitation of health facilities for abused and neglected children.
<b>03Q</b>	<b>Facilities for Abused and Neglected Children</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of daycare centers, treatment facilities, or temporary housing for abused and neglected children.
<b>03R</b>	<b>Asbestos Removal</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Rehabilitation of any public facility undertaken primarily to remove asbestos.
<b>03S</b>	<b>Facilities for AIDS Patients (not operating costs)</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of facilities for the treatment or temporary housing of people who are HIV positive or who have AIDS. For the construction or rehabilitation of facilities for AIDS education and prevention, use 03P.

<b>03Z</b>	<p><b>Other Public Improvements Not Listed in 03A-03T</b> <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i></p> <p>This matrix code replaces matrix code 03. Only use this code when an activity does not fall under a more specific 03A – 03S matrix code. Check the following before using this matrix code:</p> <ul style="list-style-type: none"> <li>• Grantees may only have one public facility in an activity. Grantees must set up a separate activity for each public facility. When two or more related facilities are funded by CDBG, the grantee needs to set up a separate activity for each facility or improvement.</li> <li>• 03Z can be used for seawalls, bus shelters, retaining walls, and wind turbines.</li> <li>• 03Z can be used for activities that assist persons with disabilities by removing architectural barriers from or providing ADA improvements to government buildings (activities that otherwise would not be eligible for CDBG funding).</li> </ul>
<b>06</b>	<p><b>Interim Assistance</b> <i>24 CFR 570.201(f) or 42 USC 5305(a)(4)</i></p> <p>Only for activities undertaken either to:</p> <ul style="list-style-type: none"> <li>• Make limited improvements (e.g., repair of streets, sidewalks, or public buildings) intended solely to arrest further deterioration of physically deteriorated areas prior to making permanent improvements.</li> <li>• Alleviate emergency conditions threatening public health and safety, such as removal of tree limbs or other debris after a major storm.</li> </ul>
<b>11</b>	<p><b>Privately Owned Utilities</b> <i>24 CFR 570.201(l) or 42 USC 5305(a)(14)</i></p> <p>Acquisition, reconstruction, rehabilitation, or installation of distribution lines and facilities of regulated, privately owned utilities. This includes placing new or existing distribution lines/facilities underground.</p>
<b>16B</b>	<p><b>Non-Residential Historic Preservation</b> <i>24 CFR 570.202(d)</i></p> <p>Rehabilitation of historic buildings for non-residential use. Examples include the renovation of an historic building for use as a neighborhood facility, as a museum, or by an historic preservation society.</p>
<b>23</b>	<p><b>Tornado Shelters Serving Private Mobile Home Parks</b> <i>42 USC 5305(a)(25)</i></p> <p>Construction or improvement of tornado-safe shelters for residents of manufactured housing parks and the provision of assistance (including loans and grants) to nonprofit and for-profit entities to do so, in accordance with Section 42 USC 5305(a)(24).</p>



## Public Services

Use matrix codes in this section for CDBG assisted public services activities.

- It is important to distinguish a service from construction or rehabilitation of a facility where a service is being provided. For example, the construction or rehabilitation of a senior center is coded as 03A, but the funding of services provided at a facility for senior citizens is coded as 05A.
- Rental of a facility for a service is considered a part of delivery of service and should be treated as a public service.
- Operation and maintenance may be paid with CDBG funds only for the portion of the building where a public service is being carried out.
- If the activity is restricted to one client group, use the matrix code for that group. For example, use 05A for senior services.

<b>03T</b>	<b>Homeless/AIDS Patients Programs</b> <i>24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</i> Costs associated with the operation of programs for the homeless or for AIDS patients, such as staff costs, utilities, maintenance, and insurance. Because payment of operating costs for these programs is a public service under CDBG, all CDBG expenditures for 03T activities are included in the calculation of the Public Services cap.
<b>05A</b>	<b>Senior Services</b> <i>24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</i> Services for the elderly. 05A may be used for an activity that serves both the elderly and persons with disabilities provided it is intended primarily to serve elderly. If the activity is intended primarily to serve persons with disabilities, use 05B instead.
<b>05B</b>	<b>Services for Persons with Disabilities</b> <i>24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</i> Services for the persons with disabilities, regardless of age. If the activity is intended primarily for elderly persons, use 05A instead.
<b>05C</b>	<b>Legal Services</b> <i>24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</i> Services providing legal aid to low- and moderate-income (LMI) persons. If the legal service is only provided for the settlement of tenant/landlord disputes, use 05K.
<b>05D</b>	<b>Youth Services</b> <i>24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</i> Services for young people age 13 to 19. For example, recreational services limited to teenagers and teen counseling programs. 05D can also be used for counseling programs that target teens but include counseling for the family as well. For services for children age 12 and under, use 05L; for services for abused and neglected children, use 05N.
<b>05E</b>	<b>Transportation Services</b> <i>24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</i> General transportation services. Transportation services for a specific client group should use the matrix code for that client group. For example, use 05A for transportation services for the elderly.

<b>05F</b>	<b>Substance Abuse Services</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Substance abuse recovery programs and substance abuse prevention/education activities. If the services are provided for a specific client group, the matrix code for that client group may be used instead. For example, substance abuse services that target teenagers may be coded either 05D or 05F.
<b>05G</b>	<b>Services for victims of domestic violence, dating violence, sexual assault or stalking</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services for victims of domestic violence, dating violence, sexual assault or stalking. For services limited to abused and neglected children, use 05N.
<b>05H</b>	<b>Employment Training</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Assistance to increase self-sufficiency, including literacy, independent living skills, resume writing, job coaching, "how to get and keep a job" training, or training students in a particular field on skill when there is no tie to a specific position or business. For activities providing training for specific permanent jobs with specific businesses, use 18A.
<b>05I</b>	<b>Crime Awareness/Prevention</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Promotion of crime awareness and prevention, including crime prevention education programs, community-oriented policing programs above and beyond normal staffing levels, installation of security cameras, and paying for security guards.
<b>05J</b>	<b>Fair Housing Activities (subject to Public Services cap)</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Fair housing services (e.g. counseling on housing discrimination) as public services. The activity needs to meet a national objective. For fair housing services activities carried out as part of general program administration (and thus not required to meet a national objective), use 21D.
<b>05K</b>	<b>Tenant/Landlord Counseling</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Counseling to help prevent or settle disputes between tenants and landlords.
<b>05L</b>	<b>Child Care Services</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services that will benefit children (generally under age 13), including parenting skills classes. For services exclusively for abused and neglected children, use 05N.
<b>05M</b>	<b>Health Services</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services addressing the physical health needs of residents of the community. For mental health services, use 05O.
<b>05N</b>	<b>Services for Abused and Neglected Children</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Daycare and other services exclusively for abused and neglected children.

<b>05O</b>	<p><b>Mental Health Services</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Services addressing the mental health needs of residents of the community.</p>
<b>05P</b>	<p><b>Screening for Lead Poisoning</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Activities undertaken primarily to provide screening for lead poisoning.</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• Use 05P to test people for possible lead poisoning.</li> <li>• Use 14I to test buildings/properties for presence of lead contamination.</li> </ul>
<b>05Q</b>	<p><b>Subsistence Payments</b> 24 CFR 570.207(b)(4) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  One-time or short-term (no more than three months) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness. Examples include utility payments to prevent cutoff of service, and rent/mortgage payments to prevent eviction.</p>
<b>05R</b>	<p><b>Homebuyer Downpayment Assistance - Excluding Housing Counseling under 24 CFR 5.100</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Homebuyer downpayment assistance provided as a PUBLIC SERVICE. If housing counseling (under 24 CFR 5.100) is provided to in conjunction with downpayment assistance, report housing counseling separately under matrix code 05Y. If referral services, homeownership education programs, or general budget/financial counseling are provided to homebuyers in conjunction with downpayment assistance as part of a package, then the services are considered activity delivery costs as a part of an 05R activity.</p> <ul style="list-style-type: none"> <li>• It is subject to the public service cap, unless the assistance is provided by a CBDO in an NRSA or by a 105(a)(15) entity.</li> <li>• Only report the number of households that received downpayment assistance as accomplishments for 05R.</li> <li>• For more extensive types of homeownership assistance provided under authority of the National Affordable Housing Act, use code 13B.</li> </ul>
<b>05S</b>	<p><b>Rental Housing Subsidies</b> 24 CFR 570.204 or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Tenant subsidies exclusively for rental payments for more than three months. Activities providing this form of assistance must be carried out by CBDOs or 105(a)(15) entities.</p>
<b>05T</b>	<p><b>Security Deposits</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Tenant subsidies exclusively for payment of security deposits.</p>

<b>05U</b>	<p><b>Housing Counseling only, under 24 CFR 5.100</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Housing counseling, under 24 CFR 5.100, for renters, homeowners, and/or potential new homebuyers that is provided as an independent public service (i.e., not as part of another eligible housing activity).</p>
<b>05V</b>	<p><b>Neighborhood Cleanups</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  One-time or short-term efforts to remove trash and debris from neighborhoods. Examples of legitimate uses of this code include neighborhood cleanup campaigns and graffiti removal.</p>
<b>05W</b>	<p><b>Food Banks</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Costs associated with the operation of food banks, community kitchens, and food pantries, such as staff costs, supplies, utilities, maintenance, and insurance.</p>
<b>05X</b>	<p><b>Housing Information and Referral Services</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  An activity that provides housing information, education, and referral services, or general budget/financial counseling that does not meet the 24 CFR 5.100 definition of Housing Counseling.</p>
<b>05Y</b>	<p><b>Housing Counseling under 24 CFR 5.100 Supporting Homebuyer Downpayment Assistance (05R)</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  Housing Counseling, under 24 CFR 5.100, that is provided to in conjunction with homebuyer downpayment assistance (05R) as a public service.</p>
<b>05Z</b>	<p><b>Other Public Services Not Listed in 03T and 05A-05Y</b> 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)  This matrix code replaced matrix code 05. Only use this matrix code when an activity does not fall under a more specific 05A-05Y code.  An example of a legitimate use of this code is when the CDBG funds are provided to a non-profit organization that provides multiple types of social services for operating costs. In another example, when a public service activity that does not have a more specific matrix code, provides services to multiple groups of clients such as seniors, persons with disabilities, and homeless persons. For instance, for a "meals on wheels" program for seniors and persons with disabilities, use 05Z. If this program had only been available to seniors, the correct matrix code would have been 05A.</p>

## Housing

Housing includes new construction and rehabilitation.

- Reconstruction of housing is eligible as is rehabilitation. Replacement of stick-built residential structures with manufactured housing units, or vice versa, is eligible as reconstruction of housing.
- Manufactured housing may be rehabilitated if it is considered part of the community's permanent housing stock.
- Wiring multifamily properties for broadband internet service, as part of substantial rehabilitation as defined in 24 CFR 5.100, should be treated as a cost of the rehabilitation, not broken out separately.
- Conversion of non-residential structures to housing is eligible as rehabilitation (esp. significant for 14B, 14D, 14G).
- Rehabilitation of housing can include water/sewer hookups, running water/sewer lines from a house out to the street, installation/rehabilitation/replacement of wells, septic tanks, septic drainfields, etc.
- Historic preservation work that is done as part of other housing rehabilitation can be included in the relevant matrix code.
- Installation or replacement of landscaping materials, sidewalks, and driveways can be included when the costs are incidental to the rehabilitation of the property.

<b>09</b>	<b>Loss of Rental Income</b> <i>24 CFR 570.201(j) or 42 USC 5305(a)(6)</i> Payments to owners of housing for loss of rental income due to temporarily holding rental units for persons displaced by CDBG-assisted activities.
<b>12</b>	<b>Construction of Housing</b> <i>24 CFR 570.201(m), 570.204 or 42 USC 5305(a)(15)</i> Construction of housing with CDBG funds must either be: carried out by CBDOs, in accordance with the regulations at 24 CFR 570.204(a); in accordance with 42 USC 5305(a)(15); or last resort housing under the provisions of the Uniform Act, 42 USC Part 49.
<b>13A</b>	<b>Housing Counseling, under 24 CFR 5.100, for Homeownership Assistance (13B)</b> <i>24 CFR 570.201(n) or 42 USC 5305(a)(24)</i> Housing Counseling, under 24 CFR 5.100, when provided in conjunction with direct homeownership assistance 13B. Report housing counseling under matrix code 13A as a separate activity.

<p><b>13B</b></p>	<p><b>Homeownership Assistance - excluding Housing Counseling under 24 CFR 5.100</b>  <i>24 CFR 570.201(n) or 42 USC 5305(a)(24)</i>  CDBG funds may be used to provide direct homeownership assistance under 24 CFR 570.201(n) and Section 105(a)(24) of the HCDA under the low- and moderate-income housing national objective [24 CFR 570.208(a)(3) and 570.483(b)(3)]. Direct homeownership assistance may include:</p> <ul style="list-style-type: none"> <li>• Subsidizing interest rates and mortgage principal amounts to make loan payments affordable. This may include making grants to reduce the effective interest rates charged on the loans. Low-or no-interest subordinate loans can also be used to reduce overall loan repayment amounts.</li> <li>• Financing the cost of acquiring property already occupied by renter households at terms needed to make the purchase affordable.</li> <li>• Paying all or a part of the premium on behalf of the homebuyer for mortgage insurance required upfront by a private mortgagee.</li> <li>• Paying any or all of the reasonable closing costs associated with the home purchase on behalf of the homebuyer.</li> <li>• Paying up to 50 percent of the down payment required by the mortgagee for the purchase on behalf of the homebuyer. (The 50 percent limitation on downpayment assistance is a statutory requirement. Grantee records must document what amount of downpayment is required by the mortgagee, and must clearly distinguish between the amount of CDBG funds being provided for downpayment assistance vs. the amount provided for subsidizing the mortgage principal, for closing costs, for mortgage insurance, etc.)</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>If Housing Counseling, under 24 CFR 5.100, is provided in conjunction with direct homeownership assistance, report housing counseling under matrix code 13A, as a separate activity.</i></li> <li>• <i>If referral services, homeownership education programs, or general budget/financial counseling is provided to homebuyers in conjunction with homeownership assistance, the services are considered activity delivery costs as part of a 13B activity.</i></li> <li>• <i>All recipients of assistance provided under matrix code 13B must be low/moderate income and the activity must meet the LMH national objective.</i></li> <li>• <i>Only report the number of households that received homeownership assistance as accomplishments for 13B.</i></li> </ul>
<p><b>14A</b></p>	<p><b>Rehabilitation: Single-Unit Residential</b> <i>24 CFR 570.202(a)(1) or 42 USC 5305(a)(4)</i>  Rehabilitation of privately owned, single-unit homes. If Housing Counseling under 24 CFR 5.100 is provided in conjunction with rehabilitation, report Housing Counseling under matrix code 14L separately. If referral services, or general budget/financial counseling is provided to residents in conjunction with rehabilitation, the services are considered activity delivery costs as a part of a 14A activity.</p>

<b>14B</b>	<p><b>Rehabilitation: Multi-Unit Residential</b> <i>24 CFR 570.202(a)(1) or 42 USC 5305(a)(4)</i>  Rehabilitation of privately owned buildings with two or more permanent residential units. If Housing Counseling under 24 CFR 5.100 is provided in conjunction with rehabilitation, report Housing Counseling under matrix code 14L separately. If referral services or general budget/financial counseling is provided to residents in conjunction with rehabilitation, the services are considered activity delivery costs as a part of a 14B activity.</p> <p>For the rehabilitation of units that will provide temporary shelter or transitional housing for the homeless, use 03C.</p>
<b>14C</b>	<p><b>Rehabilitation: Public Housing Modernization</b> <i>24 CFR 570.202(a)(2) or 42 USC 5305(a)(4)</i>  Rehabilitation of housing units owned/operated by a public housing authority (PHA).</p>
<b>14D</b>	<p><b>Rehabilitation: Other Publicly Owned Residential Buildings</b> <i>24 CFR 570.202(a)(2) or 42 USC 5305(a)(4)</i>  Rehabilitation of permanent housing owned by a public entity other than a PHA.</p> <p>For the rehabilitation of other publicly owned buildings that will provide temporary shelter or transitional housing for the homeless, use 03C.</p>
<b>14F</b>	<p><b>Rehabilitation: Energy Efficiency Improvements</b> <i>24 CFR 570.202(b)(4) or 42 USC 5305(a)(4)</i>  Housing rehabilitation with the sole purpose of improving energy efficiency (e.g., a weatherization program).</p> <p>For energy efficiency improvements to public housing units, use 14C; for other publicly owned residential buildings, use 14D.</p>
<b>14G</b>	<p><b>Rehabilitation: Acquisition</b> <i>24 CFR 570.202(b)(1) or 42 USC 5305(a)(1)</i>  Acquisition of property to be rehabilitated for housing. 14G may be used whether CDBG funds will pay only for acquisition or for both acquisition and rehabilitation.</p>
<b>14H</b>	<p><b>Rehabilitation: Administration</b> <i>24 CFR 570.202(b)(9) or 42 USC 5305(a)(4)</i>  All delivery costs (including staff, other direct costs, and service costs) directly related to carrying out housing rehabilitation activities. Examples include appraisal, architectural, engineering, and other professional services; preparation of work specifications and work write-ups; loan processing and underwriting; survey, site and utility plans; application processing.</p> <p>14H should be used when the CDBG funds are used for activity delivery costs in implementing a program where the rehabilitation hard costs are paid with other funding sources.</p> <p>Do not use 14H for the costs of actual rehabilitation and do not use it for costs unrelated to running a rehabilitation program (e.g., tenant/landlord counseling).</p> <p>For administration activities carried out as part of general program administration (and thus not required to meet a national objective), use code 21A.</p>

<b>14I</b>	<p><b>Lead-Based Paint/Lead Hazards Testing/Abatement</b> <i>24 CFR 570.202(f) or 42 USC 5305(a)(26)</i>  Housing rehabilitation activities with the primary goal of evaluating housing units for lead-paint hazards and reducing lead-based paint/lead hazards in units.  For lead-based paint/lead hazards screening of persons, use 05P.</p>
<b>14J</b>	<p><b>Housing Services - Excluding Housing Counseling, under 24 CFR 5.100</b> <i>24 CFR 570.201(k) or 42 USC 5305(a)(20)</i>  Housing services, except Housing Counseling, under 24 CFR 5.100, in support of the HOME Program, eligible under 24 CFR 570.201(k).</p>
<b>14K</b>	<p><b>Housing Counseling, under 24 CFR 5.100, Supporting HOME Program Housing Activities</b> <i>24 CFR 570.201(k) or 42 USC 5305(a)(20)</i>  Housing Counseling, under 24 CFR 5.100, in support of a HOME- funded housing assistance program.</p>
<b>14L</b>	<p><b>Housing Counseling, under 24 CFR 5.100, in Conjunction with CDBG-assisted Housing Rehabilitation</b> <i>24 CFR 570.202 or Section 42 USC 5305(a)(4)</i>  Housing Counseling, under 24 CFR 5.100, in support of CDBG assisted housing rehabilitation activities, including 14A-14D, 14F-14I, and 16A.</p>
<b>15</b>	<p><b>Code Enforcement</b> <i>24 CFR 570.202(c) or 42 USC 5305(a)(3)</i>  Salaries and overhead costs associated with property inspections and follow-up actions (such as legal proceedings) directly related to the enforcement (not correction) of state and local codes.</p> <p>For the rehabilitation hard costs of correcting code violations, use the appropriate rehabilitation code under the 14* series.</p>
<b>16A</b>	<p><b>Residential Historic Preservation</b> <i>24 CFR 570.202(d)</i>  Rehabilitation of historic buildings for residential use. Use matrix code 16A when the preservation or restoration of historically significant features is the only work being done. If historic preservation work is done as part of other housing rehabilitation, then use the relevant 14* matrix code.</p>
<b>19E</b>	<p><b>CDBG Operation and Repair of Foreclosed Property ("In-Rem Housing")</b> <i>42 USC 5305(a)(23)</i>  Activities to prevent the abandonment and deterioration of housing acquired through tax foreclosure. These include making essential repairs to the housing and paying operating expenses to maintain its habitability.</p>



**Economic Development**

- Matrix codes 17A – 17D should be used to identify special economic development activities carried out by the grantee or through a public or private non-profit subrecipient. Under these matrix codes, CDBG funds are not given to a specific for-profit business or businesses.
- Matrix codes 14E, 18A, 18B, 18C should be used when assistance is provided to a for-profit business for economic development projects.

<b>14E</b>	<b>Rehabilitation: Publicly or Privately Owned Commercial/Industrial</b> <i>24 CFR 570.202(a)(3) or 42 USC 5305(a)(2)</i> Rehabilitation of commercial/industrial property. If the property is privately owned, CDBG-funded rehab is limited to: <ul style="list-style-type: none"><li>• Exterior improvements (generally referred to as “façade improvements”).</li><li>• Correction of code violations.</li></ul> For more extensive rehabilitation of privately owned commercial/industrial property, use 17C; for infrastructure developments and improvements at commercial/industrial sites, use 17B.
<b>17A</b>	<b>Commercial/Industrial: Acquisition/Disposition</b> <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Land acquisition, clearance of structures, or assembling land for the purpose of creating industrial parks or promoting commercial/industrial development. 17A activities must be carried out by the grantee or by public or private non-profits.
<b>17B</b>	<b>Commercial/Industrial: Infrastructure Development</b> <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Street, water, parking, rail transport, or other improvements to commercial/industrial sites. 17B also includes the installation of public improvements, such as the construction of streets to and through commercial/industrial areas. 17B activities must be carried out by the grantee or by public or private non-profits.
<b>17C</b>	<b>Commercial/Industrial: Building Acquisition, Construction, Rehabilitation</b> <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Acquisition, construction, or rehabilitation of commercial/industrial buildings. 17C activities must be carried out by the grantee or by public or private non-profits.
<b>17D</b>	<b>Commercial/Industrial: Other Improvements</b> <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Commercial/industrial improvements not covered by other 17* codes. 17D activities must be carried out by the grantee or by public or private non-profits.

<b>18A</b>	<p><b>Economic Development Direct Financial Assistance to For-Profit Business</b>  <i>24 CFR 570.203(b) or 42 USC 5305(a)(17)</i>  Financial assistance to private for-profit businesses to (for example) acquire property, clear structures, build, expand or rehabilitate a building, purchase equipment, or provide operating capital. Forms of assistance include loans, loan guarantees, and grants.</p> <p>With one exception, a separate 18A activity must be set up for each business assisted. If an activity is carried out under 24 CFR 570.208(a)(4)(vi) or 24 CFR 570.483(b)(4)(vi), job aggregation is allowed, and all businesses assisted during a program year may be combined in one activity.</p>
<b>18B</b>	<p><b>Economic Development: Technical Assistance</b> <i>24 CFR 570.203(c) or 42 USC 5305(a)(17)</i>  Technical assistance to for-profit businesses, including workshops, assistance in developing business plans, marketing, and referrals to lenders or technical resources. Also use 18B for activity delivery costs eligible under 24 CFR 570.203(c).</p>
<b>18C</b>	<p><b>Economic Development: Microenterprise Assistance</b> <i>24 CFR 570.201(o) or 42 USC 5305(a)(22) + 24 CFR 570.482(c)</i>  Financial assistance, technical assistance, or general support services to owners and developers of microenterprises. A microenterprise is a business with five or fewer employees, including the owner(s). The activity must be designed to exclusively serve microenterprises.</p> <p>With one exception, a separate activity must be set up for each microenterprise assisted. If an activity is carried out under 24 CFR 570.208(a)(4)(vi) or 24 CFR 570.483(b)(4)(vi), job aggregation is allowed, and all assisted businesses may be combined in one activity.</p>

<b>General Admin</b>	
<b>20</b>	<p><b>Planning</b> <i>24 CFR 570.205 or 24 CFR 570.489(a)(3)</i>  Program planning activities, including the development of comprehensive plans (e.g., a consolidated plan), community development plans, energy strategies, capacity building, environmental studies, area neighborhood plans, and functional plans. These activities, along with administration activities, are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3). Under State CDBG, this matrix code would only be used for planning done in conjunction with another eligible activity.</p>
<b>20A</b>	<p><b>State Planning-Only Activities</b> <i>24 CFR 570.483(b)(5) and (c)(3)</i>  Program planning activities for when states award grants to units of general local government in which planning is the only activity, or in which planning activities are unrelated to any other activity funded as part of the grant. These are often referred to as "planning-only grants." These activities, along with administration activities, are subject to the 20 percent limitation under 24 CFR 570.489(a)(3).</p>
<b>21A</b>	<p><b>General Program Administration</b> <i>24 CFR 570.206 or 24 CFR 570.489(a)(3)</i>  Overall program administration, including (but not limited to) salaries, wages, and related costs of grantee staff or others engaged in program management, monitoring, and evaluation. These activities, along with planning activities, are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).</p>
<b>21B</b>	<p><b>Indirect Costs</b> <i>24 CFR 570.206(e)</i>  Costs charged as general program administration under an indirect cost allocation plan. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).</p>
<b>21C</b>	<p><b>Public Information</b> <i>24 CFR 570.206(b)</i>  Providing information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of CDBG-assisted activities. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).</p>
<b>21D</b>	<p><b>Fair Housing Activities (subject to Admin cap)</b> <i>24 CFR 570.206(c)</i>  Fair housing activities carried out as part of general program administration rather than as a public service. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).   For fair housing activities carried out as a public service, use 05J.</p>
<b>21E</b>	<p><b>Submission of Applications for Federal Programs</b> <i>24 CFR 570.206(f)</i>  Preparation of (1) documents that must be submitted to HUD to receive CDBG funds or (2) applications to other federal programs for community development assistance. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).</p>

<b>21H</b>	<b>CDBG Funding of HOME Administrative Costs</b> 24 CFR 570.206(i)(2) or 42 USC 5305(a)(13) CDBG funding of administrative costs for the HOME Program. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
<b>21I</b>	<b>CDBG Funding of HOME CHDO Operating Expenses</b> 24 CFR 570.206(i)(2) CDBG funding of CHDO operating expenses for HOME Program. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
<b>21J</b>	<b>State Program Administration</b> 24 CFR 570.489(a) State program administration, including (but not limited to) salaries, wages, and related costs required for overall program management, coordination, monitoring, reporting, and evaluation. These activities are subject to the \$100,000 plus 3% limitation.
<b>Repayment of Section 108 Loans</b>	
<b>19F</b>	<b>Planned Repayments of Section 108 Loans</b> 24 CFR 570.705(c) Planned payments of principal due on Section 108 loans (including prepayment or defeasance of Section 108 loans). If a grantee is planning to use CDBG funds to repay the Section 108 loans, then use matrix code 19F.
<b>19G</b>	<b>Unplanned Repayments of Section 108 Loans</b> 24 CFR 570.705(c) Unplanned payments of principal due on Section 108 loans (including prepayment or defeasance of Section 108 loans). Use matrix code 19G for the following two situations: <ul style="list-style-type: none"> <li>• When the funds planned for Section 108 loan repayment are not available, the grantee needs to use CDBG funds to repay the Section 108 loans.</li> <li>• The grantee does not make a timely payment on its Section 108 Guaranteed loan, and the CDBG grant funds are deducted from grantee's line of credit to pay the Section 108 Guaranteed Loans.</li> </ul>
<b>24A</b>	<b>Payment of Interest on Section 108 Loans</b> 24 CFR 570.703(c), 570.705(c) Payment of interest on Section 108 loans.
<b>24B</b>	<b>Payment of Costs of Section 108 Financing</b> 24 CFR 570.703(g), 570.703(n), 570.705(c) Payment of issuance, underwriting, servicing, trust administration and other costs associated with private sector financing of Section 108 loans and payment of fees charged by HUD.
<b>24C</b>	<b>Debt Service Reserve</b> 24 CFR 570.703(k), 570.705(c) Establishment of debt service reserves as additional security for repayment of Section 108 loans.

<b>Other</b>	
<b>07</b>	<p><b>Urban Renewal Completion</b> <i>24 CFR 570.201(h) or 42 USC 5305(a)(10)</i>  Completion of Urban Renewal projects funded under Title I of the Housing Act of 1949.</p> <ul style="list-style-type: none"> <li>• Do not use code 07 for a downtown renewal, downtown development, or locally-created Urban Renewal activity unless the activity will result in the closing out of a federally-approved urban renewal project.</li> <li>• Only use for activities necessary to complete an existing Urban Renewal Plan.</li> </ul>
<b>19C</b>	<p><b>CDBG Non-Profit Organization Capacity Building</b> <i>24 CFR 570.201(p) or 42 USC 5305(a)(19)</i>  Activities specifically designed to increase the capacity of non-profit organizations to carry out specific CDBG eligible neighborhood revitalization or economic development activities. Such activities may include providing technical assistance and specialized training to staff. The specific eligible activity for which capacity is being developed must meet a national objective. Payment of general operational and administrative costs of a non-profit organization is not eligible under this category.</p>
<b>19H</b>	<p><b>State CDBG Technical Assistance to Grantees</b> <i>24 CFR 570.489(a)</i>  Use this code to indicate State CDBG technical assistance to grantees. This code should be used only for states. CDBG State grantees should use this matrix code for activities that fall under the set-aside for technical assistance in the CDBG program. These activities are subject to the \$100,000 plus 3% limitation.</p>

Matrix Code Key		National Objective Codes (N = Not Allowed)														
Code	Eligible Activity	LMA	LMAFI	LMASA	LMC	LMCMC	LMCSV	LMH	LMHSP	LMJ	LMJFI	LMJP	SBA	SBS	SBR	URG
01	Acquisition of Property - 570.201(a)					N	N				N					
02	Disposition - 570.201(b)					N	N				N			N		
03A	Senior Centers	N				N	N	N	N							
03B	Facility for Persons with Disabilities	N				N	N	N	N							
03C	Homeless Facilities (not operating costs)	N				N	N	N	N							
03D	Youth Centers	N				N	N	N	N							
03E	Neighborhood Facilities					N	N	N	N							
03F	Parks, Recreational Facilities		N	N		N	N	N	N	N		N				
03G	Parking Facilities					N	N	N	N							
03H	Solid Waste Disposal Improvements					N	N									
03I	Flood Drainage Improvements					N	N									
03J	Water/Sewer Improvements					N	N									
03K	Street Improvements					N	N									
03L	Sidewalks					N	N									
03M	Child Care Centers	N				N	N	N	N							
03N	Tree Planting					N	N		N							
03O	Fire Station/Equipment		N	N	N	N	N	N	N	N		N				
03P	Health Facilities					N	N	N	N							
03Q	Abused and Neglected Children Facilities	N				N	N	N	N							
03R	Asbestos Removal					N	N	N	N							
03S	Facilities for AIDS Patients (no op'ting costs)	N				N	N	N	N							
03T	Operating Costs Homeless/AIDS Patients	N	N	N		N	N	N	N	N	N			N	N	
03Z	Other Public Improvements Not Listed in 03A-03S					N	N									
04	Clearance and Demolition					N	N				N					
04A	Cleanup of Contaminated Sites					N	N				N					
05A	Senior Services	N	N	N		N		N	N	N	N	N		N	N	
05B	Services for Persons with Disabilities	N	N	N		N		N	N	N	N	N		N	N	
05C	Legal Services		N	N		N		N	N	N	N	N		N	N	
05D	Youth Services	N	N	N		N		N	N	N	N	N		N	N	
05E	Transportation Services		N	N		N		N	N	N	N	N		N	N	
05F	Substance Abuse Services		N	N		N		N	N	N	N	N		N	N	
05G	Services for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking	N	N	N		N		N	N	N	N	N		N	N	
05H	Employment Training		N	N		N		N	N	N	N	N		N	N	
05I	Crime Awareness		N	N		N		N	N	N	N	N		N	N	
05J	Fair Housing Activities-Subj.to Pub.Serv.Cap		N	N		N		N	N	N	N	N		N	N	
05K	Tenant/Landlord Counseling	N	N	N		N		N	N	N	N	N		N	N	
05L	Child Care Services	N	N	N		N		N	N	N	N	N		N	N	
05M	Health Services		N	N		N		N	N	N	N	N		N	N	
05N	Abused and Neglected Children	N	N	N		N		N	N	N	N	N		N	N	
05O	Mental Health Services		N	N		N		N	N	N	N	N		N	N	
05P	Screening for Lead Based Paint/Lead Hazards	N	N	N		N		N	N	N	N	N		N	N	
05Q	Subsistence Payments	N	N	N		N		N	N	N	N	N		N	N	
05R	Homebuyer Downpayment Assistance - Excluding Housing Counseling, under 24 CFR 5.100	N	N	N	N	N	N			N	N	N		N	N	
05S	Rental Housing Subsidies	N	N	N	N	N				N	N	N		N	N	
05T	Security Deposits	N	N	N	N	N				N	N	N		N	N	
05U	Housing Counseling Only, under 24 CFR 5.100	N	N	N		N	N			N	N	N	N	N	N	N
05V	Neighborhood Cleanups		N	N	N	N		N	N	N	N	N		N	N	
05W	Food Banks		N	N		N		N	N	N	N	N		N	N	
05X	Housing information and referral services	N	N	N		N	N			N	N	N	N	N	N	N
05Y	Housing Counseling under 24 CFR 5.100 supporting homebuyer downpayment assistance (05R)	N	N	N	N	N	N			N	N	N		N	N	
05Z	Other Public Services Not Listed in 03T and 05A-05Y		N	N		N		N	N	N	N	N		N	N	
06	Interim Assistance		N	N	N	N	N	N	N	N	N	N			N	
07	Urban Renewal Completion					N	N				N		N	N		N
08	Relocation					N	N				N					
09	Rental Income Loss					N	N				N					
11	Privately Owned Utilities					N	N				N					
12	Construction of Housing	N	N	N	N	N	N			N	N	N		N		
13A	Housing Counseling, under 24 CFR 5.100, for Homeownership Assistance 13B	N	N	N	N	N	N			N	N	N	N	N	N	N
13B	Homeownership Assistance - excluding Housing Counseling under 24 CFR 5.100	N	N	N	N	N	N			N	N	N	N	N	N	N

Matrix Code Key		National Objective Codes (N = Not Allowed)														
Code	Eligible Activity	LMA	LMAFI	LMASA	LMC	LMCMC	LMCSV	LMH	LMHSP	LMJ	LMJFI	LMJP	SBA	SBS	SBR	URG
14A	Rehab; Single-Unit Residential	N	N	N	N	N	N			N	N	N				
14B	Rehab; Multi-Unit Residential	N	N	N	N	N	N			N	N	N				
14C	Public Housing Modernization	N	N	N	N	N	N			N	N	N				
14D	Rehab; Other than Public-Owned Residential Buildings	N	N	N	N	N	N			N	N	N				
14E	Rehab. Pub./Pvt.-Comm'/Indust'					N	N	N	N							
14F	Energy Efficiency Improvements	N	N	N	N	N	N			N	N	N				
14G	Acquisition for Rehabilitation	N	N	N	N	N	N			N	N	N				
14H	Rehabilitation Administration					N	N									
14I	Lead-Based Paint Abatement	N	N	N	N	N	N			N	N	N				
14J	Housing Services, excluding Housing Counseling under 24 CFR 5.100	N	N	N	N	N	N			N	N	N	N	N	N	N
14K	Housing Counseling, under 24 CFR 5.100, Supporting HOME Program Assistance Housing Activities	N	N	N	N	N	N			N	N	N	N	N	N	N
14L	Housing Counseling, under 24 CFR 5.100, in Conjunction with CDBG Assisted Housing Rehab	N	N	N	N	N	N			N	N	N				
15	Code Enforcement		N	N	N	N	N	N	N	N	N	N		N		
16A	Residential Historic Preservation	N	N	N	N	N	N			N	N	N				N
16B	Non-Residential Historic Preservation					N	N	N	N							N
17A	ED Acquisition by Recipient					N	N	N	N							
17B	CI Infrastructure Development					N	N	N	N					N		
17C	CI Building Acq., Construction, Rehabilitation					N	N	N	N			N				
17D	Other Commercial/Industrial Improvements					N	N	N	N			N				
18A	ED Assistance to For-Profits				N	N	N	N	N			N		N		
18B	Economic Development: Technical Assistance				N	N	N	N	N			N		N		
18C	Micro-Enterprise Assist.						N	N	N			N		N		
19C	Nonprofit Capacity Building															
19E	Operation and Repair of Foreclosed Property		N	N	N	N	N			N	N	N	N	N	N	N
19F	Planned Repayments of Sec.108 Loans	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
19G	Unplanned Repayments of Sec.108 Loans	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
19H	State CDBG Technical Assistance to Grantees	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
20	Planning	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
20A	State Planning-only 570.483(b)(5) and (c)(3)															N
21A	General Program Admin. - 570.206	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21B	Indirect Costs	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21C	Public Information	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21D	Fair Housing Activity (subject to Admin. cap)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21E	Submissions or Applications for Federal Programs	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21H	CDBG Funding of HOME Admin.	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21I	CDBG Funding of HOME CHDO Operating Costs	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
21J	State Administration Costs	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
23	Tornado Shelters - Private Mobile Home Parks		N	N	N	N	N	N	N	N	N	N	N	N	N	N
24A	Payment of Interest on Section 108 Loans	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
24b	Payment of Costs of Section 108 Financing															
24C	Debt Service Reserve	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
National Objective Key										Entitlements			States			
LMA	Low- and moderate-income (Low/Mod) Area Benefit									570.208(a)(1)			570.483(b)(1)			
LMAFI	Low/Mod Area Benefit CDFI									570.208(d)(6)(i)			570.483(e)(4)			
LMASA	Low/Mod Area Benefit NRSA									570.208(d)(5)(i)			570.483(e)(5)			
LMC	Low/Mod Limited Clientele									570.208(a)(2)			570.483(b)(2)			
LMCMC	Low/Mod Limited Clientele Microenterprise Development									570.208(a)(2)(iii)			570.483(b)(2)(iv)			
LMCSV	Low/Mod Limited Clientele, Job Service Benefit									570.208(a)(2)(iv)			570.483(b)(2)(v)			
LMH	Low/Mod Housing									570.208(a)(3)			570.483(b)(3)			
LMHSP	Low/Mod Housing, CDFI or NRSA									570.208(d)(5)(ii) & (d)(6)(ii)			570.483(e)(5)			
LMJ	Low/Mod Job Creation or Retention									570.208(a)(4)			570.483(b)(4)			
LMJFI	Low/Mod Job Creation/Retention, Public Facility/Improvement									570.208(a)(4)(vi)(F)			570.483(b)(4)(vi)(F)			
LMJP	Low/Mod Job Creation or Retention, Location Based									570.208(a)(4)(iv)(B)			570.483(b)(4)(iv)(B)			
SBA	Slum and Blight Area									570.208(b)(1)			570.483(c)(1)			
SBS	Slum and Blight Spot									570.208(b)(2)			570.483(c)(2)			
SBR	Slum and Blight Urban Renewal/Planning Activities (States)									570.208(b)(3)			570.483(c)(3)			
URG	Urgent Needs									570.208(c)						

## APPENDIX C

### City of Lawrence Personally Identifiable Information (PII) Policy and Guidance

The City of Lawrence is committed to protecting the privacy of individuals' information stored electronically or in paper form, in accordance with the Privacy Act of 1974, as amended, and other federal privacy-related laws, guidance, and best practices. The City of Lawrence also expects its subrecipients who collect, use, maintain, or disseminate HUD information to protect the privacy of that information.

#### Definitions

1. Personally Identifiable Information (PII). Defined in OMB M-07-16 as "...information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc."
2. Sensitive Personally Identifiable Information (SPII). PII that when lost, compromised, or disclosed could substantially harm an individual. Examples of sensitive PII include social security or driver's license numbers, medical records, and financial account numbers (credit or debit card numbers).

#### Steps to Take to Help Ensure Compliance:

The Housing Initiatives Division will take the following steps to help ensure compliance to the Privacy Act and other privacy-related laws:

1. Limit Collection of PII. Do not collect or maintain sensitive PII without proper authorization. Collect only the PII that is needed for the purposes for which it is collected.
2. Manage Access to Sensitive PII
  - a. Only share or discuss sensitive PII with those who have a need to know for work purposes.
  - b. Do not distribute or release sensitive PII to others until the release is authorized.
  - c. Before discussing sensitive PII on the telephone, confirm that you are speaking to the right person and inform him/her that the discussion will include sensitive PII. Do not leave messages containing sensitive PII on voicemail.
  - d. Hold meetings in secure spaces (no unauthorized access or eavesdropping possible) if sensitive PII will be discussed.
  - e. Treat notes and minutes from such meetings as confidential unless you can verify that they do not contain sensitive PII. Record date, time, place, subject, chairperson, and attendees at any meeting involving sensitive PII.
  - f. Do not remove records with sensitive PII from facilities where City of Lawrence information is authorized to be stored, or access remotely (i.e., from locations



other than such physical facilities), unless approval is first obtained from a supervisor.

3. Protect Hard Copy and Electronic Files Containing Sensitive PII
  - a. Lock up all hard copy files containing sensitive PII in a secured location. Do not leave sensitive PII in an open area unattended.
  - b. Protect all media (e.g., thumb drives, CDs, etc.) that contain sensitive PII and do not leave unattended. This information should be maintained either in secured file cabinets or in computers that have been secured.
  - c. Keep accurate records of where PII is stored, used, and maintained.
  - d. Periodically audit all sensitive PII holdings to make sure that all such information can be readily located.
  - e. Secure digital copies of files containing sensitive PII. Protections include encryption, implementing enhanced authentication mechanisms such as two-factor authentication and limiting the number of people allowed access to the files.
  - f. Store sensitive PII only on workstations that can be secured, such as workstations located in areas that have restricted physical access.
4. Protecting Electronic Transmissions of Sensitive PII email, etc.
  - a. When sending sensitive PII via email or via an unsecured information system make sure the information and any attachments are encrypted.
  - b. Do not place PII on shared drives, multi-access calendars, the Intranet, or the Internet.
  - c. Do not let PII documents sit on a printer where unauthorized employees or contractors can have access to the information.
5. Records Management, Retention and Disposition
  - a. Follow all applicable records management laws, regulations, and policies.
  - b. Do not maintain records longer than required.
  - c. Destroy records after retention requirements are met.
  - d. Dispose of sensitive PII appropriately – permanently erase electronic records. Shred hard copy records.
6. Incident Response
  - a. A data breach occurs when PII is viewed, leaked, or accessed by anyone who is not the individual or someone authorized to have access to this information as part of his/her official duties. Promptly report all suspect compromises of sensitive PII related to HUD programs to HUD's National Help Desk at 1-888-297-8689.

## APPENDIX D

### CDBG/HOME Allocation and Recommendation Procedures

*City of Lawrence CDBG/HOME Program Year: August 1 – July 31*

This section describes the general application guidelines, timelines, and procedures for the allocation of the City of Lawrence CDBG/HOME program. It should be noted that the CDBG/HOME program year does not align with the City's calendar year budget. This procedure guidelines below reflect that fact.

#### **Important Definitions/Acronyms**

*CDBG – Community Development Block Grant* - funded under Title 1 of the Housing and Community Development Act of 1974, as amended. The City of Lawrence is part of the CDBG Entitlement Program which provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. This grant has a cap on Public Service activities of 15% as the bulk of the funds are intended to go to housing activities and infrastructure.

*HOME – HOME Investment Partnerships Program* - funded under Title II of the Cranston Gonzalez National Affordable Housing Act of 1990, as amended. The HOME Program provides grants to States and local governments to fund a wide range of activities including 1) building, buying, and/or rehabilitating housing for rent or homeownership or 2) providing direct rental assistance to low-income families. It is the largest Federal block grant program for State and local governments designed exclusively to create affordable housing for low-income households.

*AHAB – Affordable Housing Advisory Board* – City advisory board that receives HOME applications and makes the funding recommendations to the City Commission.

*HID – Housing Initiatives Division* – The City of Lawrence's division charged with the administration of the CDBG and HOME grants. HID is housed in Planning and Development Services and also works with Affordable Housing and Homeless Programming.

*CPD – HUD's office of Community Planning and Development* – The City of Lawrence's federal grants are supported by the CPD Kansas City Regional Office located in Kansas City, KS. The CPD office facilitates the grant process for the city.

*MSO – Municipal Services and Operations* – The City of Lawrence's department that provides CDBG-eligible infrastructure improvements such as the Sidewalk Gap Program, pedestrian improvements, and traffic calming, among others.

*Five-Year Consolidated Plan* – document designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs.

*Annual Action Plan* – document that provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.

*CAPER – Consolidated Annual Performance Evaluation Report* - report detailing accomplishments and progress toward Consolidated Plan goals

*CFDA – Catalog of Federal Domestic Assistance* – initiative managed by the General Services Administration (GSA). The CFDA is a list of all federal financial assistance and nonfinancial assistance programs available to a variety of applicants.

### **HOME grant specifics**

CFDA 14.239 <https://www.hudexchange.info/programs/home/>

The HOME grant will be distributed in the following manner:

1. Administration of grant program:  
*10% (regulatory cap) of the base entitlement grant amount will automatically go to the Administration of the program. **This amount will not include reallocated funds or program income.***

AHAB Recommendation guidelines (remaining funds):

2. Minimum 15% (per regulations) must be allocated to Community Housing Development Organization (CHDO) activities. The AHAB can recommend a larger allocation of HOME dollars to this category.
3. Optional 5% (per regulations) can be allocated to CHDO(s) operating activities to assist the CHDO(s) in affordable housing efforts.
4. Remaining amount (including any reallocated funds from previous program years and any anticipated program income) can be allocated to eligible applicant agencies.

The above items are consistent with the historical funding of HOME activities.

### **CDBG grant specifics**

CFDA 14.218

<https://www.hudexchange.info/programs/cdbg-entitlement/>

CDBG will be distributed in the following manner:

1. Administration of grant program:  
*20% (regulatory cap) of the base entitlement grant amount will automatically go to the Administration of the program. **This amount will not include reallocated funds or program income.***

2. Public Services:

Up to 15% (regulatory cap) may be allocated to public service agencies and neighborhoods for public service activities. These include (but are not limited to) direct financial assistance, agency operations, case management, financial counseling services, and neighborhood operations. The City Commission has the authority to designate priorities for the Public Service funding. In the fall of each year, staff will reaffirm with the City Commission that the funding priorities from the previous program year are still appropriate.

3. Non-Public Services (includes any reallocation and anticipated program income):

*Automatic – 75% of non-public service available dollars will be applied to city programs including (but not limited to) Comprehensive Housing Rehabilitation, Emergency and Furnace Loans, Weatherization, MSO infrastructure (i.e., sidewalks, bike paths, pedestrian*

*pathways, crosswalks, etc.), Parks and Recreation projects, and HID activity delivery of those projects.*

25% of non-public service available dollars will be recommended for funding of capital project proposals received from eligible neighborhoods, agencies, and interested parties. In the case that the dollar amount of the eligible applications received does not equal the 25% available for funding the category, then the remaining amount will be applied to the HID and MSO automatic allocation for that year.

The above items are consistent with the historical funding of CDBG activities.

### **Funding priorities**

The Consolidated Plan and the City's Strategic Plan will continue to be the leading indicator of funding guidelines for the CDBG/HOME funding. The goals and priorities included in the Consolidated Plan (and subsequent Annual Action Plans) are the HUD-approved funding guidelines. These plans can be amended as necessary (see Citizen Participation Plan for amendment requirements). In addition, the City Commission has adopted a strategic plan which includes critical success factors and priority initiatives. It is the desired goal of CDBG and HOME funding that the projects and entities funded align with not only the Consolidated Plan, but also the strategic plan factors and initiatives. As the Consolidated Plan and the City Commission's strategic plan will be the guiding principles for the funding recommendations, the Step Up to Better Housing Strategy noted below will be amended to reflect these updated funding priorities, as well as providing an opportunity for incorporation of the Affordable Housing Advisory Board goals and priorities into the document.

*(Since 1997, the CDBG/HOME funding decisions for the City of Lawrence have been guided by the Step Up to Better Housing Strategy (updated 2010). This document had been critical in identifying spending goals and priorities associated with CDBG/HOME funding on an annual basis. This document shall be reworked to better align with current priorities within the community.)*

### **Scoring of Applications**

A scoring matrix has been developed to look at the applications received for CDBG and HOME funding that directly correlates to the Consolidated Plan/Annual Action Plan and the City's strategic plan. This matrix will be provided with the application packet to the interested parties. All applications received will be scored on this matrix and the results will be made public and used in making final funding recommendations. Annually, the City Commission will have the ability to amend funding priorities for CDBG and HOME for the ensuing program year.

### **Calendar**

The general calendar is as follows (please note there are typically three timelines happening during the year, and at most points there are three simultaneous timelines, the current program year, the past program year, and the future program year.

January - Application released to interested parties for the next CDBG/HOME program year. Required applicant meetings held. Staff begins working on the Consolidated Plan/Action Plan.

February – Application packet due to the city. AHAB recommends HOME funding, city staff recommends CDBG funding. Work continues on the Consolidated Plan/Action Plan.

April – Consolidated Plan/Action Plan draft is completed. City Commission receives funding recommendations for CDBG and HOME at their 3<sup>rd</sup> April Meeting. (If that meeting is cancelled, staff will adjust the calendar accordingly). Public Hearing is held, beginning 30-day public comment period on the Consolidated Plan/Annual Action Plan and funding recommendations.

May – 30-day comment period ends. City Commission consent agenda item for consideration of adoption of the Consolidated Plan/Annual Action Plan and funding recommendations.

June 2 – CDBG Timeliness Test - Under the provisions of 24 CFR 570.902 of the CDBG regulations, a grantee is considered to be timely, if 60 days prior to the end of the grantee's program year, the balance in its line-of-credit does not exceed 1.5 times the annual grant.

June – City Manager's recommended City budget presented to the City Commission.

June 15 - Five-Year Consolidated Plan/Annual Action Plan Due to HUD

July 31 – Program Year ends

August 1 – Program Year begins

August/September – Staff works on CAPER Document for recently ended program year. CAPER is released for a 30-day public comment in mid-September.

October – Fall Public Hearing is held at the AHAB monthly meeting.

October 31 – CAPER due to HUD.

November/December – Staff requests input for upcoming year application. Application finalized for distribution in January.

### **Detailed process for CDBG and HOME annual allocation timeline and recommendation (Program Year)**

1. Application packets are released in early January. There are two versions of the application, one for HOME and one for CDBG. Notification of the application availability will be provided through the city press release process (including social media), as well as electronic distribution to other interested parties and groups such as LAN, the United Way, the Lawrence regional Continuum of Care, and any others that contact us and wish to be included in the application notification.

The application period will be described in the application packet, with the application deadline clearly listed. During the beginning of the application period, HID staff will host two applicant meetings to provide information on the application process and provide technical assistance on completing the application. This meeting will be required for any potential applicant for either CDBG or HOME funding, and the potential applicant will only be required to attend one of the meetings. If a potential applicant cannot attend either meeting due to scheduling conflicts, HID staff will meet with them individually. The purpose of this meeting is to ensure that the applicant understands how the application needs to be completed, what attachments are needed for submittal, and to ensure that their application is eligible and meets a HUD-defined national objective (if applicable). In addition, staff will go over the scoring matrix with the potential applicants.

2. Applications are due to HID staff in February. After receiving the applications, HID staff will review them for completeness, eligibility, and meeting a HUD-defined national objective (if applicable). If additional information is needed or if an application does not meet the requirements, the applicant representative listed as the contact person for the organization will be e-mailed as soon as possible regarding the issue.

After the review of the applications and additional requested information has been received, the applications will move forward to the designated parties which will be scoring them and making funding recommendations to the City Commission.

- a. The HOME applications will be submitted to the AHAB for review. The AHAB will be given a minimum of two weeks to review and score the applications prior to their March meeting. The applicants will be notified as to the date of the meeting and will be given the opportunity to attend in case there are any questions from the board. It will be the expectation that the AHAB will make their recommendations for funding at their March meeting.
  - b. The CDBG applications will be reviewed by a group of city staff composed of the HID Manager, the HID Program Analyst, a representative of the City's Strategic Plan "Safe and Welcoming Neighborhoods" team, and a representative from the city's Finance Department. The review team will have a minimum of two weeks to review and score the applications prior to a meeting that will be set for the end of March. It will be the expectation that the review team will make their recommendations for funding by the end of March.
3. At the 3<sup>rd</sup> City Commission meeting in April (\*) the final funding recommendations will be presented to the City Commission as a regular agenda item. The City Commission will hold a public hearing regarding the allocation recommendations. Applicants and the general public are able to speak to the funding recommendations at this hearing. The Consolidated Plan/Annual Action Plan will be released and made available for public comment. This public comment period will be open for 30 days.  
*\*if the meeting is cancelled, staff will adjust the calendar accordingly.*
  4. At the 3<sup>rd</sup> City Commission meeting in May (\*) the final funding recommendations and the Consolidated Plan/Annual Action Plan (including all public comments received) will be placed on the consent agenda for adoption by the Commission. The City Clerk will have the signature pages for the Mayor to sign upon adoption.  
*\*if the meeting is cancelled, staff will adjust the calendar accordingly.*
  5. The adopted Consolidated Plan/Annual Action Plan and final funding allocation is due to HUD no later than June 15.
  6. The CDBG/HOME program year begins on August 1 and ends on July 31
  7. In November/December, if appropriate, HID staff will reaffirm the funding priorities for the ensuing grant program year with the City Commission by way of approval of the annual application. The application cycle utilizing these priorities will begin in early January.

APPENDIX E  
CDBG Eligibility/National Objectives Determination

Activity Name: \_\_\_\_\_ PY: \_\_\_\_\_

Organization carrying out activity: \_\_\_\_\_

HUD Matrix Code: \_\_\_\_\_

Performance Measure: \_\_\_\_\_

Activity Description:

1. Activity is eligible under the following category:

- Acquisition of real property for a public purpose – 570.201(a)
- Disposition – 570.201(b)
- Public facilities and improvements – 570.201(c)
- Clearance and remediation activities – 570.201(d)
- Public services – 570.201(e) (subject to 15% cap)
- Interim assistance – 570.201(f)
- Payment of non-Federal share – 570.201(g)
- Urban renewal completion – 570.201(h)
- Relocation – 570.201(i)
- Loss of rental income – 570.201(j)
- Housing services – 570.201(k)
- Privately owned utilities – 570.201(l)
- Construction of housing – 570.201(m)
- Homeownership assistance – 570.201(n)
- Micro-enterprise – 570.201(o)
- Technical assistance – 570.201(p)
- Assistance to institutions of higher education – 570.201(q)
- Rehabilitation – 570.202
- Special economic development activities – 570.203
- Special activities by CBDOs – 570.204
- Planning – 570.205 (subject to 20% planning/admin cap)
- Administration – 570.206 (subject to 20% planning/admin cap)
- Other: \_\_\_\_\_ (refer to 24 CFR 570.201-204)

2. Is the activity listed as specifically ineligible under 570.207?  Yes  No (If yes, the activity must not be funded with CDBG)

3. Activity will meet one of the following National Objectives as 24 CFR 570.208 (70% of CDBG expenditures must benefit Low/Mod):

- LMA – Low/Mod Area Benefit – 570.208(a) (1)
- LMC – Low/Mod Limited Clientele – 570.208(a) (2)
- LMH – Low/Mod Housing – 570.208(a) (3)
- LMJ – Low/Mod Jobs – 570.208(a) (4)
- Slum/Blight – 570.208(b)
- Urgent Need – 570.208(c)

Will this activity result in a violation of the 70% certification?  Yes  No

4. Are project costs allowable, necessary, reasonable, and allocable to CDBG in accordance with 2 CFR 200?  
 Yes  No (Items of cost that do not meet these standards must be removed from the budget prior to obligation of funds)

5. The environmental review process was completed on: \_\_\_\_\_

6. Activity involves  Davis-Bacon and or  Relocation/Displacement

Preparer Signature: \_\_\_\_\_

Reviewer Signature: \_\_\_\_\_



## Documentation requirements (24 CFR 570.506)

**LMA** (documentation must be complete prior to obligation of funds)

Service area boundaries: \_\_\_\_\_

Census Tract(s)/Block Group(s): \_\_\_\_\_

Percent L/M in service area: \_\_\_\_\_ (attach census data documentation)

For economic development activities with a LMA national objective, complete the Public Benefit Standards Review

**LMC**

Data showing the size and annual income of the family of each person receiving the benefit (51% must be L/M in order to meet the national objective); or

Documentation demonstrating that the activity is designed to be used exclusively by a segment of the population presumed by HUD to be L/M (refer to 570.208(a) (2) (A)); or

Description of how the nature and the location of the activity establishes that it will be used predominantly by L/M income persons.

**LMH** (refer to page 3-22 of the *Guide to National Objectives and Eligibility* for additional documentation guidance)

Single Family – Document the size and income of each household. 100% of households must be L/M

Multifamily – Document the size and income of each household. 51% of households must be L/M

**LMJ** (refer to pages 3-29 through 3-32 for specific documentation guidance)

The application describes what jobs will be created/retained by job title/function.  Yes  No (If No, obtain information before proceeding)

### Creation:

Jobs will be “held by” L/M income persons. Document family size and income of each beneficiary

Jobs will be “made available” to L/M income persons. Document prerequisites for jobs and how L/M will be given first consideration

### Retention:

The application contains verifiable evidence that the business will close/relocate and jobs will be lost without CDBG assistance

Jobs are currently “held by” L/M income persons. Document family size and income of each beneficiary

Jobs expected to turnover within two years and be made available to L/M persons. Document turnover the same as above job creation

Complete the Public Benefit Standards Review

**APPENDIX F**

**CDBG SUBGRANTEE BENEFICIARY REPORT 2022-2023**

Name of Subgrantee: \_\_\_\_\_ 0  
 Prepared by: \_\_\_\_\_ 0  
 Contact Phone No. \_\_\_\_\_ -  
 Date of Report: \_\_\_\_\_

<b>August 2022</b>				
<b><i>You Have Correct Totals</i></b>				
30% Limits				
Very Low Income				
Low Income				
Above Moderate Income (>80%)				
<b>Total # of all income limits</b>	<b>0</b>			
<b>Race</b>	<b># of Clients</b>	<b># of Female HoH</b>	<b># of Homeless</b>	<b># of Hispanic</b>
White				
Black or African American				
Asian				
Native American or Alaskan Native				
Native Hawaiian or Other Pacific Islander				
Native American or Alaska Native & White				
Asian & White				
Black or African American & White				
Native American or Alaska Native & Black or African American				
Other Multiracial				
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## APPENDIX G

### **CDBG-CV**

#### **Duplication of Benefits Policy and Procedures**

##### **BACKGROUND**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136) makes available \$5 billion in supplemental Community Development Block Grant Coronavirus Response (CDBG-CV) funding for grants to prevent, prepare for, and respond to coronavirus. The City of Lawrence (City) is in receipt of CARES Act funds from the Department of Housing and Urban Development (HUD). The City will use the CDBG-CV funds to “prevent, prepare for, and respond to coronavirus” (COVID-19). These activities include projects and programs that provide public services and economic development resources to nonprofits, municipalities, and businesses impacted by the pandemic. These activities are carried out in partnership with other agencies through the implementation of a number of CARES Act funded programs.

The CARES Act requires HUD to ensure that there are adequate procedures in place to prevent any duplication of benefits as required by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), as amended by section 1210 of the Disaster Recovery Reform Act (DDRA) of 2018 (division D of Public Law 115-254; 42 U.S.C. 5121 et seq.).

This policy and procedure document reinforces those requirements and establishes applicability and responsibility in the implementation of the City’s CDBG-CV grant.

##### **SCOPE OF CDBG-CV POLICY**

This policy is applicable to the City, all City Partner Agencies, and Subrecipients responsible for the implementation of programs and projects funded under the City’s CDBG-CV grant.

##### **POLICY**

Duplication of benefits (DOB) occurs when Federal financial assistance is provided to a person or entity through a program to address losses resulting from a Federally-declared emergency or disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs.

All CDBG-CV funded programs and projects are required to assess whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate need and the resources available to meet that need.

City Partner Agencies and Subrecipients must ensure that DOB prevention is specifically addressed in their policies and procedures, and all Subrecipient agreements and/or contracts must pass that responsibility down to Subrecipients. Subrecipients providing direct benefits to beneficiaries must utilize procedures in accordance with a worksheet prepared for each awardee

on file. Each awardee must sign a certification form regarding other assistance received. Both documents must be on file in accordance with *Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs* (FR-6218-N-01). Programs have the liberty to design forms that combine the calculation and the certification requirements. Every attempt to obtain benefit verification(s) should be undertaken. When verification(s) are not obtainable, a self-declaration can be used as a last resort, but should be the exception.

Any person or entity receiving CDBG-CV assistance (including subrecipients and direct beneficiaries) must also sign a DOB certification agreeing to repay assistance that is determined to be duplicative.

## **PROCEDURES**

Because emergency assistance to each person/entity varies widely based on their eligibility for federal funding, grantees cannot comply with the Stafford Act without first completing a DOB analysis specific to each applicant.

CDBG-CV assistance is intended to supplement—not supplant—other public, private, and nonprofit sector resources that have already been provided for the same need or loss and are legally required to constitute a duplicative source of financial assistance.

For example: A Food Pantry is requesting assistance to meet the new demand for services due to the COVID-19 pandemic. They have needed to increase staff time, hire temporary employees, procure PPE, sanitation supplies, and face increased food costs. Grantees should assure the project provides assistance to the entity only to the extent that the entity has a CDBG-CV related need that has not been fully met by funds that have already been paid, or will be paid, from another source.

The purpose of this document is to outline how the City will assure that all applications for assistance from the programs it funds, as well as all projects implemented by CDBG-CV grantees, contractors, and subrecipients, will be reviewed for possible DOB. The procedures described below are applicable to all CDBG-CV grantees and subrecipients, and must be incorporated in the design and administration of projects undertaken by them. This document details the City's general DOB policy. Individual programs may be subject to program-specific policies implementing additional DOB requirements or processes, subject to this overarching policy.

The first step of the DOB determination (calculation) is to determine the amount of assistance needed and the amount of funds previously received—or to be received—for a particular CDBG-CV related activity. This is accomplished by first determining the need prior to the receipt or potential receipt of other funds. Other sources of funds can include, but are not limited to: private insurance; the Federal Emergency Management Agency (FEMA) Disaster Relief Fund; the Small Business Administration (SBA) Payment Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) loans; local and state funds like the Coronavirus Relief Fund; other federal programs;

and private and nonprofit organizations. HUD has provided a [CARES Act Programs List](#) to assist Grantees in DOB analysis. Next, all other sources of CDBG-CV assistance received, or available to be received, must be disclosed during the application process and must be verified where reasonably possible. Whether the assistance constitutes a duplicative source can be affected by the use for which it was provided and specific exemptions that may be provided by law, regulation, or waiver, such as provided in the Disaster Recovery Reform Act, Public Law 115-254, which impacts SBA loans for certain presidentially declared disasters.

The next step is to identify assistance that is not available for the activity. This consists of: funds received that are not for the same expense as the CDBG-CV activity(s); funds not available to the applicant; funds from unsubsidized private loans (forgivable loans are duplicative); and any other asset or line of credit available to the applicant, such as checking and savings accounts, stocks, etc. These funds are not considered to be duplicative and may be excluded and not deducted as a DOB.

In DOB calculations, private loans are not considered a form of assistance and should not be considered when calculating DOB. However, subsidized loans from SBA or FEMA should be included in the DOB analysis unless one of the three exceptions is met:

1. Short-term subsidized loans (e.g. bridge loans) for costs later reimbursed with CDBG-CV funds
2. Declined or cancelled subsidized loans
3. Loan assistance is used toward a loss suffered as a result of a major disaster or emergency.

Finally, after subtracting from the proposed activity cost the duplicate funds received or available to receive, the maximum CDBG-CV award is calculated.

Once the maximum CDBG-CV award has been determined, applicants will be required to sign a certification that no additional benefits have been received and a DOB certification requiring them to repay to the City any assistance that is determined to be duplicative. Unless an additional need is established, CDBG-CV funds should be recaptured to the extent that they are in excess of the need and duplicate other assistance received by the beneficiary for the same expense.

## DUPLICATION OF BENEFITS EXAMPLES:

### **Rental Assistance**

A family that has suffered job loss due to the economic impact of the coronavirus seeks rental assistance under a CDBG-CV Emergency Payment program for 3 months of arrears payments and 2 months of current/ future rent.

#### **Step 1: Assess Need**

Monthly Rent = \$1,000

Potential Total Need:  $\$1,000 * 5 \text{ months} = \$5,000$

#### **Step 2: Determine Assistance**

In the application, the applicant was asked to report if they are receiving or expecting to receive any additional or similar assistance. The applicant reported that a local faith-based organization provided \$250/ month for the past three months, but that aid is no longer available. The family certified that it has not applied for assistance from any other source.

#### **Step 3: Calculate Unmet Need**

Total Need = \$5,000

Other Assistance = \$750 (\$250/ month for three months)

Actual Unmet Need (Maximum Award) =  $\$4,250 (\$5,000 - \$750)$

#### **Step 4: Document the Analysis**

Maintain documentation of calculation and justification to confirm amount of unmet need.

### **Small Business Assistance**

A small business requests a grant for working capital funds to retain employees that would otherwise be laid off due to the economic impact of the coronavirus. The small business requests three months of assistance.

#### **Step 1: Assess Need**

Capital funds needed via underwriting = \$10,000

Potential Total Need:  $\$10,000 * 3 \text{ months} = \$30,000$

#### **Step 2: Determine Assistance**

In the application, the applicant was asked to report if it was receiving any additional or similar assistance or had made any claims on existing business insurance. The business reported that it previously received a PPP forgivable loan under the CARES Act to cover payroll, but that the assistance has run out. The business certified that it made a claim on its business interruption insurance but was declined because the insurer said the economic impacts of the coronavirus are outside the scope of the policy.

#### **Step 3: Calculate Unmet Need**

Total Need = \$30,000

Other Assistance = \$0

Actual Unmet Need (Maximum Award) = \$30,000

#### **Step 4: Document the Analysis**

Maintain documentation of calculation and justification to confirm amount of unmet need.

## **RECAPTURE**

In the event a DOB is identified, funds must be recaptured by the City and returned to HUD. In order to ensure recapture, a subrogation agreement or similar agreement must be signed by every Subrecipient or program applicant prior to the receipt of assistance. Agreements should include the following statement:

*“Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.”*

## **DOCUMENTATION**

Each project file must contain the following:

1. DOB calculation worksheet form to include:
  - a. Identification of unmet need
  - b. Identification of all sources of assistance provided to applicant
  - c. Identification of those sources that are duplicative (with comments as needed)
  - d. Final award calculation
2. Any required third party verifications of assistance and/or certifications as follows:
  - a. FEMA programs: letter/s from FEMA and/or data provided by FEMA
  - b. Insurance: letter from insurance company and/or data if available
  - c. SBA: letter/s from SBA and/or data provided by SBA
  - d. Other program documentation
3. Certification that no additional benefits have been received. This can be a signed affidavit from the beneficiary or other form as created by the program.
4. A signed DOB certification from the beneficiary agreeing to repay assistance that is determined to be duplicative.

Note: Items 3 and 4 can be on the same form.

Additionally, at the program level each implementing agency must have the following:

1. A description/definition of DOB and likely sources within their program guidelines or in their application, and
2. Recapture policies and procedures

## **ADMINISTRATION AND RESPONSIBILITY**

The Community Development Manager or his/her designee is responsible for ensuring that duplication policies and procedures are available for all CDBG-CV funded programs and that Partner Agencies and Subrecipients are monitored for compliance with this policy.

City Partner Agencies and Subrecipients are responsible for developing and implementing DOB policies and procedures for programs under their purview.

Subrecipients directly serving beneficiaries are responsible for ensuring that DOB procedures are followed and DOB calculations and certifications are available on file for all beneficiaries. All subrecipients must have recapture procedures in place and in writing within all grant agreements in accordance with 31 U.S.C. Chapter 37 for the return of any identified DOB.

The Community Development Manager or his/her designee is responsible for the administration, revision, interpretation, and application of this policy. This policy will be reviewed annually and revised as needed to address State and Federal requirements.





# City of Lawrence

PLANNING & DEVELOPMENT SERVICES

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CITY MANAGER

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CITY COMMISSION  
**MAYOR**  
BRADLEY R. FINKELDEI  
**COMMISSIONERS**  
COURTNEY SHIPLEY  
STUART BOLEY  
LISA LARSEN  
JENNIFER ANANDA, JD, MSW

## Special Certification for the 2021 CDBG Program Year Duplication of Benefits - Agency

The CARES Act requires HUD to ensure that there are adequate procedures in place to prevent any duplication of benefits as required by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) as amended by section 1210 of the Disaster Recovery Reform Act (DDRA) of 2018 (division D of Public Law 115-254; 42 U.S.C. 5121 et seq.)

Per the Federal Government, Duplication of Benefits (DOB) occurs when Federal financial assistance is provided to a person or an entity through a program to address losses resulting from a Federally-declared emergency or disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source (including insurance), and the total amount received exceeds the total need for these costs.

This form shall certify that the CDBG-CV-funded agency has assessed whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably to evaluate need and the resources available to meet that need. By signing this form, the agency ensures that no additional benefits have been received and if funds are determined to meet the definition of DOB that the CDBG-CV-funded agency shall repay to the City any assistance that is determined to be duplicative.

\_\_\_\_\_  
Agency Name

\_\_\_\_\_  
Agency Representative – Signature

\_\_\_\_\_  
Agency Representative – Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Reimbursement Request Date



**DUPLICATION OF BENEFITS (DOB) WORKSHEET**

**Applicant Name:** \_\_\_\_\_

**1. Identify Applicants Total Project Need**

--

**2. Identify Total non-CARES related Assistance Received and will expend for the project**

--

**3. Identify CARES related Assistance Received and will expend for the project**

- US Treasury - Coronavirus Relief fund - Governor's Fund
- FEMA - Disaster Relief Fund
- FEMA - Emergency Food and Shelter Program
- FEMA - Public Assistance Program
- USDA - Commodity Assistance Program
- USDA - WIC
- USDA - Summer Food Service Program
- USDA - SNAP
- USDA - other programs
- IHFA - Housing Preservation Program
- SBA - Economic Injury Disaster Loans
- Other Grants - list program
- Individual Contributions

\$ -
\$ -

**4. Total CARES related Assistance Received**

**5. Calculate Maximum Award Possible (Item 1 minus Item 2 & 4)**

Federal disaster law prohibits the provisions of federal assistance in excess of need. Before paying a cost with federal disaster assistance, a Federal agency must check to see that the assistance will not cause a duplication of benefits, meaning that the cost has not or will not be paid by another source. HUD grantees are required to prevent the duplication of benefits when carrying out HUD funded programs to provide disaster assistance.

Knowing the other sources of assistance that may be available to pay for coronavirus related needs can help grantees prevent duplication of benefits in two ways. First, it help grantees design programs that target needs that are unlikely to be addressed by other sources. Second, it helps grantees know which sources of assistance it needs to look for when completing a duplication of benefits check before providing assistance to individuals, households, and entities.

**APPENDIX H**  
**City of Lawrence**  
**CDBG Client Eligibility Checklist**

Client Name:	
Agency providing assistance:	
Does the client live in Lawrence?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Does Household Income meet <u>current</u> limits defined by HUD based on family size?  Household Size _____  Annual Household Income _____	Yes <input type="checkbox"/> No <input type="checkbox"/>
For rent assistance, is the property currently registered with the City of Lawrence Rental Licensing and Inspection Program?	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
Has the applicant provided documentation verifying the need for EMERGENCY assistance (past due bills, eviction notice/notification from landlord, etc.)?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Does the applicant qualify for assistance based on the 3-month guideline?  If the applicant has received assistance previously, list dates.  Payment 1 Date: _____ Payment 2 Date: _____ Payment 3 Date: _____  Assistance can only be provided for up to 3 <i>consecutive</i> months, starting from the date of Payment 1.	Yes <input type="checkbox"/> No <input type="checkbox"/>

If any questions were answered "No", client is not eligible for assistance.

Attach current HUD CDBG Income Limits to this checklist.

Staff Verification

Signature	Date
-----------	------

# APPENDIX I

## City of Lawrence Buy America Preference (BAP) Determination Checklist

Project: \_\_\_\_\_

Fiscal Year of Grant Funds Used to Fund the Project: \_\_\_\_\_

### Step 1: Type of project/activity

Are the funds being used for an infrastructure project, as defined by BABA? YES \_\_\_\_\_ NO \_\_\_\_\_

- If yes, proceed to step 2.
- If no, the BAP does not apply. The BAP only applies to infrastructure projects.

### Step 2: Funding source

Identify the source(s) of the project funding, including HUD funding or other Federal agency funding that must comply with the BAP: \_\_\_\_\_

Does the project funding include Federal funding that must comply with BAP? YES \_\_\_\_\_ NO \_\_\_\_\_

- If yes, proceed to step 3.
- If no, then the grantee does not need to comply with the BAP for CDBG funding but may need to comply with the BAP for other HUD or Federal funding sources.

### Step 3: Materials

Identify and classify the products that will be used in each infrastructure project. Does the project use products subject to the BAP (iron, steel, construction materials, or manufactured products)?

YES \_\_\_\_\_ NO \_\_\_\_\_

- If yes, proceed to step 4.
- If no, then the BAP does not apply. The BAP only applies to covered materials.

### Step 4: Date of obligation

Identify the obligation date of the grant funds, which is the date HUD executed the grant agreement.

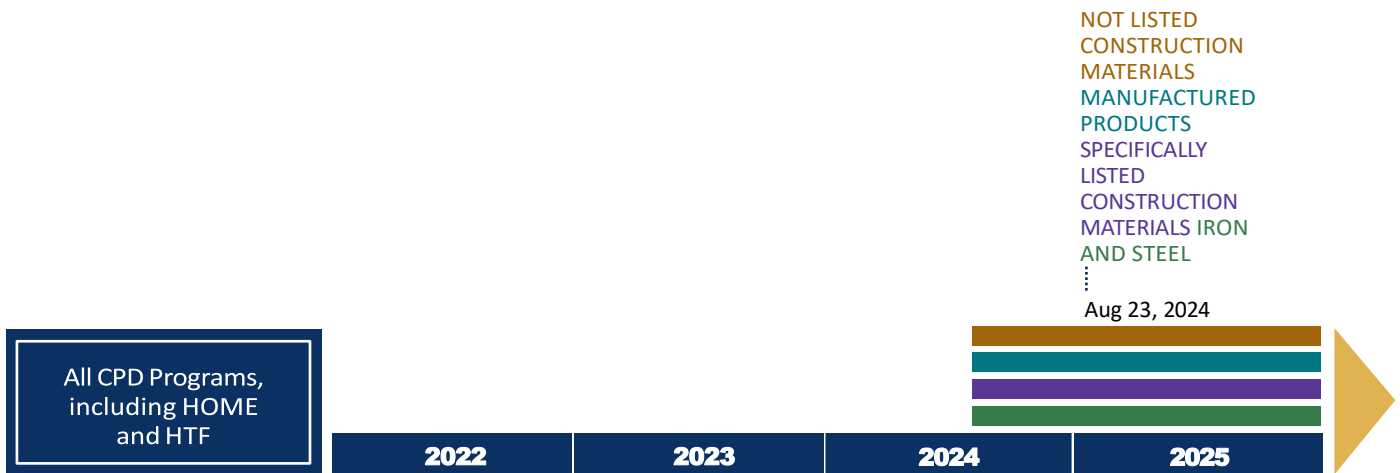
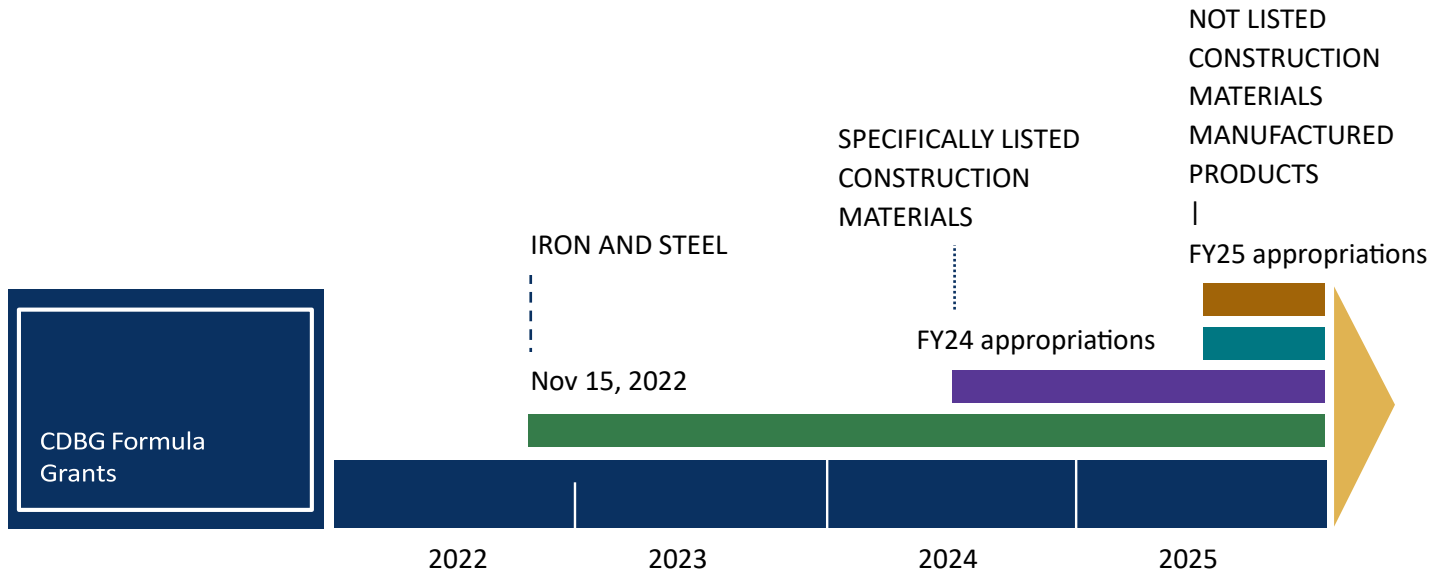
Latest Obligation Date of Grant Funds Used: \_\_\_\_\_

For each classification of products required to complete the infrastructure project, determine whether the date of obligation for the grant funds falls on or after the effective date of the BAP (see table below).

YES \_\_\_\_\_ NO \_\_\_\_\_

- If yes, proceed to step 5.
- If no, the BAP does not apply to covered products before the effective date.

The BAP will apply on or after the date HUD obligates new funds for the following:



### Step 5: General waivers

Consider the available HUD General Waivers and determine if all or a portion of the project is covered by any of the following waivers:

1. Exigent Circumstances Waiver: Is there an urgent need to immediately complete the project because of a threat to life, safety, or property of residents and the community? YES \_\_\_\_\_ NO \_\_\_\_\_

- If yes, the Exigent Circumstances Waiver may apply, and the project would not be subject to the BAP.

2. De Minimis, Small Grants, and Minor Components Waiver: YES \_\_\_\_\_ NO \_\_\_\_\_

- Is the total cost of the project from all sources equal to or less than \$250,000?
  - If yes, the De Minimis, Small Grants, and Minor Components Waiver may apply, and the project would not be subject to the BAP.

- OR -

This waiver can be applied to a portion of the products used in an infrastructure project if the cumulative cost of those products does not exceed five percent of the total cost of covered products used in the project (up to \$1 million). In such cases, the BAP would be waived for part of the project, but the rest would still need to comply with the BAP.

3. Tribal Recipients Waiver: Is the project being funded by a Tribal recipient? YES \_\_\_\_\_ NO \_\_\_\_\_

- If yes, the Tribal Recipients Waiver may apply and the project would not be subject to the BAP. Note that this is atypical for CPD programs.

If no to General Waiver questions 1, 2, and 3, proceed to Step 6.

### Step 6: Project-specific waivers

Consider the criteria for project-specific waivers and determine if the project is eligible for a waiver due to the public interest, nonavailability of materials, or unreasonable cost.

1. Is applying the BAP to the project inconsistent with the public interest?
  - If yes, a project-/product-specific waiver may be considered.
2. Are the materials used in the project not produced in the United States or not available in sufficient quantities?
  - If yes, a project-/product-specific waiver may be considered.
3. Would the inclusion of domestically produced materials increase the cost of the overall project by more than 25 percent?
  - If yes, a project-/product-specific waiver may be considered.

If no to project-/product-specific waiver questions 1, 2, and 3, the BAP likely applies.

Final Determination

Does BAP apply to the project: YES \_\_\_\_\_ NO \_\_\_\_\_

If yes, project documentation should demonstrate that materials were procured from domestic sources in compliance with the BAP. Place this checklist in the project file.

If no, place this checklist in the project file.

Staff Verification

Signature:	Date:
------------	-------