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INTRODUCTION

This Applicant's Manual represents one of the key elements by which the Department addresses its administrative responsibilities for the Community Development Block Grant Program (CDBG). Every effort has been made to balance the need for sufficient information upon which to make rational decisions between competing proposals and to ensure compliance with Federal law with the desire to eliminate all unnecessary paperwork and reduce the administrative burden on local governments.

It is essential that applicants prepare application documents in accordance with the instructions contained herein and as outlined at the workshop sessions. Applications should be clear, thorough and sufficiently detailed to provide all information required. **This is the responsibility of the applicant whether the applicant prepares the application or whether the application is prepared by a representative, agent or designee.**

During the FFY 2005 program year, the Georgia CDBG program is divided into four separate components: (1) The Annual Competition, (2) The Immediate Threat and Danger Grant Program, (3) The Employment Incentive Program (EIP) and (4) The Redevelopment Fund

This Applicant's Manual addresses only the CDBG Annual Competition.

Overview and History of Community Development Block Grant Program (CDBG)

The origins of the CDBG Program can be traced to our nation's recognition of widespread poverty in inner city areas, the urban disorders of the 1960s and the deterioration of the urban infrastructure. During the 1960s, many programs were enacted by the federal government to address these problems through the creation of what are now called "categorical programs," each addressing a specific problem recognized by Congress. Programs such as the Urban Recreation and Parks Program, "slum and blight clearance" programs and other categorical programs were enacted and funded. Each required a separate application by interested city or county governments.

During the first half of the 1970s, the federal government recognized that it would be more effective to enact broad "block grant" programs to replace many of the separate categorical programs. These new block grants allowed local governments wider latitude to design programs more in tune with their locally identified needs and priorities. During this period, the Congress expanded appropriations for block grant programs and determined which communities would be entitled to receive these funds (as opposed to requiring separate applications from interested local governments).

The Community Development Block Grant (CDBG) was first enacted by Congress as Title I of the Housing and Community Development Act of 1974. The CDBG program replaced a number of federal categorical programs.

The primary objective of CDBG as stated in the Act, is "the development of viable communities through improvement of living conditions, housing and the expansion of economic opportunities in cities and counties, principally for persons of low- and moderate-income."

Initially only larger urban governments were entitled to receive CDBG funds. At the federal level, the U.S. Department of Housing and Urban Development (HUD) administered the program and enacted regulations to allow local governments to implement a broad range of eligible activities as long as they furthered the National Objectives of the Act.

During the 1970s, Congress expanded the range of local governments receiving CDBG funds to address problems faced by smaller cities and rural communities by providing funding to HUD to create a new competitive "Small Cities" Program. This program became known as the HUD administered

“Small Cities CDBG Program for Non-Entitlement Cities.” Eligible governments were those under 50,000 in population. It was called a “non-entitlement program” because communities interested in receiving funds made a competitive application to HUD rather than being entitled to receive direct funding as were the larger urban governments. Otherwise HUD operated the Small Cities Program in a manner very similar to the larger Entitlement CDBG Program.

During the early 1980s, the federal government passed sweeping changes to “devolve” many federal programs by limiting federal agencies to oversight and rule making roles and allowing state governments a role in administering many formally exclusively federal programs. For example, state agencies responsible for environmental protection (such as the Georgia Department of Natural Resources, Environmental Protection Division) assumed many of the responsibilities of the U.S. Environmental Protection Agency (EPA).

In 1981, acting at the request of President Reagan, Congress amended the Housing and Community Development Act of 1974 and directed HUD to establish a new CDBG Program for Non-Entitlement local governments to be administered by state governments, replacing the HUD Small Cities Program. Under the changes implemented in 1981, while states were allowed to administer the non-entitlement program, HUD was given continued responsibility to directly administer the urban-entitlement program and regulate state administration of the non-entitlement CDBG program.

In enacting this new program, Congress clearly desired that state governments have the major responsibility for the design and management of the new CDBG Program for Non-Entitlement Communities. In this regard, the first federal regulation issued by HUD in 1982 for the new program was developed only after extensive consultation with state governments and it allowed states great flexibility in program design and management. To quote the regulation (24 CFR Part 570.480(c)), “the Secretary (of HUD) will give maximum feasible deference to the state's interpretation of the statutory requirements and the requirements of this regulation.”

At the time of the new regulation, DCA was given the responsibility of design and management of the new CDBG Non-Entitlement Program. Utilizing an extensive consultation and advisory process with Georgia's smaller local governments, DCA designed a competitive CDBG Program responsive to local needs and priorities.

Each year the State of Georgia receives CDBG funds from the U.S. Department of Housing and Urban Development (HUD) for a variety of housing, public facility, and economic development programs which are included in the State's Annual Consolidated Plan. The CDBG Annual Competition described by the Applicant's Manual represents the first significant change to the original program design.

Definitions

CDBG has a language all its own at times. This list of definitions is intended to assist applicants in understanding and using the terminology.

Area Benefit Projects: An activity, the benefits of which are available to all the residents in a particular area, where at least 70 percent of the residents are low- and moderate-income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. Units of general local government may, at the discretion of the state, use either HUD-provided data comparing census data with appropriate low- and moderate-income levels or survey data that is methodologically sound. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

BFAD: Business and Financial Assistance Division of the Georgia Department of Community Affairs. The division of DCA where the CDBG program is housed.

“Barney Frank” amendments: Refers to Section 104(d) of the Housing and Community Development Act of 1974. See 24 CFR Part 42. Requires the replacement of demolished, vacant-occupiable, and occupied low- and moderate-income housing (one-for-one replacement) as well as a higher level of relocation assistance payments for displaced low- and moderate-income tenants.

Certified assurance: The document that all CDBG and CHIP local government applicants must sign (See DCA Form 10). It contains many “certifications” required by federal law and should be read and must be signed by the Chief Elected Official of the applicant. In addition, the signature must be authorized by a resolution of the governing body (i.e., city council, etc.) and submitted with the application.

CDBG: The Community Development Block Grant Program as authorized by the Housing and Community Development Act of 1974. CDBG is divided into two general programs: 1) the “entitlement program” administered by HUD provides funding to metropolitan cities and urban counties; and 2) the State “non-entitlement” program for smaller local governments.

CHIP: Community HOME Investment Program. Created by the National Affordable Housing Act of 1990, the Home Investment Partnerships (HOME) Program is the first federally funded block grant designed to address state and local affordable housing concerns. (Eligible applicants are limited to local governments, both cities and counties).

Conflict of interest: Elected officials, government employees, and their families are generally prohibited from benefiting either financially or personally from CDBG or CHIP funded activities. An example would be if a councilmember lived in the neighborhood receiving CDBG funded waterlines. See the Conflict of Interest and Certification sections of this manual for more information.

Consolidated Plan: Developed by local and state governments with input from citizens and community groups, the Consolidated Plan serves four functions: 1) it is a planning document for each state and community, built upon public participation and input; 2) it is the application for funds under HUD’s formula grant programs (CDBG, HOME, ESG, and HOPWA); 3) it lays out local priorities; and 4) it lays out a 3-5 year strategy the jurisdiction will follow in implementing HUD programs. The FY 2005 Plan is available on the DCA web site at: <http://www.dca.state.ga.us/housing/consolPlan.html>.

Cooperating agreement: This is the agreement needed for joint or regional CDBG applications (see DCA Form 11). It sets forth which applicant is considered the “lead applicant” responsible for all compliance considerations.

The Davis-Bacon Act of 1931: Statutory requirement that persons working on Federally-supported projects be paid minimum prevailing wage rates for particular crafts or labor classifications as prescribed by the Secretary of Labor. For purposes of the State Administered CDBG Program, all contracts are subject to the Act and must be monitored by DCA for compliance.

Environmental Impact Assessment: As required by the National Environmental Policy Act of 1969, and for purposes of the State CDBG Program, a document prepared by a recipient government which identifies and analyzes environmental impacts of a proposed project. CDBG projects started before completion of the assessment and requisite findings and public notices are NOT eligible for CDBG funding. The federal government requires DCA to monitor each individual project for compliance. (See NEPA.)

Equal Employment Opportunity (EEO): Term which refers to a variety of federally required activities to ensure non-discrimination in hiring, promoting, and managing employees. DCA is required to monitor each CDBG recipient's compliance with EEO requirements.

Fair Housing Act: Legislation first enacted in 1968 and expanded by amendments in 1974 and 1988, which provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. It prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, and familial status. DCA is required to monitor each CDBG recipient's compliance with applicable requirements.

Finding of No Significant Impact (FONSI): Pursuant to NEPA, a document presenting the findings of an Environmental Assessment stating that a proposed project will not result in an action which will significantly affect the quality of human life. See 24 CFR Part 58, Directive Number: 97-8

Uniform Act: Short title of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. This law and its regulations issued by U.S. DOT (49 CFR Part 24) set requirements for how property, including easements, is acquired for federally assisted projects and sets forth minimum standards for assistance for persons and businesses displaced by federally assisted projects. See also "Barney Frank" amendments. DCA is required to monitor each CDBG recipient's compliance with applicable requirements.

HOME: Federal funds authorized pursuant to the Housing and Community Development Act which provides funds to local governments and states for new construction, rehabilitation, acquisition of standard housing, assistance to homebuyers, and tenant-based rental assistance.

HUD: United States Department of Housing and Urban Development. The Federal agency responsible for oversight and regulation of CDBG funding to states.

Joint application: A joint application includes more than one local government as applicant. Joint applications are generally required when less than 51% of the beneficiaries are located within the jurisdiction of the applicant unit of local government. Exceptions may be considered on a case-by-case basis with DCA approval.

Last Resort Housing: One of the few ways that CDBG can be used for new housing construction. Used in CDBG when no existing relocation housing resources are available for displaced persons. See 49 CFR Part 24.404.

Limited clientele: HUD has determined that for purposes of meeting the CDBG national objective of benefiting low- and moderate-income persons, certain limited clientele can be assumed to be low- and moderate-income without detailed income records. This designation is limited to abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. Income records must be available for all other limited clientele beneficiaries, such as clients of Public Health facilities, Boys and Girls Clubs, etc.

Low- and moderate-income: At least 70 percent of the persons benefiting from CDBG projects, (with some exceptions) must be members of a family or household whose total gross family income is less than 80 percent of an area's median family income adjusted for family size. HUD publishes these limits on an annual basis and the most recent limits are available on the DCA web site at: www.dca.state.ga.us/grants/income_limits.html. See also Appendix B.

Manufactured "Mobile" Home: A manufactured home (formerly known as a mobile home) is built to the Manufactured Home Construction and Safety Standards (HUD Code) and displays a red certification

label on the exterior of each transportable section. Manufactured homes are built in the controlled environment of a manufacturing plant and are transported in one or more sections on a permanent chassis.

Modular Home: A housing unit constructed off-site in pieces (modules) using traditional building materials that meets or exceeds all applicable State and local building codes, then transported to the building site where the modules are joined to form a complete housing unit on a slab or foundation. A modular home is generally considered “real property”.

NEPA: National Environmental Policy Act. NEPA mandates a framework and procedures that Federal agencies (including States and local governments that receive CDBG) must implement to consider all reasonably foreseeable environmental effects of their proposed actions and to involve the public in and inform the public about Under the State CDBG Program, for ANY project where a local government fails to properly implement the NEPA procedures prior to undertaking a CDBG project, DCA is generally mandated to find that project “ineligible” for reimbursement with CDBG funds.

RDC: Regional Development Center. Located in 15 regions across Georgia, these centers provide planning, grant writing and economic development assistance to local governments, usually under contract.

Regional application: An application that includes applicants in *more than one county*, including city and county applicants. Regional applications apply to projects benefiting a multi-county region.

Section 106: Section 106 of the National Historic Preservation Act that requires CDBG recipients and other federal programs to consider the possible effects of ‘federal programs’ on historic buildings and neighborhoods, including archeological resources. Regulations implementing Section 106 are issued by the Advisory Council on Historic Preservation, and, in Georgia, the Department of Natural Resources, Historic Preservation Division (DNR/HPD) is the designated State Historic Preservation Office (SHPO).

Stick/Site Built Home: A housing unit built on-site using traditional building materials and methods that meet or exceed all applicable State and local building codes.

Section 8: Housing Assistance Payments Program, authorized by the Housing and Community Development Act of 1974.

New for FFY 2005

Advisory Process

This past summer, DCA convened an advisory committee that worked on improvements to the State CDBG program. The committee represented a diverse cross section of those involved with the State CDBG program. Cities and Counties of all sizes and from all regions were represented, as were RDCs, private consultants, and housing providers. Two major changes resulted from the process. One is the addition of new opportunities within the Annual Competition designed to encourage strategies for redeveloping low- and moderate-income areas. The second change adds impact to the Annual Competition application scoring criteria. Additional changes were made to the CDBG Redevelopment Fund and Employment Incentive Program. Those changes can be viewed on the CDBG section of DCA’s website.

Revitalization Area Incentives

For the federal fiscal year 2005 CDBG Annual Competition, the Department will introduce incentives for the development of comprehensive community revitalization strategies. Communities opting to develop and implement these strategies will be given the opportunity to:

- Apply every year.
- Receive bonus points.
- Obtain approval of budget line items for limited planning monies that will be directed towards the assessment and remediation of a specific blighted site, facility or brownfield.

The Revitalization Area program rewards innovative local strategies and recognizes that no one strategy or design will work for Georgia's diverse communities. Applicants must show their commitment to targeted areas by developing a local investment program geographically aimed at census block groups of 20 percent or greater poverty and by incorporating a locally-driven collaborative approach to community and economic development.

Revitalization strategies must demonstrate the support or "buy-in" of the businesses and residents in the targeted areas. As such, applicants must develop and demonstrate robust public advisory processes. Local governments also are encouraged to provide local incentives, and design local solutions that enhance the potential for redevelopment and revitalization.

CDBG Revitalization Area activities must take place within a DCA designated "Revitalization Area". As outlined above, Revitalization Areas will be designated through a separate designation process as outlined in a separate section of this manual.

Program Impact Scoring Criterion

Starting in FFY 2005, applicants will be compared in terms of program impact in terms of: 1) the number of persons benefiting; 2) the cost per person benefiting; 3) the project's impact on the benefiting population's quality of life, living environment or opportunities for economic advancement; and 4) an analysis of the documented severity of need and the impact of the project on the identified need or problem. Points for impact will be awarded based on how well each applicant, compared to others, addresses the impact factors.

Down Payment Assistance

In keeping with HUD policy "to improve the likelihood of continued affordability," down payment assistance requirements have been revised to support fixed rate loans. DCA encourages mortgage loans at a fixed rate of interest for the term of the loans for housing secured using CDBG down payment assistance. Business and Financial Assistance Division policy now requires DCA review of adjustable and/or variable rate mortgages and other flexible mortgage financing plans. Further information will be provided at the Recipients' Workshop and in upcoming policy memoranda.

Local Government Resolution

Beginning with the FFY 2005 Annual Competition, each application must include the local government authorizing resolution as described in DCA-10.

The Department of Community Affairs looks forward to working closely with local governments participating in the CDBG competition as part of our continuing effort to strengthen the State-Local partnership.

For Questions About:	Contact:	Phone:
CDBG Fund Applications	Director of Grant Administration	404-679-3168
	Compliance Manager	404-679-3174
Housing Grant Applications	Housing Consultant	404-679-3138
Economic Development Applications	Director of Economic Development	404-679-3173

Part I: General Information

Eligible Program Applicants

Eligible CDBG Applicants include:

- ◆ Units of general-purpose local government (cities or counties) that do not participate in HUD's CDBG Entitlement or Urban County program.

Ineligible communities include:

- ◆ The cities of Albany, Atlanta, Macon, Savannah, Roswell, Warner Robins, Marietta, Rome, Dalton, Gainesville, Hinesville, Brunswick and Valdosta
- ◆ The consolidated governments of Athens/Clarke County Consolidated Government, Augusta/Richmond County Consolidated Government, Columbus Consolidated Government
- ◆ Clayton County, Cobb County, DeKalb County, Fulton County and Gwinnett County
- ◆ Any incorporated city within a HUD Entitlement Urban County that chooses to participate with the Urban County through a Cooperating Agreement.

The following eligibility requirements apply:

- ◆ Applications may be submitted individually by one unit of general-purpose local government, or jointly or regionally, by two (2) or more units of general-purpose local government.
- ◆ Only one single or multi-activity application per general-purpose local government, whether individually or jointly submitted, shall be eligible for the Annual Competition per CDBG federal funding allocation.
- ◆ Only one single or multi-activity award under the annual competition per CDBG federal funding allocation may be received by any general-purpose local government, whether individually, jointly, or regionally submitted.

Under State statutes, applicants must comply with State planning and financial reporting laws. These laws include:

- ◆ The Georgia Planning Act,
- ◆ The Service Delivery Strategy Act (HB 489),
- ◆ The Solid Waste Management Act,
- ◆ Local Government Audit Act, and
- ◆ DCA Local Government Finance Report requirements.

In certain instances of non-compliance, these laws prohibit the Department of Community Affairs from providing grant assistance.

Special Requirements

Joint Applications (CDBG only)

- ◆ Joint applications may be required when less than 51 percent of the beneficiaries are

located within the jurisdiction of the applicant unit of general-purpose local government. Activities may serve beneficiaries outside the jurisdiction of the applicant, provided the unit of general-purpose local government has identified such a need as an overall community-wide housing and community development need. **Please consult DCA for guidance concerning the need for joint applications.**

Joint Applications must include:

- ◆ A copy of the Cooperating Agreement entered into by the cooperating units of government. This agreement should designate the unit of government that will serve as lead applicant. A sample cooperating agreement is included as form DCA 11 of this manual.
- ◆ Separate "Certified Assurances" (form DCA-10) for each jurisdiction.
- ◆ Evidence of separate public hearings for each jurisdiction. A single public hearing, however, may serve the needs of each jurisdiction, provided that (a) each jurisdiction shares a central location and (b) the hearing is clearly publicized by both (or jointly publicized by each) jurisdictions. If a single hearing is proposed, please contact DCA for guidance. For further information, please refer to "Citizens Participation Requirements" further outlined in this manual.

Regional Applications

- ◆ Regional applications are intended to allow an applicant to address problems and apply for a project benefiting a multi-county region. In order to encourage regional solutions, successful local applicants for regional projects (including all local applicants that are part of a regional application) will not be required to "sit out the next competition" and may apply the following year for a different or new project.

Regional applications must meet the "Special Requirements for Joint Applications" outlined above. In addition, Regional Applications should include a letter(s) from the appropriate Regional Development Center (RDC) certifying that the project is consistent with any local and regional plans that exist and has multi-county benefits. Please contact DCA prior to submission for guidance.

"What is the difference between Joint and Regional applications?"

Joint applications are usually required when less than 51% of the beneficiaries reside in the primary applicant's jurisdiction. Regional applications apply to projects benefiting a multi-county region.

CHIP Applications

- ◆ Applicants seeking to combine CDBG and CHIP funds must submit all required CDBG documentation as well as any required supplemental CHIP information. See the CHIP Applicant's Manual for more details.
- ◆ When applying for both CDBG and CHIP funds, an applicant may choose to combine the CDBG/CHIP proposal on the CDBG application or submit separate CDBG and CHIP applications if preferred.

Eligible CDBG Activities

National Objectives

Activities eligible under the State of Georgia's CDBG program are those eligible under the Housing and Community Development Act, as amended. An excerpt from this Act that lists eligible activities is contained in Appendix A of this manual.

Definition of Low- and Moderate- Income

CDBG regulations specify the maximum income of program beneficiaries as summarized below.

- ◆ A low- and moderate-income (L/M income) person is defined as a member of a household having an income equal to or less than the Section 8 Housing Assistance Program low income limit established by the U.S. Department of Housing and Urban Development (HUD).
- ◆ A household includes, but is not limited to: a person who lives alone or intends to live alone, or two or more persons sharing residency whose income and resources are available to meet the household's needs and who are either related by blood, marriage, or operation of law, or who have a stable family relationship.
- ◆ The Section 8 income guidelines are available for each county and are based on 80 percent of the county's median income or 80 percent of the statewide non-metropolitan median income, whichever is greater, with adjustments for family size. They are published each spring and are distributed by HUD and DCA. Refer to Appendix B for the most recently calculated income limits.
- ◆ Family income is defined as follows: "the anticipated gross income from all sources (except those specifically excluded by HUD) received by all family members 18 years of age and older, including those who are temporarily absent from the unit.

Each CDBG activity must meet the following minimum threshold requirements for low- and moderate-income benefit:

- | | |
|-------------------------|---|
| ✓ Housing Activities: | 70% Benefit to Low- and Moderate- Income Persons. All funds for housing activities must benefit 100% low- and moderate-income persons to remain competitive. |
| ✓ Public Facilities: | 70% Benefit to Low- and Moderate- Income Persons |
| ✓ Economic Development: | 51% Benefit to Low- and Moderate- Income Persons |

Instructions for determining low- and moderate-income benefit are located in Part III of this manual. (Instructions for Form DCA-6.) A sample low- and moderate-income survey is included in Appendix C. Applicants are reminded to include a complete description of the method used to determine benefit.

Neighborhood surveys are the most reliable method for area benefit projects. Please refer to DCA's "Acceptable Survey Methodology" publication for assistance in designing and implementing a sample survey.

In the case of buildings serving low/moderate income persons, do not "double count" clients. DCA is interested in the total number of people using the facility--not the number of visits to the facility. DCA counts the unduplicated number of beneficiaries over a year's time.

Each activity listed in this section is eligible only to the extent to which it addresses the needs described in Form DCA-4 and benefits at least 70% (51% for economic development) low and moderate-income persons. This determination must be satisfactorily demonstrated on Form DCA-6. Failure to adequately demonstrate low- and moderate-income benefit may lead to application denial.

Examples of eligible activities include:

- ◆ **Acquisition of Real Property** in whole or in part by purchase, long-term lease, donation or otherwise by the applicant, another public agency, a non-profit, and/or private individuals and for-profits for the purpose of carrying out housing rehabilitation, economic development activities, public facilities, or other eligible activities.
- ◆ **Disposition** or costs incidental to disposing of property acquired with CDBG funds. Examples of eligible costs include appraisal, survey, marketing, legal, financial, transfer taxes, etc.
- ◆ **Public Facilities and Improvements**, including the acquisition, construction, reconstruction, rehabilitation and/or installation of the same. This activity includes, but is not limited to, water and sewer facilities, flood and drainage improvements, parking, streets, curbs, gutters, sidewalks, parks and playgrounds. Other activities may include the development of shelters for homeless, elderly, mentally ill, abused and impaired persons. Public facility activities may also include the development of medical, community, senior and handicapped centers, or centers for literacy training.
- ◆ **Clearance** costs within a "targeted area" generally include the demolition and removal of structures and other items (mobile homes, dilapidated houses, junk cars, etc.) to appropriate sites.
- ◆ **Interim assistance** to a deteriorating "target area" may include activities which are low-budget and otherwise ineligible such as pothole, lighting, fencing, sidewalk, street repair, etc. Interim assistance may also include special refuse collection, trimming and removal of trees and overgrowth, etc. Assistance under this activity is generally associated with a redevelopment project.
- ◆ **Relocation** or temporary relocation of families and individuals, businesses or other organizations. Relocation may be required by Federal law and regulation (the Uniform Relocation and Real Properties Acquisition Act of 1970, and pursuant regulations), or it may be "optional" and subject to local policy approved by DCA based upon need. *Temporary relocation activities associated with housing rehabilitation (including lead-based paint hazard control) or reconstruction should be budgeted within the appropriate activity line item (rehabilitation or reconstruction) on Forms DCA-7 and 8, not on the relocation budget line. Only permanent relocation activities should be included in the relocation line items on Forms DCA-7 and 8.*
- ◆ **Removal of Architectural Barrier** activity includes modifications to existing structures

which are necessary to remove material and architectural barriers which restrict the mobility and accessibility of the elderly and handicapped to publicly or privately owned buildings, facilities and improvements.

- ◆ **Housing Rehabilitation** will utilize CDBG funds to finance the rehabilitation of public or private residential property, including the conversion of non-residential properties (in downtown commercial districts, etc.) for housing. **Rehabilitation of housing units built prior to 1978 must provide for compliance with lead based paint hazard control regulations (24 CFR Part 35).**
- ◆ **Reconstruction** of housing provided that it is (a) owner-occupied, and (b) the house proposed for reconstruction is "not feasible" for rehabilitation. The reconstructed unit must be built on the same parcel of land as the unit it replaces. Please consult DCA for detailed guidance if reconstruction is planned.
- ◆ **Down Payment Assistance** can be used as a strategy to encourage homeownership. This tool can be used for assistance in providing help with down payment, loan closing and other related costs as well. In keeping with HUD policy "to improve the likelihood of continued affordability," down payment assistance requirements have been revised to support fixed rate loans. DCA encourages mortgage loans at a fixed rate of interest for the term of the loans for housing secured using CDBG down payment assistance. Business and Financial Assistance Division policy now requires DCA review of adjustable and/or variable rate mortgages and other flexible mortgage financing plans. Further information will be provided at the Recipients' Workshop and in upcoming policy memoranda. Please see the guidance memorandum entitled "Determining Affordability of First Mortgages on Loans with CHIP or CDBG Assistance" published April 12, 2004 (available on request from DCA).
- ◆ **Code enforcement** related to the payment of salaries and overhead costs directly related to activities within a declining "target area."
- ◆ **Economic development** activities or assistance to "for profit entities," whether during the Annual Competition or through the Economic Development set-aside programs, generally take one of two forms:
 - ✓ direct loans to businesses/industry
 - ✓ public infrastructure in support of business/industry.
- ◆ **Project related soft costs** including appraisal costs and cost related to reviews under the Programmatic Agreement or required for extraordinary environmental compliance.
- ◆ **Administrative costs** necessary to carry out a CDBG project. These costs include expenses for:
 - ✓ *General management, oversight and coordination.* This category refers to the direct costs of overall program management, coordination, monitoring and evaluation. It also includes similar costs associated with carrying out projects with multiple activities. (For example, salaries, related expenses and all other costs directly related to the overall management, oversight and coordination of a project with several activities, such as within a defined concentrated project area should be charged to this category).
 - ✓ *Indirect costs.* Costs associated with an approved cost allocation plan prepared in accordance with OMB Circular A-87 "Cost Principles Applicable to Grants and Contracts and State and Local Governments."

- ✓ *Citizen participation.* Costs related to citizen participation in the planning, implementation and assessment of the program, including, but not limited to, the costs of providing program information to the public, providing technical assistance to citizens and citizen organizations, publishing notices, and holding hearings.
- ✓ *Reasonable costs of environmental studies* (including historic preservation clearances, project specific environmental assessments, and clearances for eligible activities) necessary to comply with Federal, State and local law, and other eligible administrative costs. (Please consult FMC A-87 for guidance.)

Administrative costs, however, do not include direct costs and other professional services directly related to design and implementation of an engineering or architectural project. These costs should be budgeted as part of each appropriate construction line item. Such costs may include the preparation of cost estimates, land surveys, easement plats, pre-design meetings, preliminary construction drawings, permits and interagency approvals, construction drawings, pre-construction conferences, meetings with contractors/recipient staff, bid openings, contractor investigations, contract administration, inspections, training, & as-built drawings, etc. Other such costs (generally not related to the design and construction services contract) may include archaeological studies, in-depth historic assessments, archival photographs, legal fees, title work, housing inspection, etc. Please consult DCA staff for budgetary guidance.

Ineligible Activities

Generally speaking, activities are ineligible if they do not meet HUD's National Objectives.

Examples of ineligible activities:

- ✓ Acquisition of furnishings, movable equipment, machinery, and land write-downs
- ✓ Operating and maintenance expenses
- ✓ Construction of buildings for the general conduct of government
- ✓ Purchase of construction equipment
- ✓ Cost of furnishing and personal property associated with new construction
- ✓ Constructing new housing, creating a "secondary housing unit" (an in-law suite, etc.) attached to a primary unit; installing luxury items such as upgraded appliances, spas, pools, etc.; the cost of non-built-in equipment and furnishings (stoves and refrigerators are exceptions); and labor costs for homeowners themselves to rehabilitate their own property.
- ✓ An exception to the new construction prohibition may be granted whenever: 1) No comparable local resources exist and the community can demonstrate eligibility under "*Last Resort*" as defined under 49 CFR Part 24.404; or (2) a local government provides funding to a community based housing development organization meeting the criteria outlined in HUD 24 CFR 570.204. DCA reserves the right to require additional market data and other development information prior to funding any new housing construction activities.

- ✓ Any form of direct grant assistance to a business or industry (for-profit entity) is ineligible.

Restrictions on Eligibility for Competition

The following restrictions may affect current or future applications:

- ◆ Generally, units of government funded in the FFY 2004 Annual Competition (whether individually or jointly submitted, and including projects funded with funds other than FFY 2004 funds) may not apply for FY05 CDBG funding.
- ◆ Applicants may apply annually under the following circumstances:
 - Formal designation as a Federal Empowerment Zone, Enterprise Community, or Renewal Community
 - Officially designated Water First Community, as long as the primary purpose of the project is water improvements
 - Officially designation as a Signature Community
 - Official designation as a Revitalization Strategy Area
 - Opportunity Zones
 - Employment Incentive Program (EIP) program applicants
 - Redevelopment Fund (RDF) program applicants
 - CDBG Regional applications
 - Immediate Threat and Danger (ITD) program applicants
- ◆ **Recipients of prior CDBG funding must resolve all outstanding audit and/or monitoring findings before submission of an application to DCA.**
- ◆ All CDBG recipients are expected to expend one hundred percent (100%) of all funds within **twenty-four (24) months from the date of the grant award** made by DCA. The Department of Community Affairs reserves the right to recapture all unobligated funds after the twenty-four month period *and to restrict an applicant from submitting a CDBG application (or if submitted, DCA may not make an award) whenever an unacceptable level of funding under a current grant remains unobligated.*

Basic Compliance Rules for CDBG

This section of the CDBG Applicant's Manual describes some of the critical laws and regulations CDBG applicants must consider when planning a CDBG Project. Note that a complete list of applicable laws and regulations can be found in Appendix G.

It is the responsibility of the applicant's certifying official to ensure that the proposed program, activities, goals and timetables are in compliance with all applicable Federal and State laws, regulations and executive orders.

An important part of the application feasibility score is how well the proposal addresses compliance with applicable laws and regulations. Applicants should use the Description of Activity Form (DCA-5) to describe compliance actions to be undertaken by local government applicants and, if funded, grant recipients. Applications that fail to demonstrate compliance with applicable laws and regulation will lose points in the rating and selection process. If a CDBG grant is awarded, the Department of

Community Affairs will provide local government representatives additional compliance training at a Recipients' Workshop.

Citizen Participation Requirements

The Housing and Community Development Act emphasizes efforts to involve citizens, especially low- and moderate-income citizens, in all aspects of the CDBG Program.

As required by the Housing and Community Development Act, the Georgia Department of Community Affairs has adopted a written Citizen Participation Plan, available on the DCA website at www.dca.state.ga.us/grants/CitizenParticipationPlan.pdf.

Applicants for and recipients of CDBG funds certify that they will follow this plan that requires that local units of government will provide for and encourage participation in the planning, implementation and assessment of their CDBG program.

In order to meet these goals, applicants must, at a minimum, meet the following requirements:

- ◆ Hold at least one (1) public hearing in the locality prior to submission of an application to DCA. The purpose of the hearing will be to obtain citizens views and to respond to proposals and questions concerning previous CDBG funded projects (if any) and to obtain citizen participation in the development of new proposals including identification of community needs and proposed activities. The applicant must furnish information including the estimated amount of funds proposed to be used for activities benefiting low- and moderate-income persons and its plan to minimize displacement and assist displaced persons.
- ◆ A notice advertising the public hearing must be published not less than five (5) business days prior to the date of the hearing in the non legal section of a local newspaper of general circulation. (A sample public hearing notice is included on the next page) Local governments are encouraged to take other actions to provide adequate notice to potentially interested persons.
- ◆ A copy of the application as submitted to DCA must be available for public review and the public must be notified of its availability for review.
- ◆ Hearings must be held at times and locations convenient to potential or actual beneficiaries and with accommodations for the disabled. The needs of non-English speaking residents must be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. Contact DCA for any required assistance.
- ◆ Applicant files must contain documentary evidence that the actions listed in this section have been taken, including copies of actual notices and minutes of hearings.
- ◆ Applicants and recipients must provide technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals, with the level and type of assistance to be determined by the local unit of government.
- ◆ Citizens must be provided with reasonable and timely access to local meetings, information and records relating to the local government's proposed and actual use of

CDBG funds as required by HUD regulations, state law, or DCA policy.

- ◆ This section should not be construed to restrict the responsibility or authority of the local government for the development and execution of its community development program.
- ◆ The applicant must certify in the Certified Assurances component of the application (Form DCA-10) that the requirements above have been met.

Note: Georgia Law requires that "all state, county and municipal records, except those which by order of a court of this state or by law are prohibited from being open to inspection by the general public, shall be open for a personal inspection of any citizen of this state at a reasonable time and place, and those in charge of such records shall not refuse this privilege to any citizen" (50-18-70, O.C.G.A.). This means that past and current records on the use of CDBG funds are required to be open for public inspection.

Sample Public Hearing Notice

The (city or county) of (name of city or county) is considering applying to the Georgia Department of Community Affairs for a Community Development Block Grant of up to \$(amount of funds). These funds must be used to primarily benefit low and moderate-income persons.

The activities for which these funds may be used are in the areas of housing, public facilities, and economic development. More specific details regarding eligible activities, plans to assist displaced persons (if any), the estimated amount of funds proposed to be used for activities to benefit low and moderate income persons, and the rating system will be provided at a public hearing which will be held at (place/address) on (date), at (time).

The purpose of this hearing will be to obtain citizen input into the development of the application and to review progress on the previous CDBG grant (if applicable). Persons with special needs relating to handicapped accessibility or foreign language shall contact (name/phone) prior to (date). This person can be located at (complete address) between the hours of (hours am - pm), Monday through Friday, except holidays. Persons with hearing disabilities can contact us at our TDD number (AC + number). [Applicants who do not have a TDD phone may consider using the Georgia Relay Service, at (TDD) 1-800-255-0056 or (Voice) 1-800-255-0135.]

The applicant must maintain detailed minutes of this hearing, a "tear sheet" or affidavit pertaining to the public notice and documentation as to whether or not meeting "special needs" was required and, if applicable, addressed.

Residential Anti-displacement and Relocation Assistance Plan

A unit of general local government receiving funds from the State must certify to the State that it has in effect and is following a residential anti-displacement and relocation assistance plan, and that it will minimize displacement of persons as a result of assisted activities. Relocation activities are subject to The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (46 U.S.C. 4601) and regulations at 49 CFR, Part 24. Additionally, Section 104(D) of the Housing and Community Development Act, as amended has two major requirements (24 CFR Part 42): (1) the one-for-one replacement of certain housing units demolished, or converted to non-low/moderate income status, as a direct result of the CDBG project, and (2) the expanded relocation assistance benefit payment for certain displaced tenants. This requirement will affect certain program design strategies of any applicant proposing housing demolition and/or relocation activities.

Programmatic Agreement on Historic Preservation

In 1997, the State Historic Preservation Office (SHPO), DCA, and the Advisory Council on Historic Preservation signed a Programmatic Agreement (PA) affecting all housing programs funded by DCA under CDBG. Whenever recipients are planning to rehabilitate potentially historic housing (any housing

over 50 years old), the terms of the PA will permit local decision making about the manner in which such housing will be treated. All recipients are required to follow the terms of the PA and to consult with local preservation professionals whenever planned rehabilitation activities exceed a set of Exempt Activities stipulated in the PA. **Note:** A copy of the PA is included at Appendix I.

Acquisition of Property for Public Facility Projects

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended, and as implemented by DOT regulations 49 CFR Part 24 applies whenever a local government recipient of CDBG needs to acquire property, such as land for a building or permanent (not temporary construction) easements and Right-of-Way (ROW) for public infrastructure such as water or sewer lines, street paving or drainage improvements.

The basic requirements are:

- The property owner must be offered the Fair Market Value (FMV) of the property based on an appraisal,
- Prior to the purchase offer, owners must be provided with information concerning their rights under the law, and
- Donations are possible but only after the owner has been informed of the government's obligation to pay FMV and executes a waiver.

URA procedures must be followed for CDBG projects even if the local government recipient is using its own non-federal funds to pay for the property.

Applicants should address the status of any property needed for the project using Form DCA-5. Applicants who can identify the specific number of easements or parcels required and know the property owners and specific costs based on land values at the time of the application will receive a higher feasibility score than those who are not ready to proceed with the acquisition process.

Environmental Compliance

There are many federal and state environmental protection laws and regulations to consider when planning and implementing CDBG funded projects. It is important to note that compliance is often required for all funding sources, public and private, and for all components of the entire project. By planning at the application and predevelopment stages, CDBG recipients can avoid future compliance complications and time delays.

Form DCA-9 captures some of the important environmental compliance information needed to complete the environmental review required by NEPA.

National Environmental Policies Act of 1969 (NEPA) and HUD regulations implementing NEPA titled "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities" (24 CFR Part 58).

All CDBG projects must take certain actions to comply with this regulation before committing funds for acquisition or construction. This generally includes the completion of an environmental impact assessment, documenting actions taken to comply with other environmental laws (such as those listed in the Appendix and described below), and public notices.

The assessment is a written document, prepared after a grant is awarded, which evaluates both the negative and positive environmental effects of a project. It looks at the human, social and natural environment. At the planning stage, CDBG applicants should consider

potentially negative environmental effects and propose solutions which minimize or mitigate these effects.

Flood Plain Protection

HUD has issued regulations (24 CFR Part 55) intended to minimize flood plain development. As part of the overall environmental review process, CDBG recipients will have to document compliance with this regulation. At the application stage, refer to FEMA flood plain maps to determine if any component of your planned project takes place in the flood plain.

In addition, HUD requires any community using CDBG funds for any activity affecting a FEMA mapped flood plain to be a participating jurisdiction with the federal flood insurance program and to have FEMA approved local flood plain development restrictions. Any CDBG funded activity affecting the flood plain must also be in compliance with these local ordinances.

Wetland Protection

Similar to flood plain development restrictions, the Army Corp of Engineers (ACE) under the authority of Section 404 of the Clean Water Act has authority over "jurisdictional wetlands" and restricts their development. In addition a Section 404 ACE permit may be required for projects disturbing a wetland. Also a series of Public Notices is required prior to any wetland disturbing actions.

Historic Preservation Compliance Requirements

Section 106 of the National Historic Preservation Act and the implementing regulations of the Advisory Council on Historic Preservation (36 CFR Part 800) require all CDBG applicants and recipients, in consultation with the State Historic Preservation Office (SHPO), to determine if any buildings, neighborhoods or archeological sites and resources listed or eligible for listing on the National Register of Historic Places are in the "Area of Potential Effect" (APE), and to determine the effect of the project on the APE. If the effect is adverse, the regulation requires the negotiation of ways to minimize or mitigate the effect.

Use Form DCA-9 to identify eligible and potentially eligible areas and buildings. Photographs keyed to a map (not the same photographs used to document the "severity of need" for the project) should be included with this form. The instructions for this form have more information on the photographic and data needs.

DCA will send projects under consideration for funding awards to the State Historic Preservation Office at the Department of Natural Resources for review and comments. The results of this review will be included in funding awards as Special Conditions which must be complied with as part of the required Environmental Review. To hasten the process, consider seeking comments from SHPO prior to submitting an application to DCA as part of your own planning and project development.

The additional cost of negotiated mitigation measures is an eligible CDBG cost.

Lead-based Based Paint Poisoning Prevention in Certain Residential Structures

HUD regulation 24 CFR Part 35 provides for the evaluation and control of lead-based paint hazards in residential housing units built prior to January 1, 1978. Requirements for compliance with this regulation vary, depending on the activity undertaken using federal funds. Every program utilizing federal funds (including CDBG and HOME/CHIP) is required to comply with this regulation for activities including, but not limited to, rehabilitation, homebuyer assistance and down payment assistance. Further guidance is available in the Guidelines for CDBG Residential Rehabilitation Programs manual, or DCA staff is available on request to provide technical assistance.

Relocation Assistance

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended, and as implemented by DOT regulations 49 CFR Part 24 applies if tenants or homeowners (regardless of income) are displaced in conjunction with a CDBG activity. See also the applicability of the URA to property acquisition above.

The purpose of this part is: (a) To ensure that owners of real property to be acquired for Federal and federally-assisted projects are treated fairly and consistently, to encourage and expedite acquisition by agreements with such owners, to minimize litigation and relieve congestion in the courts, and to promote public confidence in Federal and federally-assisted land acquisition programs; (b) To ensure that persons displaced as a direct result of Federal or federally-assisted projects are treated fairly, consistently, and equitably so that such persons will not suffer disproportionate injuries as a result of projects designed for the benefit of the public as a whole; and (c) To ensure that agencies implement these regulations in a manner that is efficient and cost effective. Further guidance is available in HUD Handbook 1378 or DCA staff is available on request to provide technical assistance.

One-for-One Replacement of Demolished Housing Units

Section 104(d) of the Housing and Community Development Act is applicable if rental units are converted to non- "low- and moderate-income dwelling units" or if occupied or occupiable housing units are demolished. This section requires the one-for-one replacement of affected units within a specific timeframe. This section also makes provision for an alternative relocation payment formula for displaced persons who will be provided "tenant-to-tenant" relocation assistance. See HUD regulations at 24 CFR Part 570.606 and 24 CFR Part 42 included in the Appendix. Further guidance is available in HUD Handbook 1378 or DCA staff is available on request to provide technical assistance.

Federal Labor Standards (Davis-Bacon, etc)

These federal labor standards require the payment of US Department of Labor "prevailing wages" (at a minimum) for most construction projects. There are also extensive reporting and project monitoring requirements.

Part II: General Award Information and Requirements

FFY 2005 CDBG Available Funds

Approximately \$37,000,000 in FFY 2005 CDBG funds is estimated to be available for distribution under the annual competition. The exact amount will be determined when Congress appropriates HUD's FFY 2005 budget.

Types of Grants

Applications under the Annual Competition must be for either a single-activity or multi-activity grant:

- 1) **Single-activity** grant applications must be structured to address problems within one of the following three areas: (a) housing, (b) public facilities, or (c) economic development. Single-activity grant applications may qualify for Revitalization Area bonus points.
- 2) **Multi-activity** grant applications must involve two or more activities that address community development needs in a comprehensive manner. This funding component requires an applicant to address problems within more than one of the areas listed above. Multi-activity grant applications may qualify for Revitalization Area bonus points.

Maximum Grant Amounts

<u>Grants</u>	<u>Single-Activity</u>	<u>Multi-Activity</u>
CDBG	\$500,000	\$800,000
CHIP	\$300,000	N/A
CHIP/CDBG Combined	\$800,000	\$1,100,000

The dollar amounts established are maximums. Application proposals should be developed that are consistent with the community's needs and ability to complete the program in a timely fashion. The DCA review process emphasizes the establishment of realistic goals and the development of resources needed to address the goals.

Matching Requirements

All awards under the Annual Competition (except for CDBG single activity housing grants, which require no match) must be matched by the recipient.

Required cash match:

- 0% for amounts up to \$300,000 in CDBG funds
- 5% of amounts from \$300,001 to \$500,000 in CDBG funds
- 10% of amounts from \$500,001 to \$800,000 in CDBG funds

The match must be cash, whether loans, bond proceeds, grants, or appropriated funds. The source can be either private or other non-CDBG

(CHIP funds are not eligible for match) public funds. "In Kind" Services are not considered cash. Match cannot be designated for grant administration or contingencies.

DCA will consider "leveraging" of other funds and resources, over and above the required minimum cash match, when reviewing each application. Preliminary costs such as engineering estimates or fees for preparation of applications are ineligible costs and may not be reimbursed or recovered if a grant award is made. Some of these costs, however, may be counted as leverage. A separate letter must be included documenting any funds/services to be included as leverage. Although the match must be a cash match and cannot consist of in-kind services, its source can be local public funds, other state or

federal funds, or private investments or contributions. Whatever the source, to be counted as match, it must be evidenced by a firm written commitment, either a resolution or letter. Please refer to the instructions for Form DCA-8.

Limitation on Administration and Professional Fees

Use the following limits for administrative, engineering and/or architectural costs paid for with CDBG funds.

<u>Type of Project</u>	<u>Administrative Cost Limit</u>	<u>Engineering/Architectural Cost Limit</u>
Single Activity (Public Facility or Econ. Dev.)	6% of grant + \$200* per unit to which plumbing improvements are made.	Engineering @ 12% Architectural @ 10%
Multi-Activity	7% of grant + up to \$2000* per unit rehabilitated	Engineering @ 12% Architectural @ 10%
Single Activity Housing	7% of grant + up to \$2000* per unit rehabilitated	None

* Per unit charges (Project Delivery Costs) should be budgeted in the activity line item, not in administration.

The limit for CDBG engineering and/or architectural services cost is based on construction cost paid for with CDBG funds.

Note: Up to \$1,000 for financial audit costs are also an allowable CDBG administrative expense, in addition to the percentages specified above.

Housing Project Delivery Costs

In order to provide an incentive for jurisdictions to complete at least the number of housing units that is equal to the number indicated in their project application, DCA will provide a maximum of 7% of the CDBG housing or multi-activity grant award amount for General Administration combined with up to a \$2,000 Project Delivery Cost payment per completed unit of housing, subject to the following schedule:

Unit Type	Activity	Maximum PDC
Stick Built (including Modular)	Rehabilitation	\$2,000
	Reconstruction	
Stick Built (including Modular)	Down Payment or	\$1,000
	Second Mortgage Assistance	
Manufactured ("mobile home") Owner owns unit AND land	Down Payment or	\$1,000
	Second Mortgage Assistance	
Manufactured ("mobile home") Owner owns unit AND land	Reconstruction	\$1000
Manufactured ("mobile home")	Rehabilitation	\$750
Manufactured ("mobile home") Owner owns unit only (long term lease on land)	Down Payment or Second Mortgage Assistance	\$750

Additional Project Delivery Costs for Lead Hazard Control for rehabilitation of housing built prior to 1978 allowed by CDBG are as follows:

1. Inspection/Risk Assessment procurement and oversight, a maximum of up to \$100 per unit.
2. Lead hazard control construction and clearance procurement and oversight, a maximum of up to \$400 per unit.

Note: If the project administrator performs lead hazard evaluation (inspection/risk assessment) and/or clearance “in-house” (no procurement or oversight), the maximum PDC for this activity is \$300 for procurement and oversight of the actual lead hazard control work by a qualified firm.

Project Delivery Costs must be reasonable and necessary and supported by documentation. PDC’s should be budgeted on the appropriate activity line item, NOT in the General Administration line on DCA-7 and 8.

DCA reserves the right to reduce the overall level of administrative funds depending on the scope of the project. Jurisdictions can expect to receive approximately half of the regular Project Delivery Cost payment for certain activities that are less expensive administratively on a per unit basis, such as permanent relocation and multiple units of rental housing under one roof.

Procurement for Application Development and other Professional Services

CDBG payments for professional services are subject to the “competitive negotiation” requirements of 24 CFR Part 85 (Common Rule). These provisions apply, typically, to contracts with private consultants, engineers and architects, and are not necessary when contracting with Regional Development Centers.

To comply, the applicant government (not the individual or firm proposing to provide services) must:

- ◆ Develop a Request for Proposal (RFP) which includes “evaluation factors” selected by the applicant and their level of importance. A Request for Qualifications (RFQ) is also acceptable for engineering or architectural services. Contact DCA for assistance.
- ◆ Publicize the RFP or RFQ. This is most often accomplished by publishing it in the applicant's "legal organ." Allow 30 days for responses.
- ◆ Send letter with copy of RFP or RFQ to a number of "known providers". When soliciting firms to develop applications/administer projects, RFP's should be sent to at least 7 known providers. When soliciting engineering/architectural services, the RFP or RFQ should be sent to at least 10 known providers. As a service to applicants, recipients and others, DCA maintains a list of professionals who have expressed an interest in making proposals on CDBG projects. This is not an "approved" list. DCA does not approve or disapprove professionals. This is the applicant's or recipient's responsibility.
- ◆ Negotiate with (preferably with at least 2) respondents to the RFP or RFQ.
- ◆ Prepare documentation which evaluates proposals and establishes reasons (based on criteria in RFP or RFQ) for contract recommendations.
- ◆ Consult city or county attorney with above recommendations and proposed contract.

- ◆ Based upon established reasons and attorney's recommendation, obtain full council/commission approval and execute contract. Letter(s) thanking unsuccessful respondents for making a proposal should then be sent. Based on evaluation criteria contained in the RFP/RFQ, this letter should state reasons why the respondent was not hired.

Because CDBG funds cannot be used to pay application development costs, applicants may (or may not, at their discretion) use this procurement process to select professionals for the preparation of an application. Applicants are cautioned, however, only to obligate CDBG funds after a grant is awarded. Initial contracts should only obligate the applicant to compensate for costs of application development. (**Note:** this cost is not eligible for reimbursement under the CDBG Programs.) If the professional is selected to prepare the application and provide additional services upon award, then the procurement process designed above must be utilized.

If an acceptable procurement process was followed within the last year for an application that is being resubmitted because it was denied within the past year, it is not necessary for the local government to readvertise for professional services if they choose to retain the same firm for the same application. If the procurement is more than 1-year old, a new advertisement and solicitation of RFP's is required.

Application Submission Deadlines

To participate in the FFY 2005 Annual CDBG Competition, **all applications must be submitted to DCA by May 2, 2005.** Applications must be U.S.P.O. postmarked no later than May 2, 2005 or hand delivered no later than the close of business on May 2, 2005.

We suggest that applications that are mailed be sent by certified or registered mail.

Applicants must submit an original application and three (3) copies (set of 4). Please be sure at least 2 of the 4 copies have **original photographs**. The mailing address is as follows:

Administrative Secretary
Office of Grant Administration
Georgia Department of Community Affairs
60 Executive Park South, NE
Atlanta, Georgia 30329-2231

Note: If an applicant is submitting a combined CDBG/CHIP application, please submit an original and four (4) copies of the application.

Application Review Process

Overview of Rating and Selection System

Single and Multi-Activity CDBG applications are rated to address points for feasibility, strategy, and impact. Demographic scores will be calculated separately for cities and counties. For purposes of calculating the demographic score, joint or regional applications that include a county will be included in the county group and those including only cities will be included in the city group.

Applications will be rated and scored against each of the following factors. (The maximum score possible is 480 points for CDBG, and up to 500 for Revitalization Strategy applications.)

	Maximum Points
Demographic Need - absolute number in poverty	40
Demographic Need - percent of poverty persons	40
Demographic Need - per capita income	40
Program Feasibility	110
Program Strategy	110
Project Impact	110
<u>Leverage of Additional Resources</u>	<u>30</u>
Maximum Total Points	480
<u>Bonus points for Revitalization Area Activities</u>	<u>Up to 20</u>
Maximum Total Revitalization Area Activities	500

Rating Factors

Rating factors will be assigned in the following manner:

- **Demographic Need - absolute number of people in poverty:** Applicants will be compared in terms of the number of persons whose incomes are below the poverty level. Scores will be obtained by dividing each applicant's number of persons in poverty by the greatest number of persons in poverty of any applicant in the group and multiplying by 40.
- **Demographic Need - percent of people in poverty:** Applicants will be compared in terms of the percentage of population below the poverty level. Scores will be obtained by dividing each applicant's percentage of persons in poverty by the highest percentage of persons in poverty of any applicant in the group and multiplying by 40.
- **Demographic Need - per capita income:** Applicants will be compared in terms of their per capita income. Scores will be obtained by dividing each applicant's per capita income into the lowest per capita income of any applicant in the group and multiplying by 40.

Note: Demographic Scores are calculated by DCA.

- **CDBG Program Feasibility:** Applicants will be compared in terms of project feasibility. The following factors are considered: an analysis of such items as 1) verification and reasonableness of cost; 2) documentation that all project financing sources needed for the project will be available; 3) where applicable, documentation that preliminary engineering, architectural and or site plans have been prepared and support the proposed project; 4) verification that any required property is available for the project; 5) where applicable, review of any proposed subrecipient's credentials to provide evidence of administrative capacity to undertake an approved activity; and 6) compliance with applicable state and federal laws, and 7) reasonable project timetables.

Points for feasibility will be awarded by a review panel, in accordance with the levels below, based on how well each applicant compared to others addresses the feasibility factors.

Level One (Not Feasible)	0
Level Two (Poor)	27.5
Level Three (Average)	55.0
Level Four (Good)	82.5

Level Five (Excellent) 110.0

- **CDBG Program Strategy:** Applicants will be compared in terms of program strategy. The following factors are considered: 1) an analysis of alternative solutions to address the identified problems, 2) as appropriate, an analysis of the steps taken by the applicant to adopt policies or ordinances to prevent the reoccurrence of the identified problem within their jurisdiction; 3) an analysis of the ongoing financial effort that the applicant has made or will make to address the identified problem and to maintain and operate the proposed project, facility or system; 4) the extent of benefit to persons of low and moderate income; and 5) multi-activity applications will also be compared in terms of the projects' support of comprehensive community or neighborhood conservation, stabilization, revitalization and the degree of resident's support and involvement. A project activity schedule must be included in this section of the application. See the instructions for Form DCA-5 for more information.

Points for strategy will be awarded, in accordance with the levels below, by a review panel based on how well the applicant, compared to others, addresses the strategy factors.

Level One (No Impact)	0
Level Two (Poor)	27.5
Level Three (Average)	55.0
Level Four (Good)	82.5
Level Five (Excellent)	110.0

Conformance with Georgia Planning Act: One of the review factors considered as a project strategy question is the conformance of the proposal with the locally adopted Comprehensive Plan, as approved by DCA. In order to demonstrate conformance, applicants should discuss on Form DCA-5 how the proposal conforms to the Plan including citations or quotes from pertinent pages of the Plan.

Service Delivery Strategy (House Bill 489): In addition, state law requires that all projects funded are consistent with the community's adopted Service Delivery Strategy (House Bill 489). The appropriate citation of the Strategy along with any attachments and service area maps should be included in the application, along with a signed Certification that the project is consistent with the Strategy. If the project is not covered by the adopted Strategy, a statement to that effect should be included in the Certification.

- **Program Impact:** Applicants will be compared in terms of program impact. The following factors will be considered: 1) the number of persons benefiting; 2) the cost per person benefiting; 3) the project's impact on the benefiting population's quality of life, living environment or opportunities for economic advancement; and 4) an analysis of the documented severity of need and the impact of the project on the identified need or problem.

Points for impact will be awarded by a review panel, in accordance with the levels below, based on how well each applicant, compared to others, addresses the impact factors.

Level One (No Impact)	0
Level Two (Poor)	27.5
Level Three (Average)	55.0
Level Four (Good)	82.5
Level Five (Excellent)	110.0

- **CDBG Leverage of Additional Resources:** Leverage includes additional resources committed to and directly related to the project, including cash above the required minimum cash match amount, the purchase of equipment and furnishings with non-CDBG funds, the cost of conducting housing surveys in conjunction with the Programmatic Agreement on Historic Preservation, and additional grants and loans from other sources. **Only items that would not otherwise have been provided will be counted.** A "reasonable" value must be assigned to donated and "in-kind" items. In addition, leverage amounts will only be assigned when firm commitments from the applicable funding sources are included in the application.

The leverage score will be calculated as follows:

- 1) Total dollar value of leverage for each applicant will be calculated and then divided by the total population of the applicant in order to obtain a per capita leverage figure reflective of each applicant's relative effort.
- 2) Applications will be assigned to one of five groups:
 - ❖ Multi-activity
 - ❖ Housing
 - ❖ Economic Development
 - ❖ Water and/or Sewer
 - ❖ Other Public Facilities
- 3) The applications will then be ranked within these groups, based on per capita leverage amounts, and points assigned based on the ranking.
- 4) Applications with no leverage will receive no points.
- 5) Up to 30 points can be assigned for leverage of additional resources. The ranking will be established using the range of applicants' per capita leverage amounts (from 0 to the highest per capita leverage) and calculating a percentile score for each applicant's per capita leverage amount within the range. This percentile score will be multiplied times 30 to establish the points for per capita leverage. For example, if an applicant's per capita leverage amount is \$300 and if \$300 represents a percentile score of 50 percent, the leverage points will be 15 (.50 x 30).

New Incentive -- Revitalization Area Strategy

Advisory Process

During summer 2004, DCA convened a group made up of local government elected officials, local government and regional development center staff, community development advocates, and consultants to advise DCA staff on improvements to the CDBG program. One major initiative that resulted from the discussions was a program of incentives for CDBG funding for revitalization projects. These incentives were approved by HUD, and are now part of the method of distribution in the CDBG Consolidated Plan for FY 2005. The incentives include bonus points and the ability to apply annually for projects within approved revitalization strategy areas.

Bonus points for Revitalization Area Activities: Points will be awarded for utilizing existing state redevelopment programs, initiatives and incentives in eligible areas. Following receipt of a designation, a CDBG applicant may be awarded up to 20 points for activities occurring within a DCA-approved Area as follows:

Revitalization Area Threshold Requirement (5 Bonus Points): In order to be eligible for Revitalization Area designation and bonus points, a local government must establish a local redevelopment area and plan pursuant to O.C.G.A. 36-61-1 et seq. within one or more Census Block Groups with a poverty rate of 20 percent or greater. Additionally, the local government must describe the activities it will undertake

to promote economic empowerment through meaningful job creation for the unemployed and low- and moderate-income residents as well as activities to promote the substantial revitalization of the area.

Local Redevelopment Tools (5 Bonus Points): Points may be earned through the use of such tools as State Enterprise Zones, Tax Allocation Districts, Community or Business Improvement Districts, or other geographically targeted tax or investment programs within the designated Revitalization Area. In order to receive these points, the applicant must provide the resolution or ordinance creating the redevelopment tools for which bonus points are sought.

Investment Partnerships (maximum of 5 Bonus Points): Points may be earned through the incorporation into the local program of certain job creation/retention, revitalization, residential improvement or social service funding programs geographically targeted to the areas of eligibility. Various programs including public programs chartered by the State of Georgia, the Georgia Housing and Finance Authority, the U.S. Department of Treasury, the SBA, the USDA, the Federal Home Loan Bank, the TVA, HUD, and DOL would be eligible. The leveraging of private funds from various philanthropic, non-profit and/or faith-based organizations will also be rewarded. In order to receive these points, the applicant must provide documentation showing a firm, long-term commitment by investment partners or a long-term commitment by the applicant to use investment partners as part of their Revitalization Area strategy. A long-term commitment by the applicant may be demonstrated by past use of investment partners, plans to incorporate investment partners in its current CDBG project, and the necessary local capacity to use investment partners on an ongoing basis; and/or

Collaboration (maximum of 5 Bonus Points): Points may be earned through the demonstration that initiatives will be created and/or undertaken within the eligible area by private for-profit and not-for-profit community stakeholders. Such stakeholders may include local lending institutions, community or neighborhood housing organizations, community based development organizations, community development corporations, community development entities, and other similar organizations. In order to receive these points, the applicant must show that the collaborative stakeholder organizations have a firm commitment to the community, have taken responsibility for carrying out one or more aspects of a Revitalization Area strategy, have sound financial and administrative practices, and the ability to carry out the functions for which they are taking responsibility. Such evidence will include letters of commitment, agreements, programmatic material, articles of incorporation and registration from the Secretary of State, audited financial statements or financial reviews, budgets, IRS determination letter for 501 (c) 3 status, or other evidence of capacity and commitment. Non-profits that receive \$25,000 or more in direct or pass-through federal funding during a single fiscal year are usually required to have an audit.

Revitalization Area Designation

Revitalization Areas will generally be designated or reauthorized prior to the annual competition application deadline through a separate designation process. Communities may also request designation within an Annual Competition application period. However, communities seeking designation are strongly encouraged to meet with DCA as soon as possible to discuss their request for designation. See Application for Revitalization Area Designation form DCA-14.

Area Strategy Plan and Map – A community that wishes to take advantage of the Revitalization incentives of the CDBG program, must first submit a properly adopted Redevelopment Plan for the proposed area that meets the requirements of the Georgia Urban Redevelopment Act pursuant to O.C.G.A. 36-61-1 et seq. Such plan should include a map of the proposed Revitalization Area indicating that the area is composed of one or more Census Block Groups with a 20 percent or greater poverty rate.

Map Requirements: Applications must contain three copies of a map of the Revitalization Area. Such map must be prepared in accordance with the following minimum map standards and specifications.

Material

The map must be submitted in a rolled condition in a tube rather than folded and submitted in an envelope. The map shall display the coordinates of four or more map registration points along the boundary of the revitalization area. Such coordinates shall be expressed in latitude/longitude (degrees-minutes-seconds or decimal degrees). The map registration points should be evenly spaced (imprecisely) along the boundary of the Revitalization Area. The demarcation of the points shall be a tick mark (crosshairs).

Content

- (1) The map's extent shall clearly demonstrate the location of the area in relation to surrounding areas.
- (2) The map shall display and identify any local government boundaries within the map extent. Such boundaries shall be uniquely symbolized (i.e., type and thickness) and all jurisdictions shall be identified.
- (3) The map shall display and identify the Census Block Groups within the map extent. Such boundaries shall be uniquely symbolized (i.e., type and thickness).
- (4) The map shall display and identify the proposed boundaries of the Revitalization Area within the map extent. Such boundaries shall be uniquely symbolized (i.e., type and thickness).

Caption: The map shall have a title or name which shall be contained in the caption, and the caption shall also provide the minimum following information:

- (1) The county or municipal corporation, land district and land lot;
- (2) The date of map preparation;
- (3) The scale, stated and shown graphically;
- (4) The name, address, and telephone number of the preparer.

Strategy Plan Requirements:

1. Citizen Participation –Along with the area map and description submitted, the locality must provide evidence that a local citizen participation process was used that not only meets the requirements of 24 CFR 91.115 and 24 CFR 570.486 (a) but also demonstrates that local residents fully support the proposed strategy. Such evidence may include, but is not limited to, minutes or advertisements of public meetings, advisory committee lists and minutes, letters of support from participating organizations and signed petitions from area residents.
2. An Opportunity Zone designated pursuant to O.C.G.A. 48-7-40.1 (c.) (4) will generally be assumed to meet the Revitalization Area Threshold Criterion at Section H (1) and the Local Redevelopment Tools Criterion at Section H (2).
3. A DCA Revitalization Area designation is valid for three years at which time the sponsoring entity must reapply for designation with DCA. If the community desires to alter the boundaries of an approved Revitalization Area in the meantime, an amended map and any additional pertinent information must be submitted to DCA for approval.
4. Applications for designation must include an assessment of the economic conditions of the proposed area to include:
 - Taxable value of property for the most recent tax year available
 - Unemployment rate
 - Percentage of low- to moderate-income residents

- Number of business/occupational licenses issued
 - Number and value of building permits issued
 - Any other information deemed important to document economic conditions
5. Each year, designated Revitalization Area local governments must submit a performance report to DCA that includes the activities and projects undertaken in the area and information on the economic conditions of the revitalization strategy area that includes:
- Taxable value of property for the most recent tax year available
 - Unemployment rate
 - Percentage of low- to moderate-income residents
 - Number of business/occupational licenses issued
 - Number and value of building permits issued
 - Total number of jobs created
 - Number of low- to moderate-income jobs created
6. There is no limit to the number of revitalization areas a community may designate, although parcels within a single designated area must be contiguous.

Revitalization Area Strategies will be approved and bonus points assigned prior to the CDBG Annual Competition. Communities with approved strategies will be allowed to apply each year without waiting out a year for projects that are within the approved strategy area.

Final Ranking

The points received by each applicant on the rating factors will be totaled and the total scores ranked accordingly. Grant awards will be based on this final ranking to the extent funds are available. In case of ties, the applicant with the highest percentage of low- and moderate-income persons benefiting will be given priority.

Disposition of Applications

Grant commitments will be forwarded to local units of government whose applications are approved for funding. For the FFY 2005 Annual Competition, commitments should be announced approximately August 31, 2005.

Applicants whose programs are denied will be notified of the denial. Denied applicants have the right to appeal the denial. Appeals will be granted only on the basis of a miscalculation of numerical factors resulting in an error in score and in the final ranking. After the awards, the CDBG staff will review applications with local official's staff or their designee at the request of the certifying representative of the local government.

Pre-funding Site Visits

The Department of Community Affairs may make at least one unannounced site visit to applicants during the application review process. The purpose of the visits will be to verify information contained in the application and to compare similarly proposed projects.

Technical Assistance Policy

The Department of Community Affairs will provide technical assistance on request from the unit of local government. In addition to the Applicants' Workshop, a Recipients' Workshop will take place after grant commitments have been made that will explain all facets of program implementation.

Other workshops, more narrowly focused on specific topics such as contracts, financial management, acquisition, relocation, environmental review and housing may be sponsored by the Department from time to time.

Please note that although DCA staff can provide technical assistance in the form of guidance and information at the application stage, the staff cannot actually write application proposals for local governments. The annual CDBG process is competitive. Each application is ranked relative to the entire pool of applications. Any technical assistance provided by DCA staff does not guarantee project funding.

Making Your Application More Competitive

A few basic suggestions on improving competitiveness:

- ✓ Include letters from third parties that provide evidence and validation of need, such as letters from environmental health specialists, EPD consent orders/letters.
- ✓ Include letters from residents describing problem shown in application.
- ✓ Provide accurate and detailed photographs.
- ✓ Include reports from building inspectors on housing applications.
- ✓ Include news reports discussing problems shown in application, if available.
- ✓ Keep the focus on people by stating how the identified need impacts L/M income persons in the target area.
- ✓ Provide accurate and complete surveys with resident comments.
- ✓ Avoid low-density population target areas, unless an extremely high need exists.
- ✓ Attempt to keep cost per person low. (Utilize leverage funding, highly populated target areas, etc.)

Review Panel Outlook

The review process analyzes applications by comparing three primary areas: **strategy, impact and feasibility**. To improve an application's competitiveness, the items listed below, must be fully and clearly addressed.

Some of the basic components essential in addressing your project strategy are as follows:

- ✓ Accurately and clearly describe the problem and its severity.
- ✓ Document the need you describe.
- ✓ Be sure that the benefit number and cost per person is reasonable.

- ✓ The project must principally benefit L/M income persons and meet the 70% threshold.
- ✓ Consider alternatives and propose the most appropriate and cost effective alternative.
- ✓ With Buildings:
 - Is the proposed site accessible?
 - Is a new level of service being provided?
 - Who is the major beneficiary?
 - Is the proposed benefit number reasonable? (Project only unduplicated beneficiaries over the period of one year. For example, if a senior center has a meal program that is attended by 50 people a day Monday through Friday, the beneficiary count will be 50.)
 - Is there a similar building in the city/county?
 - Have potential environmental impacts including historic structures on site or in the vicinity, archeological sites, etc., been considered?
- ✓ Provide maps that support your project.
- ✓ Fully describe your application's impact on the need.

Some of the basic components essential to addressing program impact are as follows:

- ✓ How many people will benefit?
- ✓ What is the cost per person benefiting?
- ✓ How does the project impact on the benefiting population's quality of life, living environment or opportunities for economic advancement? Can you substantiate this in any way other than through a good narrative?
- ✓ Analyze the documented severity of need and the impact of the project on the identified need or problem.

Some of the basic components essential in addressing project feasibility are as follows:

- ✓ Make sure all activities are eligible.
- ✓ Has the National Objective been met? (Area Benefit or Limited Clientele) (70% or > L/M Income benefit)
- ✓ Has the benefit # and L/M Income % been accurately counted or reasonably estimated based on acceptable methodology?
- ✓ Have all additional sources of funding been confirmed? (Match, Leverage, etc.)
- ✓ Is evidence of conformance with the Comprehensive Plan and Service Delivery Strategy included in the application?
- ✓ Will property acquisition be needed? If so, provide reasonable estimates of the number of parcels needed, their costs and the proposed procedures for compliance with the Uniform Act.
- ✓ Address ongoing operation and maintenance of your proposed project.
- ✓ With buildings, are all funding sources (project and programs) confirmed?
- ✓ Who will operate and staff programs, are they committed?
- ✓ Are environmental or historical issues or concerns addressed?
- ✓ Will permits be required? Address all types of permits needed and indicate time required to secure permits. (Railroad, DOT, etc.)
- ✓ System Capacity. If additional water or sewer customers will be added, please address the current system's capability to add customers.
- ✓ Address utility relocation needs and costs.
- ✓ With Water and Sewer applications:
 - Address EPD requirements.
 - Address the need for household plumbing improvements.
 - Address the feasibility of plumbing improvements.
 - Address proper abandonment of wells/septic tanks.
 - Address house connections/reconnections.
- ✓ Make sure the project schedule is reasonable.

- ✓ Clearly address and disclose any conflict of interest issue.
- ✓ Insure that cost estimates are professionally prepared.
- ✓ Are unit costs reasonable?
- ✓ Be sure that architectural and engineering reports are signed and stamped by a certified professional.
- ✓ With Streets and Drainage projects:
 - Are design standards identified?
 - What is the standard?
 - Was a drainage study completed that includes downstream impact?

With Match and Leverage:

Provide amount, source, proposed use and evidence of commitment.

For all projects:

Clearly identify proposed administration fees.

Clearly identify proposed architectural and engineer fees.

Preliminary planning and engineering reports generally include, but are not limited to, the following:

- ✓ A description of the program, its alternatives and funding considerations and limitations
- ✓ Study parameters, planning and architectural/engineering approach
- ✓ A description of existing conditions and the project proposed
- ✓ Permits and interagency coordination
- ✓ Federal and state funding agency requirements
- ✓ A budget for the project and local funding (local cash, in-kind, etc.) requirements
- ✓ Phasing, if necessary
- ✓ Operation and maintenance concerns
- ✓ Milestones and timetables for completion
- ✓ A description of engineering services required and the probable cost for those services
- ✓ The signature, seal and professional registration number of the professional preparing the report

Part III: INSTRUCTIONS FOR COMPLETING APPLICATION FORMS

Note that all required forms are available at the DCA web site and should be accessed from that site.

http://www.dca.state.ga.us/grants/cdbg_forms.html

Form DCA-1 Application Summary

Please complete DCA 1 in the following manner:

- ◆ **Items 1, 2, & 3:** Enter name, official mailing address, telephone number and area code of the city or county that is making application. If this is a joint or regional application, the lead applicant's name should be entered.
- ◆ **Item 4:** Enter the name of the county, even if the legal or lead applicant is a city.
- ◆ **Items 5 & 6:** Enter the State House and Senate district(s) of the locality. **Please make sure that the information given is up to date and correct!**
- ◆ **Items 7, 8, 9 & 10:** Enter the name of the agency that will actually administer and implement the program, if known at time of application.
- ◆ **Items 11, 12 & 13:** Enter the name of the person responsible for preparation of the application. This person may be contacted during the review process to answer direct questions or to provide additional information regarding the application.
- ◆ **Item 14:** Briefly title the program (e.g. "Mill Village Redevelopment Project", etc.) and provide a brief description of project activities. Please include all activities and briefly quantify. A needs description is not necessary in this place. An example of a "brief title and description" might be:

"Mill Village Redevelopment Project - 14 units to be rehabilitated. 8 parcels and 5 structures to be acquired. 4 families to be relocated. 5 structures to be demolished. 1,600 LF drainage improvements. 5 streets reconstructed, together with 2,400 LF of water line and 1,500 LF of sanitary sewer improvements. 150 persons will benefit."

Most descriptions, however, will describe only one activity and can be very brief.

- ◆ **Items 15, 16, 17, & 18:** Please check the appropriate box. If this is a joint or regional submission, attach a copy of a properly executed cooperating agreement between all parties to the application. Refer to Part I of this manual for further instructions about preparing Joint or Regional Applications.
- ◆ **Item 19:** DCA staff may conduct an unscheduled visit to the project site on applications that may be funded. Maps should be designed clearly and accurately so that this site visit team can locate the proposed target area and identify existing conditions and all activities. If an architectural project is proposed, show the existing building site and any new building site.
- ◆ **Items 20 & 21:** Enter the number of months that you anticipate implementation will require, together with beginning and ending dates for the program. Anticipate an

October 1, 2005 start date. **Note that CDBG regulations require completion of all projects within 24-months.**

- ◆ **Item 22:** Enter amount of CDBG funds requested. These amounts must match line 18 of form DCA-7.
- ◆ **Item 23:** Check box to indicate application type.
- ◆ **Items 24 & 25:** Application must be executed by chief elected official or other person authorized by resolution to submit the application. Attach resolution.

Form DCA-2: Proposed Accomplishments

The purpose of this form is to provide a quantified summary of the accomplishments proposed by the applicant to be undertaken with CDBG funds. Note that a similar form will be used at project completion to collect data on actual accomplishments. Be sure to make an entry for all proposed CDBG funded activities.

- ◆ **Header:** Indicate the name of the jurisdiction for which the application has been prepared. Check whether this is an Original Application form or an Amended form. Include date of amendment if applicable. DCA will write in the project number if funded. This number should be included on any amended forms.
- ◆ **Activity and Measure Columns:** The column labeled "Activity" is a list of various possible CDBG funded activities. The column labeled "Measure" is the corresponding units of measurement used to quantify proposed accomplishments.

The only entry to these two columns by an Applicant or Recipient would be to enter the type of building (example: Senior Center, Head Start Center, etc.) or the type of "Other Public Facility" (example: Sidewalks, Gas Lines, etc.) if these types of activities are proposed.

- ◆ **Proposed Accomplishments Column:** Here the applicant must enter the actual data corresponding to each CDBG funded activity and the corresponding measure. For example, if an applicant proposes to acquire 4 structures, 5 easement parcels, and dispose of 1 parcel, *the following entry would be made:*

<u>Activity</u>	<u>Measure</u>	<u>Accomplishments</u>
Acquisition, Disposition	# structures	4
	# parcels	5/1

- ◆ **Note:** See instructions for DCA-6 for detailed information on counting persons to benefit.

Form DCA-3 Community-wide Needs Assessment

This form is no longer required.

Form DCA-4: Description of Needs to be Addressed

This form asks you to describe the needs being addressed by your grant request. The next form, DCA-5, is where you describe how those needs will be addressed through the activities funded by the grant. Please keep this distinction in mind when filling out these two forms.

- ◆ For single-activity applicants, describe the specific needs around which the program is designed within one of the following three problem areas:
 - ✓ Housing
 - ✓ Public Facilities
 - ✓ Economic Development

- ◆ For multi-activity applicants, describe the community development needs (i.e., housing, public facilities, economic development) which have been identified. In order to be competitive, all existing conditions of the proposed multi-activity target area should be described including but not limited to: housing conditions, street, drainage, water system, sewer system, etc. Need for improvement of the existing conditions should be noted and addressed in DCA 5. Identified needs not met under the program (if any) should be explained.

Form DCA-5: Description of Activities

- ◆ **Header:** Indicate the name of the jurisdiction for which the application has been prepared. Check whether this is an Original Application form or an Amended form. Include date of amendment if applicable. DCA will write in the project number if funded. This number should be included on any amended forms.
- ◆ Do not repeat information included on form DCA-4. Describe in detail each activity, identifying each activity by name and number, to be undertaken with CDBG funds. This description should be specific and provide sufficient detail concerning the nature, scope, location and purpose of activities and how they are designed in accordance with applicable law, regulation and how they relate to each other.
- ◆ Housing activities should include descriptions (narrative and photographic) for each unit proposed, including estimates of activity cost (by housing unit) as well as the basis for determining cost. Descriptions of units should illustrate problems in each unit in sufficient detail to justify projected costs.

Note: When preparing cost estimates keep in mind that the work under the program, if it is funded, may occur as far as 30 months after submission of the grant application. All housing activities are subject to the “20% Rule” that requires PRIOR DCA approval to exceed the application cost estimate by more than 20% (including change orders).

- ◆ Applicants proposing housing rehabilitation or reconstruction must complete a Financial Plan (See Appendix H) that summarizes proposed activities. The Plan must be attached to DCA-5

Note: Rehabilitation of units built prior to 1978 are required to conform to HUD Regulations 24 CFR Part 35.

- ◆ Applicants are instructed to list administration as the last activity. No description is necessary for contingencies. Architectural design or engineering, and related activities

should be considered as a component of each activity and not as a part of the program's administrative costs. Please refer to the description of eligible activities in Part I of this manual and/or contact DCA staff for further guidance.

- ◆ DCA will consider activity line item (not administrative) budget requests for “extraordinary compliance or administrative measures” when the applicant can demonstrate that administrative allowances are insufficient to adequately compensate for costs such as archeological surveys, archival photographs or other unforeseen costs of complying with the Programmatic Agreement on Historic Preservation, environmental impact statements, etc., or other compliance or administrative measures necessary due to a high number of complex and complicated cases relative to property that must be acquired in order for the project to proceed.
- ◆ Applicants should be aware that DCA may request reviewing comments from State, Federal and other agencies involved financially or with any other interest in the proposed project. Any comment with significant adverse impact upon project feasibility or strategy may reduce the score. Applicants may choose, therefore, to solicit reviewing agency comments at the outset, and, as necessary, incorporate reviewing comments into application narratives, engineering reports, etc., prior to application submission.
- ◆ Applicants are further advised to discuss the impact proposed activities will have upon the needs identified in DCA-4. Applicants are encouraged to meet 100% of the needs identified in form DCA-4. Multi-activity applicants should also describe how activities will interrelate.

Applicants should also include a project implementation schedule with Form DCA-5.

The following example is included for guidance.

<i>Activity</i>	<i>Initiate</i>	<i>Completion date</i>
Award	N/A	October 2005
Complete environmental, flood plain & historic assm't. etc.	December 2005	January 2005
Design water system	December 2005	April 2006
Acquisition titles & plats for easements	December 2005	February 2006
Design approvals	May 2005	June 2005
Bidding	July 2005	August 2005
Award and Construction	September 2005	March 2006
Housing rehabilitation policy	December 2005	January 2006
Applications and rehabilitation	February 2005	March 2006
Easement acquisition	January 2005	April 2006

Initiate & complete close-out

April 2006

June 2006

Conformance with the **Georgia Planning Act**: One of the review factors considered as a project strategy question is the conformance of the proposal with the locally adopted Comprehensive Plan, as approved by DCA. In order to demonstrate conformance, applicants should discuss on Form DCA-5 how the proposal conforms to the Plan, including citations or quotes from pertinent pages of the Plan.

In addition, state law requires that all projects funded demonstrate that the project is not inconsistent with the community's adopted **Service Delivery Strategy (House Bill 489)**. The appropriate citation of the Strategy along with any attachments and service area maps should be included in the application, along with a signed Certification that the project is not inconsistent with the Strategy. If the project is not covered by the adopted Strategy, a statement to that effect should be included in the Certification.

Additional Instructions on DCA-5 and Competitiveness

It is important that all potential feasibility problems are addressed to ensure that your application is competitive. For instance, if an activity will require land, it must be clear in the narrative whether the land is already owned or not (or optioned), who has the title to it, and who will retain title after the activity is complete. If it is not owned, the cost of appraisals, legal fees, etc., should be considered and budgeted for. All potential feasibility problems cannot possibly be listed in this manual. Since feasibility problems will vary from project to project, it is critical that the application address each of them as they potentially relate to your project in order to remain fully competitive.

Applicants are further reminded that proposed projects compete heavily (330 out of 480 total points) on program strategy, impact and feasibility. **For this reason, applicants should supplement funding requests with engineering reports, historic assessments, market studies, etc., in order to adequately and thoroughly address feasibility, impact and strategy questions.** For example, if the historic assessment is conducted at the outset of the project, program design and cost estimates can then be based upon results of the assessment. Engineering reports also address many concerns.

Preliminary planning and engineering reports generally include, but are not limited to, the following:

- ✓ A description of the program, its alternatives and funding considerations and limitations;
- ✓ Study parameters, planning and architectural/engineering approach;
- ✓ A description of existing conditions and the project proposed;
- ✓ Permits and interagency coordination;
- ✓ Federal and state funding agency requirements;
- ✓ A budget for the project and local funding (local cash, in-kind, etc.) requirements;
- ✓ Phasing, if necessary;
- ✓ Operation and maintenance concerns;
- ✓ Milestones and timetables for completion;
- ✓ A description of engineering services required and the probable cost for those services; and
- ✓ The signature, seal and professional registration number of the professional preparing the report.

◆ Applicants proposing housing or reconstruction must complete a Financial Plan (see Appendix H), that summarizes proposed activities. The Plan must be attached to DCA-5.

◆ Remember that similar projects will be compared against each other and rated on strategy, impact

and feasibility. Applicants are encouraged to invest adequate time and resources to increase the chances that their community's application will compare favorably.

Form DCA-6: Low/Moderate Income Benefit and Civil Rights Data Calculation

Under the CDBG program, applications are required to have at least a 70% benefit to low and moderate-income persons (51% for economic development) for each activity (administrative and contingency budgets are excluded). Income limits are included in this manual as Appendix B. The applicant is also advised to refer to Part I of this manual for the definition of "low and moderate income". In addition, data must be provided to demonstrate compliance with applicable civil rights statutes. Appendix C, "Guide to Acceptable Survey Methodology", includes a sample of an income survey form applicants may consider using.

Each step of the calculation is described below. Applicants must use Form DCA-6 for display of the information.

- ◆ In column 1 list each CDBG funded activity number. Do not include administration or contingency. If the same activity will be implemented in different areas of the community, provide a separate line for each component (i.e., Area 1 and Area 2). See Note on Activity Numbering System preceding the forms, and the numbering scheme on DCA-7.
- ◆ In column 2 show the total number of persons that the activity will serve.
- ◆ In column 3 provide the total number of minorities who will be served by the activity. "Minority" is defined as any non-white (including Hispanic) person.
- ◆ In column 4 provide the total number of non-minority persons who will be served by the activity. A "non-minority" is defined as a white person. The sum of columns 3 and 4 should equal column 2.
- ◆ In column 5 show the number of low- and moderate-income persons that the activity will serve.
- ◆ In column 6, divide column 5 by column 2 to show the percent of low- and moderate-income persons that the activity will serve.
- ◆ In column 7 show the amount of CDBG funds requested for the activity.
- ◆ In column 8 multiply column 7 by column 6 to show the amount of the funds for the activity that will be used to benefit low- and moderate-income persons.
- ◆ At the bottom of column 7 show the total amount of funds requested by adding up the amounts for each activity.
- ◆ At the bottom of column 8 show the total amount of funds that will benefit low- and moderate-income persons by adding up the amount of funds to benefit low- and moderate-income persons for each activity.
- ◆ In box 9 determine the overall benefit to low- and moderate-income persons by dividing the total of column 8 by the total of column 7 and enter the percent in the "Total Benefit".
- ◆ Describe the methodology used to determine the number of minorities/ non- minorities and the number of low and moderate-income persons to be served by each activity. Attach additional sheets if needed and include a copy of any survey form used to determine benefit.

Applications may be considered ineligible for competition without a complete, appropriate and acceptable description of the method used.

In the case of public buildings in which a service is provided, list the actual total number of persons using the service and the number who are low and moderate income. **Do not provide the number of visits to the facility.** Then list the additional number of persons to be served and the number of these who are low and moderate income (if applicable).

Also for public buildings, provide the source of the information and indicate how low and moderate income status is documented. Note that for certain "limited clientele" buildings, L/M income status is generally presumed to be 100%. This includes elderly persons, handicapped persons, abused children and certain other groups. Contact DCA for guidance if needed.

For certain other public buildings, including health centers, information on family size and income of center users **must** be available to document low- and moderate-income benefit.

When a survey is used to determine the number of persons benefiting and their income status, the following information at a minimum must also be provided in the methodology section of DCA-6:

- ✓ # of families in the target area (geographic area of benefit)
- ✓ # of families interviewed
- ✓ # of persons living in the families interviewed (minority vs. non-minority)
- ✓ # of low and moderate income families interviewed
- ✓ # of persons living in the low and moderate income families interviewed
- ✓ # of families interviewed in which the income was above the low and moderate income levels
- ✓ # of persons living in the families in which the income was above the low and moderate income levels
- ✓ Description of how the sample (if any) was selected and how the total number of families in the target area was determined. To be a valid sample survey the sample must be a "random sample" chosen using an acceptable methodology. Please use DCA's "Acceptable Survey Methodology" publication for guidance in this area.
- ✓ Description of how the survey was completed, including who did the interviews, when they were completed (time and day) and other details.
- ✓ **A copy of the actual survey form used must be provided.**

Form DCA-7: Budget Summary

- ◆ **Part A** of this form should include an assessment of CDBG funds budgeted for the project. Please review the Eligible Activities section in Part I of this manual for guidance on budgeting within appropriate line items. It is also important that each activity budget on form DCA-7 be consistent with activity and cost summaries outlined on forms DCA-5 (activities summary) and DCA-8 (budget analysis).
- ✓ In column (a), enter the amount allocated for each type of activity being undertaken to deal with housing need(s) funded by CHIP, if any;
- ✓ In column (b), enter the amount allocated for each type of activity being undertaken to deal with housing need(s) funded by CDBG, if any.
- ✓ In column (c), enter the amount allocated for each type of activity being undertaken to deal with public facility need(s), if any.
- ✓ In column (d), enter the amount allocated for each type of activity being undertaken to deal with economic development need(s), if any.
- ✓ In column (e), enter the sum of amounts shown in columns (a), (b), (c), and (d) for each type of activity listed.

- ✓ Please refer to the Eligible Activities section in Part I, Appendix A, and Appendix G, for assistance in determining the eligibility of specific activities.
- ✓ General Administration (line 52) - Enter the eligible CDBG costs of general administration on line 52. **Do not include** Project Delivery Costs with administrative costs on line 52. These costs are to be included with line item costs for activities that are eligible for PDC's.
- ✓ Contingencies may not exceed 10% of the grant amount shown in Part A, Line 18.
- ◆ **Part B** of this form is used to identify the total funds available (cash only, in-kind contributions may be shown at the bottom of form DCA-8) to complete the program.
 - ✓ Line 1: Enter the CDBG grant requested from DCA.
 - ✓ Line 2: Refers to CHIP grants.
 - ✓ Line 3: Enter the amount of program income expected to be received (if any) and applied to program activity costs. This would include any income received from previous CDBG projects that is not reserved, by DCA approved local policy, for economic development activities.
 - ✓ Line 4: Enter the amount of other Federal grants or loans, such as Rural Development or ARC funds which will be provided in support of the program. Provide documentation of commitment from Federal agency whenever possible to enhance competitiveness and for calculation of the leverage score.
 - ✓ Line 5: Enter the amount of local funds to be provided by the applicant (including required match amount) in support of the program. Provide documentation of commitment.
 - ✓ Line 6: Enter the amount of other State funds to be provided in support of the program. Provide documentation of commitment from State agency whenever possible to enhance competitiveness and for calculation of the leverage score.
 - ✓ Line 7: Enter and identify private lender contributions or commitments
 - ✓ Line 8: Enter and identify other funds, such as private commitments in support of the program. Provide documentation of private commitment to enhance competitiveness and for calculation of the leverage score.

Form DCA-8: Budget Analysis**◆ General Information**

The purpose of this form is to allow applicants to describe, in detail, the resources available, or to be made available, for each activity. Applicants are encouraged to provide sufficient quantifiable data and to describe supporting efforts for the proposed program. Form DCA-8 should be backed-up by credible estimates of program cost prepared by individuals and agencies qualified to provide them.

Note that a **cash match** contribution is required of all projects except for CDBG single-activity housing applications as follows: a) 0% for amounts up to \$300,000 in CDBG funds; b) 5% for amounts from \$300,001 to \$500,000 in CDBG funds; c) 10% of amounts from \$500,001 to \$800,000 in CDBG funds.

The minimum required cash match to receive a \$500,000 grant would therefore be \$10,000, and to receive an \$800,000 grant would be \$40,000. The first \$300,000 is always match free. Although the match must be a cash match and cannot consist of in-kind services, its source can be local public funds, other state or federal funds, or private investments or contributions. Whatever the source, it must be evidenced by a firm written commitment to be counted as match (either a resolution or letter).

Match funds cannot be used for administration or contingency costs.

Finally, please note that DCA will consider "leveraging" of other funds and resources, over and above the required minimum cash match, when reviewing each application. This consideration may also extend to documented fees paid for planning and preliminary engineering services specific to the CDBG project prior to application submission. A separate letter must be included documenting any funds/services to be included as leverage.

Line item instructions

- ✓ In **column 1**, list the activity name and number.
- ✓ In **column 2**, briefly itemize CDBG funds allocated for each activity, consistent with Section A of the Budget Summary (Form DCA-7). These brief summaries can reference additional detail that may be included in architectural or engineering reports and attached to the application. The purpose of this form is to allow a review panel to compare unit costs. Be sure to provide units and costs (i.e., "construct 5,000 SF health center @ \$75 SF -- total cost: \$375,000).

Housing applications including rehabilitation activities for units constructed prior to 1978 should budget an additional 25% of the total estimated rehabilitation cost for each unit to be used to fund compliance with lead-based paint regulations.

Sufficient detail should be provided in this column to support proposed engineering and inspection fees. Such data should include detail on proposed services, as well as estimated fees for design services, conferences, travel, resident and periodic inspections, tests, surveys, printing and reproduction, additional services, etc. Please refer to Part I of this manual that addresses Limitations on Administrative and Professional Fees.

Preliminary (pre-award) fees are not reimbursable. CDBG funds may not be allowed for total proposed engineering fees if sufficient justification is not provided. Documented pre-award fees paid for planning and legitimate preliminary engineering services (in-depth and well-documented studies, etc.) specific to the CDBG project may be shown as leverage in **column 5**. Fees paid for the preparation of an application are not eligible as leverage.

- ✓ In **column 3** reference the CDBG cost, if any, for each item shown in column 2. If the item in column 2 will not be paid for with CDBG funds, indicate by placing a -0- in column 3.
- ✓ In **column 4** reference the CHIP cost, if any, for each item shown in column 2. If the item in column 2 will not be paid for with CHIP funds, indicate by placing a -0- in column 4.
- ✓ In **column 5** show the amount of "other funds" (not CDBG or CHIP) that will be used to pay for itemized costs. The amount and source of these funds should be identified. For competitive reasons, applicants are encouraged to obtain credible estimates for all costs. Examples of "other funds" could be: a) local government, b) federal agency, c) private sector, d) program income or e) state agency.
- ✓ In **column 6**, enter the total amount of funds available to carry out the proposed activity. On each page of DCA-8 use **block 7** to subtotal columns 4, 5 and 6. On the final page, use block 7 to total all pages.
- ✓ For leverage contributions or other actions in support of the project, please use **block 8** (the space at the bottom of form DCA-8). Be specific. This is where the required match (if not shown in column 5) and additional leverage, if applicable, should be clearly indicated. Attach clear commitment from appropriate agencies. Examples could be code enforcement, or other applicant in-kind efforts. Be sure to be specific in this description.

The following is an example of how form DCA-8 may be completed:

1 <u>Name/Number</u>	2 <u>Itemized Unit Cost</u>	3 <u>CDBG Funds</u>	4 <u>CHIP Funds</u>	5 <u>Other Funds</u>	6 <u>Total</u>
A-03j-01 Waterlines	Construction	\$300,000 (see Eng. Report)		\$10,000 (Local Cash)	\$310,000
	Engineering and inspection, etc. (See Eng. Report)	\$30,000		-0-	\$30,000
	Administration & Audit	\$13,000		-0-	\$13,000
	Resurfacing at culvert locations by DOT (see DOT letter)	-0-		\$10,000 GA DOT	\$10,000

7. Totals	\$343,000	-0-	\$20,000	\$363,000
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8. **Other supporting efforts:** The City of Any Town will use its crews to perform fine grading and grassing, right of way restoration, clean-up, etc. This cost is estimated at \$10,000. Please see attached letter.

Form DCA-9: Environmental Review Checklist

Note: This form is self-explanatory.

Form DCA-10: Certified Assurances

Note: This form is self-explanatory. Be sure to attach a description of any possible conflict of interest situation

Form DCA-11: Cooperating Agreement

Note: This form is self-explanatory.

Form DCA-12: Maps

Applicants must submit map(s) that are clearly legible and will enable DCA staff to find the proposed activity site(s) without local assistance during a site visit.

All map(s) must include a scale, north arrow and legend. More than one scale of map may be used to show detail but both scale(s) must be indicated on the respective maps. The larger community-wide map should indicate the boundary of the area represented by the more detailed map. More than one type of requested information can be included on the map if it is clearly legible. A legend must be included to indicate what different colors or patterns represent.

Maps must, at a minimum, include the following information:

- ◆ Project activity location(s). For housing and multi-activity projects this includes all existing conditions described on Form DCA-4 and proposed improvements identified on Form DCA-5 (i.e., house-by-house analysis of renter/owner, occupied/vacant, standard/deteriorated /dilapidated, acquisition/relocation/demolition, conventionally-built/manufactured homes, lot sizes, etc.).
- ◆ For public facility activities show the locations of facilities proposed, together with the location(s) of facilities to be replaced. For centers, show existing and proposed locations;
- ◆ Project activity service area(s);
- ◆ Location of areas of concentration of low and moderate income persons, including number and percentage of these persons, if available;

- ◆ Locations of areas of concentrations of minorities, including number and percentage, if available; and
- ◆ Location of areas of concentration of substandard and deteriorated housing, including number and percentage, if available.

If the community has low- and moderate-income persons, substandard housing units and/or minority people dispersed throughout the community, indicate this on the map's legend; and 1) display the location of the proposed activity(s) and its service area; 2) indicate the numbers and percent of L/M income families, minorities and substandard housing located within the jurisdiction making application; and 3) provide the same data for the CDBG service area(s). Any required information excluded from required maps may lead to a reduction in the strategy score.

Form DCA-13: CDBG Disclosure Report

All applicants must complete and submit Parts I and II of the Disclosure Report. At the completion of Part II of the report, some applicants will find that they must complete Parts III, IV, V and VI of the Report.

Part I requires the applicant's name, address, phone number; indication as to whether this is an initial report or an update; the amount of CDBG funds being requested; the amount of any CDBG program income that will be used with the CDBG grant; and the total amount of CDBG assistance.

Part II asks two questions. If the answer to both questions is "no," the applicant must provide the certification at the end of Part II but is not required to complete the remainder of the report. If the answer to either question is "yes" then the applicant must complete the remainder of the Report.

Part III requires information on any other Federal, State and/or local assistance that is to be used in conjunction with the CDBG project.

Part IV requires the identification of interested parties. Interested parties are persons and entities with a reportable financial interest in the project. If an entity (such as a corporation, partnership, etc.) is being disclosed, the disclosure in Part IV must include an identification of each officer, director, principal stockholder or other official of the entity. Please indicate if the person or entity is a "sole proprietorship." All consultants, developers or contractors involved in the application for CDBG assistance, or in the planning, development or implementation of the project, must be identified as an interested party. Also, any other person or entity that has a pecuniary interest in the project that exceeds \$50,000 or 10 percent of the CDBG assistance, whichever is lower, must be listed as an interested party. Pecuniary interest means any financial involvement in the project, including (but not limited to) situations in which a person or entity has an equity interest in the project, shares in any profit on resale or any distribution of surplus cash or other assets of the project or receives compensation for any goods or services provided in connection with the project. (The following are not considered interested parties: local CDBG administrative staff, recipients of housing assistance, and rehabilitation contractors as long as the rehabilitation agreement is between the property owner and the contractor.)

Part V requires applicants to identify the sources and uses of all funds to be used in conjunction with the CDBG funded project. The sources and uses must include all the other assistance identified in Part III as well as the CDBG funds identified in Part I, items 3a, and 3b).

Part VI requires the certification of the Chief Elected Official.

PART IV: APPLICATION FORMS

Index to Forms

Form	Title	Page
N/A	Note on Activity Numbering System	45
DCA-1	Application Summary	DCA-1
DCA-2	Summary of Proposed Accomplishments	DCA-2
DCA-4	Description of Needs to be Addressed	DCA-4
DCA-5	Description of Activities	DCA-5
DCA-6	Low- and Moderate-Income Benefit and Civil Rights Data Calculation	DCA-6
DCA-7	Budget Summary	DCA-7
DCA-8	Budget Analysis	DCA-8
DCA-9	Environmental Review Information	DCA-9
DCA-10	Certified Assurances	DCA-10
DCA-11	Cooperating Agreement	DCA-11
DCA-12	Map(s)	DCA-12
DCA-13	CDBG Disclosure Report	DCA-13
DCA-14	Application for Revitalization Strategy Approval 2005	DCA-14

Note on Activity Numbering System

The activity number is used in this application on the Description of Activities (DCA-5), Low- and Moderate-Income Benefit and Civil Rights Data Calculation (DCA-6), the Budget Summary (DCA-7), and the Budget Analysis (DCA-8). In all instances, the activity should be referred to both by the activity number and activity name, as it appears on the Budget Summary (DCA-7).

The activity number system has two components:

- The prefixes indicate the purpose of the activity as follows:
 - A = Administration
 - C = Contingencies
 - E = Economic Development
 - H = Housing
 - P = Public Facility
- The second component is the budget code. The codes can be found on the Budget Summary Form (DCA-7). Every code is comprised of three (3) alpha or numeric characters followed by a hyphen and then two (2) additional numeric characters. This code indicates the type of activity.

For example:

- P-001-00 = Acquisition of Property for a Public Facility
- H-001-00 = Acquisition of Property for Housing
- A-21A-00 = Grant Administration
- C-022-00 = Contingencies