

# CDBG/HOME Allocation and Recommendation Procedures

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

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

## **Important Definitions/Acronyms**

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

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

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

*CDD – Community Development Division* – The City of Lawrence's division charged with the administration of the CDBG and HOME grants. CDD is housed in Planning and Development Services.

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

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

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

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

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

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

## **HOME grant specifics**

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

The HOME grant will be distributed in the following manner:

1. Administration of grant program:

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

AHAB Recommendation guidelines (remaining funds):

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

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

## CDBG grant specifics

CFDA 14.218

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

CDBG will be distributed in the following manner:

1. Administration of grant program:

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

2. Public Services:

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

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

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

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

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

## Funding priorities

Since 1997, the CDBG/HOME funding decisions for the City of Lawrence have been guided by the Step Up to Better Housing Strategy (updated 2010). This document has been critical in identifying spending goals and priorities associated with CDBG/HOME funding on an annual basis. The change in funding recommendation

procedures provides an opportunity to reevaluate the strategy and better align with current priorities within the community.

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

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

## **Calendar**

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

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

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

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

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

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

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

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

July 31 – Program Year ends

August 1 – Program Year begins

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

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

October 31 – CAPER due to HUD.

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

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

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

The application period will be open for 45 days. During the beginning of the application period, CDD staff will host two applicant meetings, one in the evening hours and one in the daytime hours. This meeting will be required for any potential applicant for either CDBG or HOME funding, and the potential applicant will only be required to attend one of the meetings. If a potential applicant cannot attend either meeting due to scheduling conflicts, CDD staff will meet with them individually. The purpose of this meeting is to ensure that the applicant understands how the application needs to be completed, what attachments are needed for submittal, and to ensure that their application is eligible and meets a HUD-defined national objective (if applicable). In addition, staff will go over the scoring matrix with the potential applicants.

2. Applications are due to CDD staff in late February after the 45 days has passed. After receiving the applications, CDD staff will review them for completeness, eligibility, and meeting a HUD-defined national objective (if applicable). If additional information is needed or if an application does not meet the requirements, the applicant representative listed as the contact person for the organization will be e-mailed as soon as possible regarding the issue.

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

- a. The HOME applications will be submitted to the AHAB for review. The AHAB will be given a minimum of two weeks to review and score the applications prior to their March meeting. The applicants will be notified as to the date of the meeting and will be given the opportunity to attend in case there are any questions from the board. It will be the expectation that the AHAB will make their recommendations for funding at their March meeting.
  - b. The CDBG applications will be reviewed by a group of city staff composed of the CDD Manager, the CDD Program Analyst, a representative of the City Manager's office, and a representative from the city's Finance Department. The review team will have a minimum of two weeks to review and score the applications prior to a meeting that will be set for the end of March. It will be the expectation that the review team will make their recommendations for funding by the end of March.
3. At the 3<sup>rd</sup> City Commission meeting in April (\*) the final funding recommendations will be presented to the City Commission as a regular

agenda item. The City Commission will hold a public hearing (HUD requirement) regarding the allocation recommendations. Applicants and the general public are able to speak to the funding recommendations at this hearing. The Consolidated Plan/Annual Action Plan will be released and made available for public comment. This public comment period will be open for 30 days. (HUD requirement). Staff will move forward with the recommendations if appropriate.

*\*if the meeting is cancelled, staff will adjust the calendar accordingly.*

4. At the 3<sup>rd</sup> City Commission meeting in May (\*) the final funding recommendations and the Consolidated Plan/Annual Action Plan (including all public comments received) will be placed on the consent agenda for adoption by the Commission. The City Clerk will have the signature pages for the Mayor to sign upon adoption.

*\*if the meeting is cancelled, staff will adjust the calendar accordingly.*

5. The adopted Consolidated Plan/Annual Action Plan and final funding allocation is due to HUD no later than June 15.
6. The CDBG/HOME program year begins on August 1 and ends on July 31
7. In November/December, CDD staff will reaffirm the funding priorities for the ensuing grant program year with the City Commission. The application cycle utilizing these priorities will begin in early January.