Cumberland County, North Carolina
Community Development Department

2010 CDBG FUNDING GUIDELINES

County and Other Eligible Applicants:
* Units of Local Government
* Public Agencies
* Public and Private Non-Profit Agencies

Service Area:
Towns of Eastover, Falcon, Godwin, Hope Mills, Linden, Spring Lake, Stedman, Wade and the unincorporated areas of Cumberland County

Grant Period: July 1, 2010 – June 30, 2011

Types of Funding Available: Public Service Grant

I. INTRODUCTION

Community Development Block Grants (CDBG) - -

These guidelines provide background and application process information on the Public Services and Public Facility Programs, which are funded with Community Development Block Grant (CDBG) funds. CDBG funds received by Cumberland County, North Carolina are for use within the County's geographic jurisdiction, which includes the Towns of Falcon, Godwin, Hope Mills, Spring Lake, Stedman, Wade and the unincorporated areas of Cumberland County. These federal funds are an annual entitlement received from the U.S. Department of Housing and Urban Development. Funds are to benefit low and moderate-income persons /areas or eliminate slum and blighting conditions.

Cumberland County, through its Citizen Participation process, has developed a Consolidated Plan that lists local housing and non-housing community development priority needs. Cumberland County uses its CDBG funds to further its community development efforts and meet identified priority needs. Priority needs identified in previous years include:

- affordable housing
- economic self-sufficiency through job creation
- services for disabled persons
- housing and services for the homeless
- street/sidewalk improvements
- water/sewer improvements
- parks/recreational facilities
- transportation services
- youth services
- senior services
- mental health services
- health care services.

A more detailed and expansive listing of Cumberland County Community Development's goals and objectives to meet the priority needs identified above can be found in the County's Consolidated Plan, 2005-2009. The Consolidated Plan is an important strategic document that guides the County's funding and programming decisions. You may view a copy of the Consolidated Plan at the Cumberland County Community Development Office, 245 Person Street, 2nd Floor, Fayetteville, NC or on the Community Development website at http://www.co.cumberland.nc.us/community_dev.aspx. Please note that Cumberland County is in the process of updating its Consolidated Plan for the next 5 year planning period, 2010 – 2015. Priority will be given to those projects that address priority needs identified through the 2010 consolidated planning process.

CDBG funding cannot replace local funding of low-income activities, but is meant to supplement that funding. Cumberland County will not reimburse costs involved in applying for CDBG funding.

II. PROJECT REQUIREMENTS

National objectives requirement

An activity (or project) must meet one of three National Objectives:

-Benefit to Low and Moderate Income Persons; OR
-Prevention or Elimination of Slums or Blighted areas as pre-approved by HUD; OR
-Other Urgent Needs (as in a national disaster declared by the President or state declared disaster).

1. <u>Benefit to Low and Moderate Income Persons</u>

Activities benefiting low and moderate-income persons (meeting HUD's income criteria) will be considered to benefit low and moderate-income persons. Please reference CDBG regulations 570.209 for more detailed information, as this is a brief summary.

a. <u>Area Benefit Activities (LMA) - Map and L/M Census Data Attached</u>

- Available to all residents of the particular area - delineate boundaries of service area; and
- At least 51% of the residents of the particular area are low and moderate income persons using officially recognized data, such as attached HUD Census Data; and

- Particular area is primarily residential in character.

b. Limited Clientele Activities (LMC)

Benefits a limited clientele, at least 51% of whom are low or moderate-income persons. To qualify under this requirement, the activity must meet one of the following:

- The following groups are presumed by HUD to be principally low and moderate income persons such as; 1) abused children; 2) battered spouses; 3) elderly persons; 4) handicapped adults; 5) homeless persons; 6) illiterate persons; 7) migrant farm workers; OR
- The activity requires information on family size and income to document that at least 51% of clientele are persons whose family income does not exceed **HUD's low and moderate income criteri**a; OR
- The activity has income eligibility requirements which limit the activity exclusively to low and moderate income persons; OR
- Be of such a nature and be in such location that it may be concluded that the activity's clientele will primarily be low and moderate-income persons.

2. Prevention or Elimination of Slum or Blight

A slum/blight survey must be completed, adopted locally, approved by Cumberland County and HUD before any activities are undertaken under this National Objective. Please contact Cumberland County Community Development for more details.

3. Other Urgent Needs (URG)

Activities determined to meet a community development need, having a particular urgency (declared a national emergency) must document:

- The nature and degree of seriousness of the condition requiring assistance;
- Evidence that the recipient certified that the CDBG activity was designed to address the urgent need;
- Information on the timing of the development of the serious condition; and
- Evidence confirming that other financial resources to alleviate the needs were not available.

Definitions

Reference section 570.3 of CDBG regulations for additional definitions.

Low-income family - is defined as a family whose income does not exceed 80 percent of area median family income (MFI). (In CDBG program operations this category was referred to as "**moderate income**".)

Very low-income family - is defined as a family whose income does not exceed 50% of the area median family income (MFI). (In CDBG program operations this category was included as "**low income**".)

Extremely low-income family - is a newly created term to address the homeless population or those at risk at becoming homeless. It is defined as a family whose income does not exceed 30% of area median family income (MFI). (In CDBG program operations this category was included as "**low income**".)

Urban County Area - The Cumberland County urban county entitlement area includes: unincorporated areas of Cumberland County and the Towns of Falcon, Godwin, Hope Mills, Linden, Spring Lake, Stedman, and Wade.

Program Income - For the purposes of the CDBG program, program income means gross income that is received by either a recipient or subrecipient and has been directly generated from the use of CDBG funds. For those program income-generating activities that are only partially assisted with CDBG funds, such income is prorated to reflect the actual percentage of CDBG funds that were used. Reference 24 CFR 570.500(a). Examples: (Please note that this list is not exclusive and therefore other types of funds may also constitute CDBG program income.)

- Proceeds from the disposition by sale or long-term lease (15 years or more) of real property purchased or improved with CDBG funds.
- Proceeds from the disposition of equipment bought with CDBG funds.
- Gross income from the use or rental of real property that has been constructed or improved with CDBG funds and that is owned (in whole or in part) by the recipient or subrecipient. Costs incidental to the generation of the income are deducted from the gross income.
- Payments of principal and interest on loans made using CDBG funds.
- Proceeds from the sale of loans made with CDBG funds.
- Proceeds from the sale of obligations secured by loans made with CDBG funds.

- Funds collected through special assessments that are made against properties owned and occupied by non-low and moderate-income households where the assessments have been made to recover some or the entire CDBG portion of a public improvement.

Rehabilitation - To restore or bring to a condition of HEALTH, SAFETY, or useful and constructive activity, primarily associated with both single and multi-family housing that is existing.

SubGrantee (subrecipient) - An entity who receives CDBG funding from Cumberland County.

Long-Term Lease – For the purposes of Community Development's Public Service and Public Facility programs, a long-term lease is defined as a lease agreement that is for 99 years or longer.

III. CDBG ACTIVITIES

Activities Allowable

The following are examples of some community development activities that are eligible for CDBG funding. This list is not all-inclusive and a full list is available in the code of federal regulations (CFR), Part 24, section 570.201.

1. Public Facilities and Improvements, [570.201(c)] including acquisition, construction, or rehabilitation of the following:
   -Streets, street accessories, landscaping and sidewalks;
   -Water and sanitary sewer facilities;
   -Utilities;
   -Park and recreation facilities;
   -Flood and storm drainage facilities;
   -Homeless centers;
   -Centers for the handicapped or neighborhood facilities; or
   -Senior centers.

2. Public Services [570.201 (e)] including labor, supplies, and materials. There is a 15% cap (of the total CDBG allocation) on this category. Proposed **public service projects must be either: a new service or a quantifiable increase in the level of an existing service**. Public services include, but are not limited to: child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, services for senior citizens, services for homeless persons, drug abuse counseling and treatment, energy conservation counseling and testing, homebuyer down payment assistance, etc.

   The **following Public Services are not eligible under this category**: political activities, ongoing grants or non-emergency payments (defined as more than 3 consecutive months) to individuals for their food, clothing, rent, utilities, or other income payments (570.207(b)(4).

Ineligible Activities

The following are activities which may not be assisted with CDBG funding (CFR Part 24, 570.207):

1. Buildings or portions thereof, used for the general conduct of government: This does not include, however, the removal of architectural barriers.

2. General Government Expenses: Expenses required to carry out the regular responsibilities of the unit of general local government. Title I of the Housing and Community Development Act of 1974, as amended (through 10-29-92), Section 101, last paragraph: It is the intent of Congress that the Federal assistance made available under this title not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance.

3. Political Activities: Shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation or voter registration.

4. Equipment and Furnishings: Is generally ineligible unless such item constitutes all or part of a public service and is required to carry out a CDBG assisted activity or is an integral structural fixture.

5. Operating and Maintenance Expenses: The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and service is ineligible. Also ineligible are payment of salary for staff, utility costs and similar expenses necessary for the operation of public works and facilities. Please reference CFR 570.207(b)(2) for exceptions and more detail.

6. New Housing Construction: and

7. Income Payments: Examples of ineligible income payments include: payments of income maintenance, housing allowances and mortgage subsidies.

IV. APPLICATION PROCESS FOR PUBLIC SERVICE PROJECTS

Funding Application Instructions

Please submit one original and 4 copies (for a total of 5) for each project. **Faxed and emailed applications will NOT be accepted.** Please use a separate application if you are submitting, more than one project. When completing the application, please answer each question thoroughly. If you feel a response is not applicable to your project/program, please indicate not applicable or "N/A" in that section. An application checklist has been included to at the end of these guidelines to assist you in packaging your application. If you have questions, contact Sonya Green or Delores Taylor at 910-323-6112.

Copies of the Funding Application are available at the Cumberland County Community Development Office located at 245 Person Street, 2nd Floor, Fayetteville, NC. An electronic version of the application form is also available on the Community Development website at http://www.co.cumberland.nc.us/community_dev.aspx.

Who Can Apply

Eligible applicants include:
1. Units of local governments - 570.200(f)(1)(i)(A)
2. Public Agencies - 570.200(f)(1)(iii)
3. Public or Private Non-profit Agencies - 570.500(c)

V. WHAT TO SUBMIT

1.
2. CDBG National Objective documentation (proof).
3. Any application attachments such as critical job descriptions, staff experience, client eligibility, etc.
4. Non-profits are asked to attach 501(c)(3) Certificates, Board By-laws, and a list of Board of Directors

VI. CDBG Application Grant Review and Selection Process

Threshold Review

All applications received for funding by the posted deadline will be considered for funding. Applications received must pass a minimum threshold review in the following areas

- ✓ **Agency Eligibility**
  - Non-profits - Documentation of non—profit status (IRS determination letter)
  - Units of local government – Statement indicating the agency is a part of a local municipality included in the County's participating jurisdiction (see Section I – Introduction, above for a list of the municipalities included in the participating jurisdiction).

- ✓ **Documentation of National Objective** (Refer to Section II – Project Requirements, above for a description of national objectives).

- ✓ **Project Eligibility and Location** – Documentation that program / project is located or will serve the residents of the County's participating jurisdiction (See Section I – Introduction, above for a description of the County's participating jurisdiction).
    - Written description of area to be served
    - Project map showing the service area boundaries.
    - Brief description of the activity to be conducted with CDBG funds

Agencies that pass the threshold review will be forwarded to the Selection Committee(s) for further consideration.

Committee Funding Guidelines

Upon meeting the minimum threshold requirements, applications will be reviewed by the Cumberland County Community Development Department. Cumberland County Community Development has established the following guidelines for review of applications for Public Services / Public Facilities funding.

1. The Committee will place a value on projects that meet the priority needs and support the goals and objectives identified in Cumberland County Community Development's Consolidated Plan.

2. The Committee reserves the right to set aside a certain amount of Public Services category funds to fund new Public Service applications or innovative programs.

3. Each application will be scored based on the following categories:
    a. Project Need & Service Delivery
    b. Financial Feasibility
    c. Agency Capacity

4. In addition to the above criteria, previous recipients of CCCD funding will also be scored based on the following criteria.

    a. Efficiency of applicant in administering its public services program
    b. Effectiveness of program
    c. Documentation that funding will assist in providing an increased level of service

5. CDBG funds are not intended to be a permanent funding source. Agencies will be closely evaluated for their ability to seek other funding sources, in addition to CCCD funds.

VII. CDBG Award Process (Tentative Timeline)

Cumberland County Funding Process:
March 19th – 4:00 pm……. Application Deadline
Late March ..... Final Selection Letters Mailed of Selection/Nonselection
March . . . . . ……..……....Inclusion of selected projects in Annual Action Plan

Federal Grant Application Process:
April 1 – April 30..... Citizen Comment Period on Annual Action Plan
Mid April ..... County Commissioners Public Hearing on Annual Action Plan
Early May ..... 2010 Action Plan Approval by County Commissioners
May 15..... Submission of Action Plan to U.S. Dept. of Housing & Urban Development
May 15 – July 1 ..... HUD Review and Approval of the 2010 Action Plan

Cumberland County Awards/Contracting:
May 15 – June 15..... Drafting Subrecipient Agreements and Gathering Subrecipient Signatures on Agreements.
June 15 - June 30 ..... Final Execution by County Officials
Early July ..... Predisbursement Conference and Issuance of Subrecipient Grantee Agreements (Program Year begins July 1st)

VIII. CDBG PROGRAM YEAR

Cumberland County Public Service/Public Facility Program Year is July 1, 2010 – June 30, 2011. CDBG funding cannot replace local funding of low-income activities, but is meant to supplement that funding. Cumberland County will not reimburse costs involved in applying for CDBG funding. No activities can begin for a proposed project until a Subrecipient Agreement is fully executed. Beginning activities before funds are officially released will result in project ineligibility and no reimbursement.

IX. THE REGULATIONS

CDBG applicable rules and regulations: CDBG regulations (CFR, Part 24), OMB Circulars A-97 (governments) and A-122 (non-profits) and HUD Guidance Notices and various reporting requirements. If you need a copy of these regulations, circulars, reporting requirements, etc., copies can be found on the HUD web site at www.hud.gov or request copies from Cumberland County Community Development. The following are related Act, OMB Circulars and regulations that must be complied with when using CDBG funds. The following is a list and brief description of some of these:

FEDERAL ACT - Title I of the Housing and Community Development Act of 1974, as amended through 10/29/92.

FEDERAL REGULATIONS - CFR Title 24
- -Part 59 - Environmental Review Procedures for the CDBG, Rental Rehabilitation and Housing Development Programs.
- -Part 95 - Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.
- -Part 570 - Community Development Block Grants
  - Sub Part A - General Provisions
  - Sub Part C - Eligible Activities
  - Sub Part D - Entitlement Grants
  - Sub Part J - Grant Administration
  - Sub Part K - Other Program Requirements
  - Sub Part O - Performance Reviews

OMB CIRCULARS
- A-21, Cost Principles for Educational Institutions
- A-122, Cost Principles for Nonprofit Organizations
- A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and other nonprofit organizations-Uniform Administrative Requirements.
- A-133, Audits of Institutions of Higher Education and Other Nonprofit Institutions.
- *A-129, Single Audits of State and Local Governments
- *A-97, Cost Principles for State and Local Governments

*OMB Circular for Government Subrecipients

OTHER RELATED REGULATIONS

Disclosure Requirements - (C.F.R., Part 12 "Accountability in the Provision of HUD Assistance")
Any applicant applying for Federal assistance from HUD for a specific project or activity or that is distributing HUD assistance must disclose certain information if you have allocated/received or can reasonably expect to receive in excess of $200,000 in aggregate, from Federal, State, or local CDBG funds during the Federal Fiscal Year.

Labor Standards Provisions (Davis-Bacon) - Construction projects receiving $2,000 in CDBG (federal) funds will be required to comply with prevailing wage requirements.

Environmental Regulations - All funded projects will need to have an environmental review to ensure compliance with NEPA (National Environmental Protection Act) regulations. Cumberland County conducts these reviews but needs SubGrantee cooperation.

Housing One for One Replacement - If your project involves acquisition/demolition of housing, each unit (bedroom) must be replaced with similar number of affordable units. Contact our office if you need more information.

Housing Displacement/Relocation - If your project involves dislocating or relocating people or businesses, there are additional regulations so do contact our office for more information.

Other Program Requirements (570.600) **Fair Housing -** Receipt of CDBG funds also requires compliance with Public Law 99-352 and Public Law 90-294 by SubGrantee to affirmatively further fair housing.

Public Law 99-352 refers to **Title VI of the Civil Rights Act of 1964** which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Public Law 90-294 refers to **Title VIII of the Civil Rights Act of 1969**, popularly known as the **Fair Housing Act**, which provides that it is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States and prohibits any persons from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to a person, because of race, color, religion, sex, or national origin.

ADA Compliance - Projects receiving CDBG funding involving building or public facilities improvements must include accessibility and comply with the Americans with Disabilities Act Guidelines (ADAG).

X. HUD INCOME LIMITS

There are three income limits used for determining HUD program eligibility: 30% of median income, Very Low-Income (50% of median income), and Low Income – (80% of median income). The "LOW INCOME LIMIT" (80%) of median represents the maximum allowable income for a family in order to be eligible for a program funded by Community Development Block Grant (CDBG) funds where there are income eligibility restrictions. Therefore, use the 80% median income to determine CDBG program low/moderate income eligibility.

These income limits are based on the median income for the Cumberland County/Fayetteville area. The 2009 median income for the area is $51,600. HUD updates the income limits on an annual basis.

Effective: 3/19/09

Family Size	CDBG Eligibility Low Income Limit (80% of Median)	Very Low Income Limit (50%)of Median)	Extremely Low Income 30% of Median
1	$28,900	$18,050	$10,850
2	$33,050	$20,650	$12,400
3	$37,150	$23,200	$13,950
4	$41,300	$25,800	$15,500
5	$44,600	$27,850	$16,750
6	$47,900	$29,950	$18,000
7	$51,200	$32,000	$19,200
8	$54,500	$34,050	$20,450