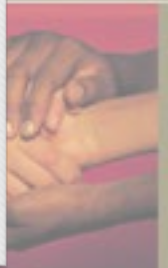


City of Chattanooga
Department of Economic and Community
Development

CDBG Subrecipient Training
for FY 2020-2021



Purpose of this Training

- Refresher on regulations
- To inform the subrecipient of their responsibilities related to receiving the grant
- To update subrecipients on changes in regulations and policies

Agenda

- Review of CDBG Regulations
- File Documentation
- Regulatory Information
 - *Environmental Review*
 - *Section 3*
 - *Lead Safe Housing Rule*
 - *Davis-Bacon*
 - *Fair Housing*
- Subrecipient Responsibilities
- Contract/Agreement

Review of CDBG Regulations

CDBG Primary Objectives/Requirements

Objective:

Develop viable communities to principally benefit person of low and moderate income through activities that:

- Expand economic opportunities
- Provide decent housing
- Provide a suitable living environment

CDBG Primary Objectives/Requirements

Requirements:

CDBG funded activities must

- 1) Be an eligible activity and
- 2) Meet National Objectives
 - a. Benefit low/moderate income persons
 - b. Aid in the prevention or elimination of slum or blight

Outcomes must be connected to objectives established in the 5-year Consolidated Plan.

2020-2024 Consolidated Plan City's Goals to Address Housing & Community Development Needs

- Increase supply of affordable rental housing and housing for homeownership available to the City's low-to-moderate income households;
- Preserve existing affordable housing stock;
- Provide housing and services to special needs populations;
- Improve/increase opportunities for citizens to access/retain affordable housing;
- Support neighborhood stabilization and development through public improvements in strategic coordination with housing activities, and;
- Promote economic development activities in the City.

2020-2021 Projects/Activities Addressing 5-Year Objectives

Housing

- Homeowner Rehab – Major

- Homeowner Rehab – Minor (& roofs only)

- Rental Rehab

- Demolitions

Public Facilities & Infrastructure

- Sidewalk installation and/or replacement

Public Services

- Intake case manager, homeless housing coordinator, homeless systems operations and intake

Economic Opportunities

- Section 108 Loan Guarantee

Program/Project Beneficiary Categories

- Limit Clientele
- Housing
- Area Benefit
- Slum Blight
- Spot Basis

Program/Project Beneficiaries

The nature of the project or activity, as well as its location, determine how the requirement is applied.

- Eligibility could be based on household income, or individual income
- It might also be based on the make up of the Census Tract (Area Benefit), or
- Eligibility might be based on the income of the clientele of a facility or program (i.e. a recreation center or an after school program)

Project/Activity Eligibility

- Determined initially during the application process
- Again through the review of expenditures prior to reimbursement for funds.

Definition of Low-Mod

What is low- and moderate income (LMI)?

- Extremely Low Income: up to 30% of median family income
- Low Income: greater than 30% but does not exceed 50% of median family income
- Moderate Income: greater than 50% but does not exceed 80% of median family income

Chattanooga

Income Limits and Fair Market Rents

(Effective 7-1-2020)

2020 Median Family Income: \$72,600

Income Limits and Fair Market Rents for Chattanooga

Income Limits (Effective July 1, 2020) 2020 Median Family Income: \$72,600

Family Size	Moderate 80% of Median	Low income 50% of Median	Very Low Income 30% of Median
1 Person	\$ 40,700	\$ 25,450	\$ 15,300
2 Person	\$ 46,500	\$ 29,050	\$ 17,450
3 Person	\$ 52,300	\$ 32,700	\$ 19,650
4 Person	\$ 58,100	\$ 36,300	\$ 21,800
5 Person	\$ 62,750	\$ 39,250	\$ 23,550
6 Person	\$ 67,400	\$ 42,150	\$ 25,300
7 Person	\$ 72,050	\$ 45,050	\$ 27,050
8 Person	\$ 76,700	\$ 47,950	\$ 28,800

Fair Market Rents (Effective July 1, 2020)

0 BR	1 BR	2 BR	3 BR	4 BR
\$ 599	\$ 686	\$ 832	\$ 1,081	\$ 1,305

Low/Mod Income & Documentation (Households)

- For all CDBG, ESG, and HOME activities, income should be determined using the PART 5 (Section 8 Annual Income (24 CFR Part 5))
- Income eligibility **MUST** be documented using the CPD Income Eligibility Calculator:
hudexchange.info/incomecalculator
- Income includes that of all adult, household members, regardless of relation to applicant, for the upcoming 12-month period

Low/Mod Income & Documentation (Households)

- Several options for documentation of household income
- Possible approaches:
 - Full 3rd party documentation (**3 months of income documentation**)
 - Evidence of qualification under another program at least as restrictive as CDBG (such as public housing)
 - Evidence that assisted person is homeless
 - Verifiable self-certification from assisted person (Warning: if self-certification determined to be incorrect or fraudulent, project may be ineligible)
 - Referral from state, county or local employment agency or other entity that agrees to determine income and maintain documentation for grantee

Low/Mod Income & Documentation (Limited Clientele)

- Activities that benefit specific populations (such as services for seniors, homeless shelter operations, or micro-loan programs)
- Options for meeting limited clientele requirement:
 - Presumed clientele –Activity must exclusively serve the elderly, severely disabled adults, homeless persons, illiterate adults, migrant farm workers, abused children, persons with AIDS, or battered spouses
 - If 51% of participants are documented as LMI
 - If participation is limited to LMI only
 - If nature and location indicate low/mod benefit

Low/Mod Income & Documentation (Limited Clientele) Cont.

Collect Documentation Showing:

- Current income limits for that point in time
- The Presumed Clientele Category
- Information on the nature and location of the activity – to demonstrate that use is solely by particular clientele
- Data showing size & annual income of family of all persons receiving benefit

Low/Mod Income & Documentation (Low/Mod Housing)

Structures must be occupied by low/mod households

Occupancy requirements according to type of structure:

- One unit structures must be occupied by LMI
- Both units of a duplex must be occupied by LMI
- 51% of 3+ units must be occupied by LMI (for example, 3 of the units in a quad must be occupied by a low-income family)

Low to Mod Income & Documentation (Low/Mod Housing)

In determining eligibility, document the following:

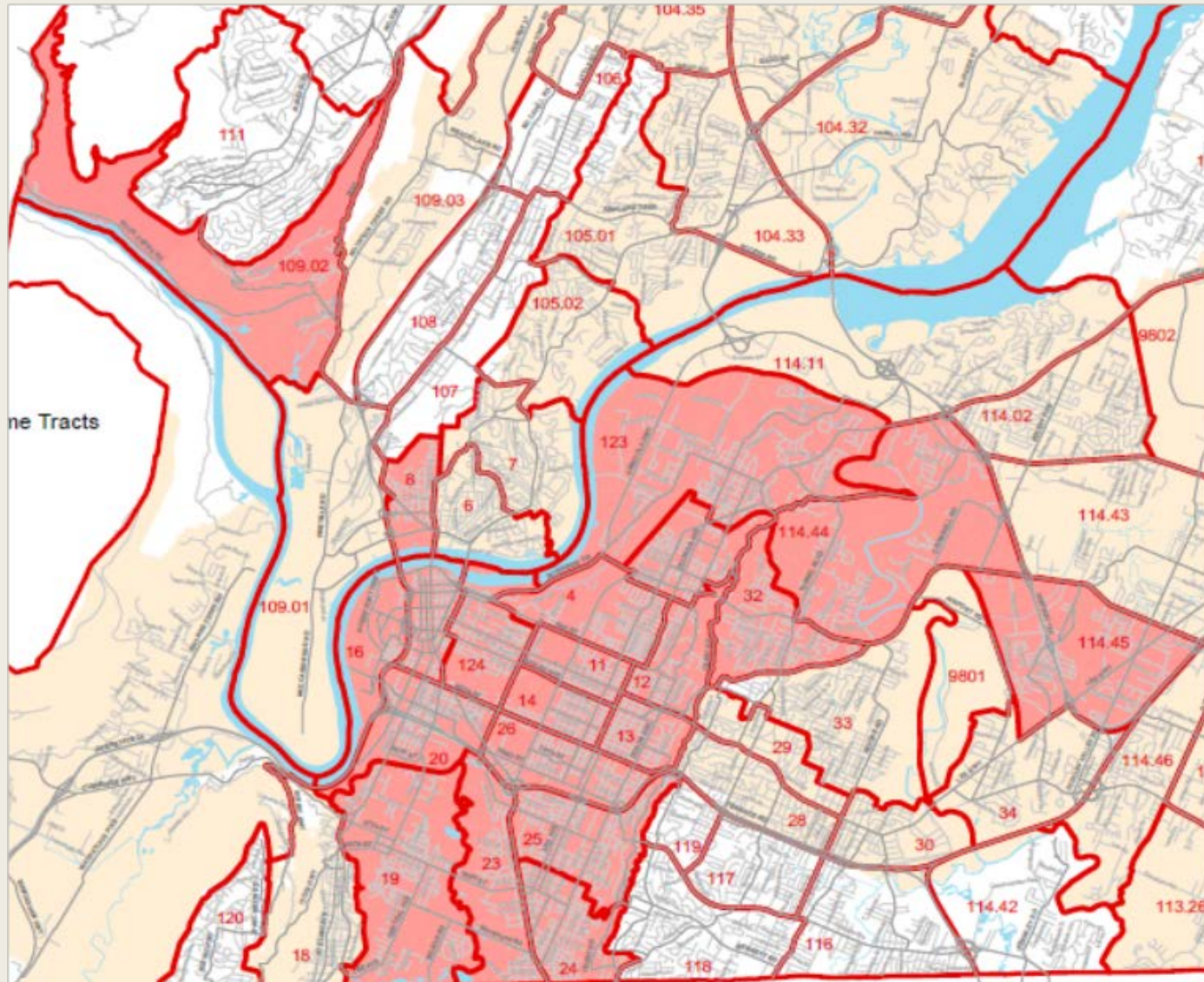
Homeowner:

- Household size, income, income limits, and timeframe, address
- Meet eligibility requirements for program

Rental Units:

- Household size, income, income limits, and timeframe, address
- Meet eligibility requirements for program
- Rents charged (copy of lease agreement)
- Be sure the rent amount is equal to or less than the fair market rent for the Chattanooga area (less utilities).

Geographic Target Low/Moderate Income Census Tracts



Low/Mod Income & Documentation (Slum and Blight - Spot Basis)

Activities that address specific conditions of blight, physical decay, or environmental contamination not in slum/blight area

- Activities are limited to: acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehab
 - *Acquisition & relocation must be a precursor to another eligible activity that addresses slum/blighted conditions*
 - *Rehab limited to elimination of conditions detrimental to public health & safety*

Low/Mod Income & Documentation (Slum and Blight - Spot Basis)

The following must be documented for Slum and Blight eligibility:

- Description of the condition of blight or decay, and
- For rehab:
 - *Description of conditions detrimental to public health and safety*
 - *Description of the scope of CDBG rehabilitation*
- For demolition/clearance:

Address, Census Tract, documentation of entire process (such as owner notification, court proceedings, records of demolition bids, etc.)

File Documentation

Demographic Information

- Collect demographic information population you are serving:
 - *Household size*
 - *Race*
 - *Income*
 - *Head-of-household*

Documentation for Housing Activities

- Household size and income documentation (combined income) using CPD Calculator
- Cost of activity
- Written agreements with landlord/contractor and units to be occupied by LMI client
- Loan/grant documents
- Program literature and written requirements to participate
- Client's application for assistance
- Documentation of assistance given
- Environmental review clearance letter/email

Infrastructure/Public Facilities Construction

- Completed Environmental Review
- Documentation on Procurement process
 - *Copy of newspaper ad soliciting contractor/architect bids*
 - *Copy of all proposal's received*
 - *Copy of executed contract between your organization and contractor/architect*
 - *Notice to Proceed*
- All Davis-Bacon documentation (timesheets, signed forms)
- Project reimbursement requests
- All related correspondences
- Section 3 Documentation
- Environmental clearance letter/email

Public/Social Services File

- Household size and income documentation (combined income) using CPD Calculator
- Cost of activity
- Written agreements with landlord and units to be occupied by LMI client
- Program literature and written requirements to participate
- If benefit is Area Benefit or Limited Clientele. If Area, must have ID of service area, rationale for service area, and census data. If Limited Clientele, must keep income and other information in case file
- Client's application for assistance
- Documentation of assistance given
- If clientele is presumed at-risk, must be able to document eligibility (i.e. agency referrals, education records)

Other Requirements to Document in Your File

- Refer to contract and regulations for applicability
 - Procurement
 - Sub-agreements
 - **Fair housing and equal opportunity**
 - Handicapped accessibility
 - Financial management
 - **Environmental review**
 - **Lead paint hazard reduction**
 - Relocation/acquisition and one-for-one replacement
 - Davis Bacon labor standards and related acts
 - Excluded parties (debarred/suspended)
 - **Section 3**
 - Amendments to contract
 - Grant close-out
 - Conflict of Interest

Regulatory Information

Environmental Reviews

- A review must be completed before **any** work happens
- Submit information for reviews as soon as possible
- No “just in case” reviews will be completed
- Must notify the office if **anything** changes in your work write up after review is cleared
- If activities occur that were not included in the environmental review, and the activity violates a law or is a choice limiting action, you **will not** be reimbursed for the **project**.

Environmental Review

- Environmental review applications must be submitted to initiate a review (**5 review maximum**). See sample environmental application for example of a proper submission.
- Appropriate photos and work plans must accompany application (see website for instructions on how to complete environmental review application and samples)
- An environmental review clearance email or letter must be received **before any work** can occur on a property, including environmental cleanup or site prep.

Section 3

- Purpose is to promote sustained employment of Section 3 workers
- Encourages employers to retain a Section 3 worker by allowing the employer to continue counting that worker in the future, even if the employee is no longer a “low- or very-low income” person – someone whose income exceeds a specific program’s income limit or 80% of the area median income (AMI)
- An employer is not required to hire someone just because they meet the definition of a Section 3 worker, and the Section 3 worker must be qualified for the job.
- The definition also states that someone’s status as a Section 3 worker will not be negatively affected if they have had a prior arrest or conviction

Section 3 cont.

- Jurisdictions and their contractors and subcontractors must “to the greatest extent feasible” ensure that employment and training opportunities “arising in connection with” Section 3 projects are provided to Section 3 workers who live in the metro area
- The proposed rule adds that “where feasible” jurisdictions “should” provide employment and training opportunities to Section 3 workers who live in a project’s “service area or neighborhood”, and to YouthBuild participants

Section 3 Worker

- “Section 3 worker” is someone who meets one of the following:
 - *The worker’s income is less than the income limit set by HUD for the program triggering Section 3 (for example 80% of AMI for CDBG and HOME); or,*
 - *The worker lives in a “qualified census tract”; or,*
 - *The worker is employed by a Section 3 business*
- Does not include professional services anymore

Targeted Section 3 Worker

- A Targeted Section 3 worker for jurisdictions would be:
 - *A worker employed by a Section 3 business; or,*
 - *A worker who currently is or who was when hired:*
 - Living in the service area or neighborhood of the project; or,
 - A current YouthBuild participant

Section 3 Business

- The proposed rule significantly changes the definition of “Section 3 business”
- A section 3 business concern meets one of the following:
 - *At least 51% of the business is owned by low-income people; or,*
 - *Low-income people work more than 75% of the labor hours worked at the business; or,*
 - *At least 25% of the business is owned by public housing residents or residents living in Section 8-assisted housing (either tenant-based or project-based).*
- The status of a Section 3 business shall not be negatively affected by a prior arrest or conviction of the owners or employees

Section 3 Plan

- The City's Draft Section 3 Plan and documents are available on the Community Development website at <http://www.chattanooga.gov/economic-community-development/community-development>.
- The plan includes Section 3 plans that subrecipients, as well as subcontractors, need to fill out and adhere to.
- Every applicable subrecipient must fill out the Section 3 Plan prior to receiving their signed contract.

Section 3 Changes Coming

- The Section 3 Final Rule is expected out late summer
- Changes tracking from new hires to labor hours worked
- Two categories of section three people:
 - *Section 3 workers*
 - *Targeted section 3 workers*
- Goals have been changed to benchmarks
- Benchmarks have changed

Section 3 Future Benchmarks

- Proposed benchmarks:
- Section 3 workers make up 25% of the total number of labor hours worked by all workers, and
- Targeted Section 3 workers make up 5% of the total number of labor hours worked by all workers
- In other words, 30% of all labor hours worked are by Section 3 workers (25%) and Targeted Section 3 workers (5%)

Section 3 Takeaway

- The City will be enforcing Section 3 regulations more thoroughly
- There may be repercussions with continual non-compliance of Section 3 regulations
- You must submit documentation for all new hires and businesses that you are claiming Section 3 status for.
 - *Section 3 Business Concern Certification*
 - *Section 3 Resident Certification*
 - *Good Faith Efforts (if goals not met)*

Lead Safe Housing Rule

- It is a tiered regulation, and applies to residential rehab work on homes built before 1978.
- If federal funds amount to less than \$5,000 per unit, Lead Safe Work Practices apply.
- If between \$5,000 and \$24,999 of federal money is spent per unit, interim controls must be implemented (stabilize all painted surfaces, correct friction and impact surfaces, install smooth countertops, clean all surface areas of residual dust generated from rehab work).

Lead Safe Housing Rule

Before project begins, the owner/contractor has a choice:

- 1) to assume the presence of lead-based paint. If this choice is made, typically the contractor performs interim controls and employs lead safe work practices. When work is finished, worksite is cleaned and a lead clearance test performed.*
- 2) have a risk assessment done. This will show if or where lead paint is present. If lead paint isn't present, owner is exempt. Keep assessment in file.*

Davis-Bacon Act

- Requires that each laborer on a construction or repair project be paid a specified minimum hourly rate.
- When advertising for contractors, note that Davis-Bacon applies.
- In bid specifications, insert a copy of the Wage Decision (which has listing of hourly rates for each worker classification, i.e. carpenter, plumber, roofer).

Fair Housing

Other notable terms:

■ Fair Housing

- *Analyze and eliminate housing discrimination in the jurisdiction*
- *Promote fair housing choice for all persons*
- *Provide opportunities for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin*
- *Promote housing that is structurally accessible to, and usable by, all persons, particularly persons with disabilities*
- *Foster compliance with the nondiscrimination provisions of the Fair Housing Act.*
- *Federally assisted recipients are required to make reasonable efforts to provide language assistance to ensure meaningful access for Limited English Proficiency (LEP) persons to the recipient's programs and activities.*

Fair Housing cont.

- Treat everyone the same
- Have written policies and procedures and be consistent in applying
- Screen each prospect using same procedure, criteria, etc.
- Do not retaliate against those who exercise their fair housing rights
- Be sure employees are trained – owners and managers may be held liable for the actions of their employees
- Use reasonable occupancy standards – such as those set by Fed/State/County/City
- **Include non-discrimination statement in organization publication/website**

HUD Enacted Additional Fair Housing Protections

- Per 2012 HUD rule, discrimination based on sexual orientation, gender identity, and marital status is forbidden in HUD funded housing.
- This means that housing providers that receive HUD funding and/or have loans insured by the Federal Housing Administration (FHA), as well as FHA insured lenders, must ensure that LGBT persons have equal access to HUD-funded services.
- The rule clarifies the following definitions:
 - *Sexual orientation: homosexuality, heterosexuality or bisexuality*
 - *Gender identity: actual or perceived gender-related characteristics*
 - *Family and household: includes persons regardless of actual or perceived sexual orientation, gender identity, or marital status*

Subrecipient Responsibilities

Subrecipient Responsibilities

- Maintain Project Files
- Submit Quarterly Reports (by the 15th of October, January, April, and July,
 - *Send quarterly reports to comdev@chattanooga.gov*
 - *Reports must be typed (a fillable form will be emailed to you if necessary). It may also be found at our website: www.chattanooga.gov/economic-community-development/community-development*
 - **Must be received** *in order to receive reimbursements.*
 - *Send one every quarter, whether funds are expended or not*
- Maintain regulatory documentation, including Davis-Bacon, Section 3, Lead Based Paint, and Environmental review.
- Provide requested documentation during monitoring

Subrecipient Responsibilities cont.

- Submit appropriate reimbursement requests
 - *All pay requests will be sent to the following email comdev@chattanooga.gov*
- Submit timely IDIS set up and completion forms
 - *IDIS file will not be set until work is about to begin*
 - *IDIS Setup forms, marked “Revision”, are required to change original setup costs. An explanation of the change in cost must accompany the revision form.*
- Expend funds in a timely manner
- Timely communication on project progress

Subrecipient Responsibilities cont.

- Contact the City about an HQS inspection before tenants or homeowners are allowed to move in.
- Rental Housing - City of Chattanooga must be listed as an Additional Insured (liability) and as a Loss Payee (property damages)
- Obtain appropriate permits
- Attend Action Plan and CAPER public meetings, and provide project outcome information for CAPER and public meeting
- Attend City required trainings

Requests for Reimbursement

- Funding provided on a reimbursement bases only
- Requests must include:
 - *Cover Letter – Organization’s Letterhead*
 - *City of Chattanooga Reimbursement Request Form (may be found on our website, listed later).*
 - *Required Documentation (invoices, timesheets, cancelled checks, credit card receipts, inspections, homeowner payment request forms, proof of eligibility, architect or project manager signature, Certificate of Occupancy, etc.)*
- Project delivery costs will only be paid at the completion of the project

City of Chattanooga
Department of Economic and Community Development
Request for Reimbursement Form

GENERAL INFORMATION		Request Number		Date	
Organization					
Contact Name					
Phone Number			Email		
Project/Activity/Program Name					
Year of Grant Award			Award Amount		
Grant Source			CDBG	HOME	ESG

(Use a separate request for each grant. Keep grants separate, source and year)

INFORMATION FOR REIMBURSEMENT REQUEST		
Project Address/Program/Activity/ESG Category	IDIS Number	Amount of This Request
		\$ 4.00
a. Total for This Request		\$ 4.00
b. Total of Previous Requests Against This Grant		
c. Total Requests - Grant to Date (a+b)		\$ 4.00
d. Grant Award		
e. Balance Available for Future Requests (d-c)		\$ (4.00)
Make Check Payable to:		

CERTIFICATION			
<i>I hereby assert that I have included and attached all required documentation to support this request. I have satisfied all related requirements and conditions to make the request.</i>			
Title (Typed)		Name (Typed)	
Signature			Date
<i>For Internal Use - Staff Review and Approval</i>		Date Received	
Reviewed/Approved			Date
Reviewed/Approved			Date

Sample - Housing

City of Chattanooga
Department of Economic and Community Development
Request for Reimbursement Form

GENERAL INFORMATION

Organization: Help Me Housing Organization			
Contact - Name: Joseph Hands			
Telephone: (423)764-3311		E-mail: jhands@comcast.net	
Project/Activity Name: HMHO Homeowner Rehab Program			Request Number: 1
Grant Year: 2014-2015		Amount of Grant Award: \$500,000	
Grant Type (use separate request for each grant)	CDBG <input checked="" type="checkbox"/>	HOME	ESG

INFORMATION FOR REIMBURSEMENT REQUEST

Project/Activity Name/Address	IDIS Number	Amount of This Request
108 Happy Street	2588	\$22,500
222 Grady Place	2889	\$22,500
2122 Sunset Blvd.	6558	\$15,000
7099 Bridge Street	2488	\$17,000
100 Justin Place	14414	\$15,000
108 Happy Street	2588	\$8,000
		\$
		\$
		\$
		\$
a. Total for This Request		\$100,000
b. Total of Previous Requests Against Grant		\$0
c. Total Requests Grant to Date		(a+b) \$100,000
d. Grant Award		\$500,000
e. Balance Available		(d-c) \$400,000
Make Check Payable to: Help Me Hands Organization		

CERTIFICATION

I hereby assert that I have included and attached all required documentation to support this request. I have satisfied all related items and conditions of the above cited grant.

Title (Print)	Name (Print)
CFO	Joseph Hands
Signature:	
Date:	

For Internal Use – Review and Approval:

Dated Received:	
Reviewed By:	Date
Reviewed By:	Date

Expenditure Deadlines

- Typically funds should be expended by the end of the fiscal year (June 30th)
- Extensions may be granted but must be requested no later than June 1.
Extensions will no longer be automatic.
- Refer to your contract for deadline year. Most contracts will be written for a two-year period.

Monitoring Visits

We must make a monitoring visit to your organization at least once during grant. Major areas of review will include:

- *Program Performance*

- Activity Progress
- Project Files and Documentation (client eligibility information, work documentation, procurement information, etc.)
- Reporting
- Internal Controls – financial accounting of funding

- *Regulatory Performance*

- Davis-Bacon
- EEO
- Fair-Housing
- Procurement Procedures

Post-Project Requirements

- Complete file with activity/project documentation
- IDIS Completion Form
- Certificate of Occupancy
- Housing Standards Inspections/lease agreements, if applicable.
- Retain records for 5 years after final expenditure
 - Forms, Quarterly Report and CDBG regulations/training guides, other requirements can be obtained at:

<http://www.chattanooga.gov/economic-community-development/community-development>

Contract Review

Contract/Subrecipient Agreement

- *Carefully review, verify, and track*
 - Funded Activity
 - Objectives/Outcomes
 - Timelines for performance and expending funds
 - Other requirements

Contract/Subrecipient Agreement

KEY TERMS OF AGREEMENT

- Project/Activity Timeline
- Funds must be used only on activities defined in the budget.
- Properly documenting activities/outcomes
- Payment is on a reimbursement basis
- Insurance requirements
- Monitoring

General Contract Terms

- Financial management
- Maintain your accounting books and records in accordance with generally accepted accounting principles.
- Books must be open to the City and HUD.
- During monitoring visits, we are required to examine various accounting records (annual audit, transaction records, etc.)
- Records should sufficiently identify source and application of funds
- At a minimum, your accounting system must:
 - Identify & track transactions
 - Provide for internal controls

Contract/Agreement

Other notable terms:

- 2 CFR 200 – Streamline Federal government’s guidance on administrative requirements, cost principles, and audit requirements
 - Single Audit Threshold \$500,000 > \$750,000
 - Conflict of Interest – Must maintain written standards, be disclosed in writing
 - Procurement
 - *Micro-purchase option < \$3,000 – no competition required*
 - *Supplies include computing devices < \$5,000*

General Contract Terms

- Housing providers: Energy Star efficiency performance specifications must be followed for gut rehabs and new construction.
- Lead and Healthy Home Grant collaboration may be applicable – check with CD Office staff.

General Contract Terms

- Relocation/acquisition and one-for-one replacement
 - As a rule, do not evict or displace anyone via the use of CDBG funds.
 - We are required to follow the Uniform Relocation Act.
 - If relocation is absolutely necessary, call our office as soon as possible.

General Contract Terms

- Be aware of possible conflict-of-interest situations regarding the use of CDBG funds—call with any questions.
- Publicity: when handing out credit/praise using local media or signage, please mention that the project was assisted with funds from City of Chattanooga, and HUD.

Procurement and Contracting

- The procurement of goods and services must be competitively procured.
 - For contracts, must advertise for bids in local general circulation newspaper.
 - For smaller purchases, obtain at least 3 price quotes. Keep documents in file.
 - Bond and insure work involving large construction contracts and/or subcontracts.
 - Use local businesses and contract with small, minority and/or women-owned businesses to the maximum extent feasible.
 - Make sure vendor is not debarred or suspended (www.epls.gov/)

Questions?