



## CITY OF MCKINNEY COMMUNITY DEVELOPMENT BLOCK GRANT GENERAL APPLICATION INSTRUCTIONS 2015-16 FUNDING

### INTRODUCTION

The Community Development Block Grant (CDBG) is a funding resource, provided by the U.S. Department of Housing and Urban Development (HUD). The CDBG program permits the City of McKinney to leverage its local resources toward community development projects and activities, under the priorities of City's Consolidated Plan. Funds awarded under this grant are subject to federal program regulations 24 CFR Part 570. Congress created the program under Title I of the Housing and Community Development Act of 1974. The primary objective is to develop viable communities, provide decent housing, suitable living environments and to expand economic opportunities, principally for to moderate income persons.

### USE OF FUNDS

CDBG funded projects must meet one of three national objectives:

- Principally benefits persons of low and moderate income
- Eliminates slum and blight
- Meets an urgent need of recent origin threatens public health and safety.

### PRE-APPLICATION REQUIREMENTS (MANDATORY)

The City of McKinney notifies the public through printed notice in local newsletter, the official website, [www.mckinneytexas.org](http://www.mckinneytexas.org), and electronic community announcement distribution via email to community stakeholders. Interested applicants with intent to apply are required to attend the pre-application grant meeting March 12, 2015 at 10:00 a.m. to 12:00 Noon at City Council Chambers, 222 N. Tennessee Street, McKinney, TX 75069. The public is also invited to attend.

For the meeting, accommodations and modifications for people with disabilities are available upon request. Requests should be made as far in advance as possible, but no less than 48 hours prior to the meeting. Call 972-547-2694 or email [contact-adacompliance@mckinneytexas.org](mailto:contact-adacompliance@mckinneytexas.org) with questions or for accommodations. In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990, the City of McKinney will not discriminate against qualified individuals with disabilities on the basis of disability in the city's services, programs, or activities.

### DEADLINE

Applications must be received by the Housing & Community Development Department, no later than 4:00 p.m. on **Monday, April 13, 2015**. Technical Assistance is available for applicants until Friday, April 10, 2015; please call the staff at 972-547-7572 for assistance as needed. Applications must be complete at the time of submission. No additional documents will be accepted after the deadline date and time unless specifically requested by the City. Applications may NOT be sent by facsimile (fax) or by electronic mail (e-mail). A maximum of two separate proposals will be permitted per organization.

## APPLICATION

The City will award funds under the following areas:

### ***Public Services, Housing, and Community Development***

Applications are accepted for once each year through a competitive process. Attendance at the pre-application meeting is required. Technical Assistance is available for application preparation in addition to the pre-application meeting. Please see more information below to contact staff.

### ***Economic Development (Public Facilities, Job Training, Special Economic Development)***

Applicants will be required to meet with staff before submitting an application, but are able to apply for funding at two separate grant cycles throughout the year. The deadline for the first funding cycle is April 13, 2015, and the deadline for the second funding cycle is October 27, 2015. To schedule a meeting, contact Will Honea at 972-547-7517 or [whonea@mckinneytexas.org](mailto:whonea@mckinneytexas.org).

### **Planning**

Applications are accepted once each year under competitive process and must meet certain criteria; there are limitations on the use of CDBG funds for planning activities.

### **Façade Improvement Program (*Businesses only*)**

Applicants may apply for funding throughout the grant program year.

## INFORMATION and TECHNICAL ASSISTANCE

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### **What's New this Year?**

- No physical grant submissions!
- Everything must be uploaded to the City's Grant Portal
- Only attendees at the meeting will receive the access code and your name must be on the sign in listing.
- A maximum of two separate proposals per agency is permitted for review.

***Application Deadline: April 13, 2015 at 4:00 PM***

## APPLICATION FORMAT

- *Public Services, Housing, Public Facilities & Infrastructure Improvements, Acquisition, or Clearance Grants:* Applicants must apply for a minimum grant of \$5,000 and grant submittals must be submitted to the City of McKinney electronically through the grant portal. Annual Cycle - Application portal codes will be provided only at mandatory pre-application meeting on March 12, 2015 to apply for funding by April 13, 2015 deadline.
- *Infrastructure Development or other CDBG Economic Development Grants:* Applicants must apply for a minimum grant of \$ 5,000 and grant submittals must be forwarded to the City of McKinney using the grant application and attachments as required per activity. Cycle 1 - Access codes will be provided at mandatory pre-application meeting to meet 1<sup>st</sup> grant cycle deadline of April 13, 2015. Cycle 2 - Access codes will be provided at pre-application meeting on October 7, 2015 to meeting deadline of October 27, 2015.
- **For each applicable application cycle**, the original application must be signed by the authorized staff person or board officer available to execute contracts for the agency.

## APPLICANT ELIGIBILITY

*Public Services, Housing, and Community Development, Public Facilities, and Planning applicants must meet the following criteria at a minimum:*

- Must be a public (or government) agency or private non-profit organization, in good standing with the State of Texas, and must have an active, formal Board of Directors.
- If applicable, agency must be in compliance with IRS Section 501(c)(3) certification and requirements.
- Must submit most recent formal audit with application.
- Must be in operation a minimum of three years prior to the application deadline.
- Property taxes and all other debts to the City of McKinney must be paid up to date.
- For federal funding, each entity is required to have a **DUNS** (Data Universal Numbering System) number generated from Dun & Bradstreet. If you do not have a DUNS number for your agency, one can be obtained at no cost to apply for federal funding. The website link to Dun & Bradstreet's federal contract DUNS request service is <http://fedgov.dnb.com/webform>. Note: Regular business DUNS numbers require a fee.
- Must have insurance noted through its ACORD (*Only applicants not currently funded under CDBG will be required to show proof of insurance.*)

*All Economic Development Applicants (other than Public Facilities) Public Services, Housing, and Community Development, Public Facilities, and Planning applicants must meet the following criteria at a minimum:*

- Must be in operation a minimum of three years prior to the application deadline. This does not apply to entrepreneurship grant application.
- Property taxes and all other debts to the City of McKinney must be paid up to date.
- For federal funding, each entity is required to have a **DUNS** (Data Universal Numbering System) number generated from Dun & Bradstreet. If you do not have a DUNS number for your agency, one can be obtained at no cost to apply for federal funding. The website link to Dun & Bradstreet's federal contract DUNS request service is <http://fedgov.dnb.com/webform>. Note: Regular business DUNS numbers require a fee.
- Must have insurance noted through its ACORD (*Only applicants not currently funded under CDBG will be required to show proof of insurance.*)
- Other restrictions on types of businesses assisted apply.

## PROJECT ELIGIBILITY

Applications that address the primary activity needs and justification under the Community Development Consolidated Plan goals are most likely to receive funding. Applicants will be required to state the goals it will address during the program year. Please review all information to determine whether your project meets minimum eligibility for funding consideration.

**Past funding approval does not guarantee continued funding under a new grant year.**

<b>Consolidated Plan Goals</b> <i>Within your Application, Select the Best Strategy That Fits The Proposed Project.</i>	
<input type="checkbox"/>	Strategy 1. Improve the condition of housing occupied by the city's Low to moderate income homeowners and preserve affordable housing stock. Includes home repair services
<input type="checkbox"/>	Strategy 2. Support organizations that assist the City's Special Needs Populations. Includes public services benefiting low to moderate income persons including youth services, aging, education, mental health, employment training, counseling, Community Services, neighborhood programs, child advocacy, etc.
<input type="checkbox"/>	Strategy 3. Provide supportive services for residents who encounter homelessness or have a need of homeless prevention services. Includes short-term rental, mortgage and utility assistance, services for shelter residents, homeless prevention and homeless activities care.
<input type="checkbox"/>	Strategy 4. Increase homeownership opportunities for low and moderate income persons.
<input type="checkbox"/>	Strategy 5. Expansion of community development opportunities through CDBG Economic Development activities.

Overall, application review from the Community Grant Advisory Commission will include the following items:

- Organization's Capacity to Carry out the Project
- Meeting Consolidated Plan Goals and Objectives
- Quality of Project and Benefit to McKinney low and moderate income persons;
- Budget and Cost Effectiveness
- Experience and Past compliance performance may also be considered, as applicable.

## WHAT TO EXPECT: THE FUNDING ALLOCATION PROCESS

Funding administered by the City comes from the Community Development Block Grant (CDBG) under the U.S. Department of Housing and Urban Development (HUD). A notice of available funding and scheduled public hearings are published in local print media. In addition, agencies from prior application cycles and new organizations that have requested notice are sent a grant announcement notifying them of funding availability. Public notice is also accessible on the city's website one month before the pre-application meeting.

All applicants applying for annual CDBG funding must attend the mandatory pre-application meeting on March 12, 2015. Applications are due Monday, April 13, 2015 at 4:00 p.m. For economic development grants only, there will be an additional round of funding with a mandatory pre-application meeting on October 7, 2015 and an application deadline of 4:00 p.m. on October 27, 2015. Applicants must apply for a minimum grant of \$5,000 a maximum of two separate proposals per agency is permitted for review.

Appointed by McKinney City Council, the Community Grants Advisory Commission (CGAC) will review and deliberate on completed application requests to make funding recommendations. The funding available for public services cannot not exceed the federal regulatory cap for CDBG, which is 15% of the total estimated HUD Allocation for the City. Funding applications for housing activities and other non-public service activities will also be considered based on Consolidated Plan priorities and budget. If the application meets eligibility requirements, staff will contact the Agency Director to schedule a presentation time before the Commission at one of two (2) scheduled public hearings. Presentations will be limited up to 10 minutes per agency scheduled on May 20 and May 21, 2015 at 6:30 pm each night. Each Commission member will receive the complete application packet for review in preparation for the public hearings. The Commission will typically ask questions pertaining to the application and the agency's capacity to perform using CDBG funding.

**NOTE: The agency should ensure that the staff representative that makes the presentation, or those accompanying that person, is very knowledgeable about the agency, the proposed project, budget and other pertinent information to answer questions appropriately.**

The Commission will submit funding recommendations in the form of an Annual Action Plan, prepared by City staff. Applicants will be notified in writing of the recommendations. Next, per Federal regulation, the City must provide the public with 30 days to comment on the proposed Action Plan for CDBG funded projects and activities and will notify the public in a published public notice and at community forum meetings. The public will be able to review the action plan and applications during the public comment period. City Council will hold a public hearing to consider and act upon the recommendations and in August, the City will forward the Annual Action Plan to HUD for review and final approval. The program year will begin October 1, 2015 to September 30, 2015.

All subrecipients (funded agencies) will be required to adhere to program and reporting requirements through a formal grant agreement. Subrecipients are required to attend a mandatory meeting to learn about reporting, compliance, performance, and reimbursement requirements under the program year. At the close of the program year, the public will be notified and receive opportunity to review performance of all CDBG funded activities under the CAPER (Consolidated Annual Performance Evaluation Report). The report must be submitted to HUD within 90 days after the close of the program year.

## FAITH-BASED ORGANIZATIONS

The City of McKinney welcomes organization to apply for funding. Executive Order 13279 requires all federal programs, including CDBG, to treat all organizations fairly and without regard to religion. The following rules apply to these organizations:

1. Faith-based organizations retain their independence over their governance and expression of their beliefs. They may constitute their boards on a religious basis, display religious symbols and icons, and retain their civil right to hire only employees that share their beliefs, to the extent consistent with governing HUD program statutes. However, faith-based organizations may not discriminate in hiring people who will be delivering services which are supported by HUD funding.
2. Direct HUD funds may not be used to support inherently religious activities such as worship, religious instruction, or proselytization. A faith-based organization may still engage in such activities so long as they are voluntary for program participants and occur separately in time or location from the activities directly funded under a HUD program.
3. Faith-based organizations, like all organizations under HUD-funded programs, must serve all eligible beneficiaries without regard to religion. For example, an organization receiving HUD funds may not restrict HUD-funded services to people of a particular religion or religious denomination.
4. Faith-based organizations may receive HUD funds to acquire, rehabilitate, or repair buildings or other real property, so long as the funds only pay the percentage of the total cost attributable to HUD activities. However, HUD funds may not be used to acquire or improve sanctuaries, chapels, and other rooms that a HUD-funded congregation uses as its principal place of worship.

## CDBG ELIGIBLE ACTIVITIES

The following activities listed below may be funded by the Community Development Block Grant (CDBG). Eligible activities must meet at least one National Objective.

1. Acquisition of real property in whole or in part by public or private nonprofit agencies by purchase, long-term (15+ years) lease, or otherwise. A minimum five-year forgivable lien for the amount of the purchase is required. Acquisition which would result in the relocation of an existing business or resident will NOT normally be funded. **Agencies will be required to discuss this with City staff before submitting your application.**
2. Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds, with the proceeds from such disposition to be returned to the City of McKinney.
3. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, including homeless shelters, convalescent homes, hospitals, nursing homes, battered spouse shelters, halfway houses, and group homes for mentally retarded persons. These projects are subject to the enforcement of the labor standards provisions of the *Davis-Bacon Act*, the *Copeland Act*, and the *Contract Work Hours and Safety Standards Act*.

As such, all construction projects will be required to comply with these provisions, which include the payment of applicable federal wage rate with benefits; compliance with overtime pay requirements, and contractor and subcontractor eligibility requirements. On the projects in which contractors and subcontractors that are on the federal debarred list are ineligible to participate. Lead Based Paint regulations and state regulations will also be subjects to compliance. In addition, projects will also be subject to the bidding and procurement requirements of 24 CFR Part 85.

4. Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites.
5. Provision of public services (*including labor, supplies, and materials*) which are directed toward improving the community's public services and facilities, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare, or recreational needs.

In order to be eligible, a public service must be either a new service, or a quantifiable increase in the level of a service above that which has been funded by the City of McKinney during the previous 12 months. The total amount of CDBG funds used for public services may not exceed 15 percent of the total CDBG grant.

6. Removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned buildings, facilities, and improvements.
7. Rehabilitation of privately and publicly owned buildings and improvements for residential purposes. If the rehabilitation will disturb or paint over existing paint, costly lead-paint abatement may be required. **Please discuss this with City staff before submitting your application.**
8. Rehabilitation of publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvements to the exterior of the building and the correction of code violations.
9. Improvements to buildings to increase energy efficiency.
10. Rehabilitation, preservation, or restoration of historic properties.
11. Provision of credit, technical assistance, and general support (*including peer support programs, counseling, child care, transportation, etc.*) for the establishment, stabilization, and expansion of micro enterprises. A micro enterprise is a business with five or fewer employees, one or more of whom owns the business.
12. Provision of assistance to a private for-profit business where appropriate to carry out an economic development project. Any project funded must be able to document the creation or retention of a certain number of jobs, depending on the type of project proposed and the amount of funding requested.
13. Removal of lead-based paint from residential structures.
14. Economic development activities. **(Must meet with staff before applying)**



Eligible activities may include:

- Loans to for-profit businesses for variety of business purposes; Public facilities (infrastructure development) activities undertaken where a benefiting business agrees to locate or expand in the improvement AND agrees to create low to moderate income jobs.
- Job training grants
- Microenterprise and entrepreneurship funding (financial support, technical assistance, training)
- Commercial Rehabilitation

### **CDBG INELIGIBLE ACTIVITIES**

The following activities **MAY NOT** be assisted with CDBG funds:

1. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible.
2. The construction of new permanent residential structures is not eligible, unless done by a HUD-qualified non-profit organization. Purchase of land on which to build affordable homes, however, is an eligible activity.
3. CDBG funds may not be used for political purposes or to engage in partisan political activities, or for lobbying of local, state, and federal legislators.
4. Long term subsistence payments (*longer than three months*) for such needs as rent and utilities are ineligible.
5. Landscaping and tree trimming are not eligible expenses in McKinney.
6. Mortgage payments for agency properties are not eligible, although rent payments may be eligible if the building is one in which services are provided directly to clients.
7. Administrative costs which do not provide direct services to clients.  
**Example:** The salary of an administrative assistant who does not work directly with clients would be an ineligible cost. The rent for administrative office space would NOT be an eligible expense, unless services provided are directly from that office space.
8. Activities or projects that derive income from gaming or alternative financial resources (.e. payday loans, subprime or online loans, etc.)



## RULES AND RECORD-KEEPING REQUIREMENTS

Successful applicants will be required to sign a contract with the City which will state all the requirements to be placed on the agency, known as a subrecipient. Agencies will be required to complete grant training 30 to 60 days before the program year begins for detail required by the City of McKinney.

In general, the following will apply to all subrecipients:

1. Written records to justify all expenditures and client eligibility must be maintained for a period not less than five years after the full amount of the grant is expended. Records will be reviewed by the City, and may also be reviewed by HUD. Undocumented expenditures must be repaid to the City.
2. The agency is required to maintain the City's minimum liability insurance standards for the length of the contract. A copy of your current insurance ACORD form must be provided to the City as evidence of insurance before any funds can be disbursed to you.
3. The agency must administer programs in accordance with OMB Circular A-122, "Cost Principles for Non-Profit Organizations," and 24 CFR Part 84 of the Federal Regulations. In addition, if the agency receives \$750,000 or more in Federal grant funds, you will be required to comply with the Single Audit Act of 1984. Any and all accountants employed by the agency should be familiar with these requirements.
4. **All awarded agencies must submit quarterly and annual reports for performance measurement requirements.** Reports must provide the total number of persons served, including their ethnic origin, and whether they are female heads of household. These figures are required to be reported to HUD; the Administrator will provide the deadlines at the annual contract meeting. Each agency will receive annual monitoring upon the completion of the program year.
5. Each agency is REQUIRED to obtain written proof of income for each person or household whom you assist, unless clients are considered "Presumed Benefit". *Income certification forms are required in each file with supporting documentation. Certifications stating that clientele are Presumed Benefit will be required if income proof is not applicable per HUD requirements.*
6. The agency is required to have a written policy in place designed to ensure that the facilities are free from the illegal use, possession, or distribution of drugs or alcohol.
7. The agency will be required to report all program income (as defined in 24 CFR 570.090(a), if any income is derived from the activities funded by CDBG under their agreement between said agency and the City of McKinney. In this event, that program income must be accounted for and returned to the City
8. In the event that HUD or the City should determine that CDBG funds were improperly spent, and the money should be reimbursed to the U. S. Treasury, the agency will be responsible for this reimbursement, not the City of McKinney.

## INSURANCE REQUIREMENTS

Applicants will be required to submit proof of insurance to indicate capacity for the grant. Under the City of McKinney, the funded Agency shall procure and maintain for the duration of the grant Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed or to be performed hereunder by the Agency, its agents, representatives, employees, volunteers, officers, director, or subcontractors.

The Agency shall maintain insurance with limits not less than \$500,000 per occurrence, \$1,000,000 aggregate and will be as broad as ISO Form Number GL 0002 (Ed 1/72) covering Comprehensive General Liability and ISO Form Number GL 0404 covering Broad Form Comprehensive General Liability, or ISO Commercial General Liability coverage ("occurrence") form CG 0001). Coverage will include:

- a. Premises - Operations;
- b. Broad Form Contractual Liability;
- c. Broad Form Property Damage; and
- d. Personal Injury

Upon grant award approval, agencies will be required to have their ACORD and policy endorsed to contain the following provisions: **"The City of McKinney, its officers, officials, employees, volunteers, boards and commissions are to be added as 'Additional Insureds' as respects to liability arising out of any activities performed by or on behalf of the Agency."** The policy shall contain no special limitations to the scope of coverage afforded to the City. The Agency's insurance coverage shall be primary and any insurance or self-insurance shall be in excess of the Agency's insurance and shall not contribute with it. Also, agency must provide for at least thirty (30) days prior written notice to the City for cancellation, non-renewal, or material change of insurance.

Insurance Company Qualification: All insurance companies providing the required insurance shall be authorized to transact business in Texas. The City of McKinney prefers that insurance shall be placed with insurers with an A.M. Best rating of no less than A:VI or, a Standard & Poor's rating of A or better.

Certificate of Insurance: The Agency shall furnish the City with a certificate of insurance which shows the coverage provided. The insurance policy will be endorsed to state the coverage shall not be suspending, voided, canceled, non-renewed, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

All funded agencies are required to submit their most current ACORD to the city's EBIX insurance system for compliance.

# OTHER FEDERAL REQUIREMENTS

## CDBG NATIONAL OBJECTIVES

All activities and projects funded under CDBG **MUST** meet at minimum one National Objective.

### **Objective 1:**

- Funded activities must primarily benefit low and moderate income persons. (LMIP)

At minimum 51% of clients served must benefit low and moderate income (LMI). LMI persons are defined as members of a family (single-person or multi-person family), where the family has an income for all persons 18 and older, equal to or less than the most recent HUD-established income limits for the family residential location. Low and moderate income is defined by the Dallas Metropolitan Statistical Area guidelines established by HUD, and subject to revision throughout the program year.

Each agency/organization receiving CDBG funds will be required to obtain written proof of income for each person or household assisted, to determine their eligibility. In this instance, the City is looking for verification of a minimum of 51 percent of the beneficiaries who are receiving direct benefit are low-income. *Income certification forms are required in each file with supporting documentation.*

*Exception:* HUD allows a “*Presumed Benefit*” definition as certain groups are presumed by HUD to be principally low-income. These groups include: abused children, battered spouses, elderly persons (**62 and older**), severely handicapped adults, homeless persons, illiterate persons living with AIDS and migrant farm workers. In this instance, no proof of income is required in the file, but other sources are.

### **Objective 2:**

- Activities must aid in the prevention or elimination of slums or blight, either on an area basis or on a spot basis.

The slum or blighted area must be so designated by the City.

### **Objective 3:**

- Address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

## Income Limits for Low to Moderate Persons or Households

The principal beneficiaries of CDBG funds are persons or households of low to moderate income. And must be within McKinney city limits. Agencies and programs serving The page contains the CDBG income limits for Extremely Low (30%), Very Low (50%) and Low (80%) Income. This is the most recent Income Limit table for LMI in Collin County. Programs and agencies that are awarded funds must document limits in program records and report to the City of McKinney as required.

Collin County, Texas Income Limits										
2014 Income Limit Area	Median Income	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Collin County	\$67,900	<b>Very Low (50%) Income Limits</b>	\$23,650	\$27,200	\$30,600	<b>\$33,950</b>	\$36,700	\$39,400	\$42,100	\$44,850
		<b>Extremely Low (30%) Income Limits</b>	\$14,250	\$16,300	\$19,790	<b>\$23,850</b>	\$27,910	\$31,970	\$36,030	\$40,090
		<b>Low (80%) Income Limits</b>	\$38,050	\$43,450	\$48,900	<b>\$54,300</b>	\$58,650	\$63,000	\$67,350	\$71,700

### LMI Categories

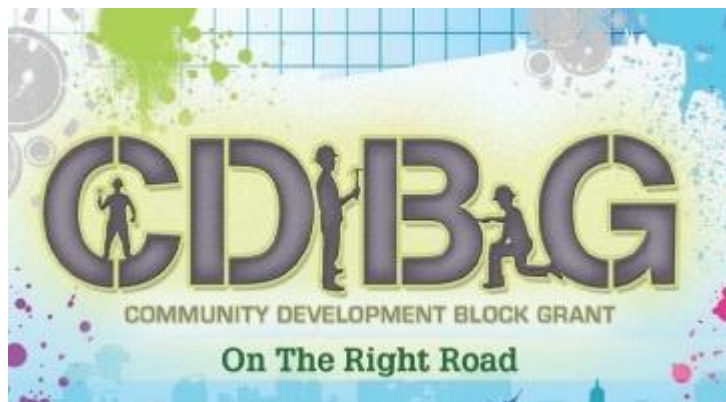
**Area Benefit Activities:** Most commonly used national objective for activities that benefit a residential neighborhood. An activity of this type is one that benefits all residents in a particular area, where at least 51% of the residents are LMI (Low Mod Income) persons. *Determined by:* The most recently available decennial Census information; or A current survey of the residents of the service area

**Limited Clientele Activities.** Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons. Activities in this category provide benefits to a specific group of persons. May benefit persons without regard to their residence or it may be an activity that provides a benefit only to particular persons within a specific area. Activities must meet one of the following tests:

- Require documentation on family size and income in order to show that at least 51 percent of clientele are LMI; OR
- Benefit a clientele that is generally presumed to be principally low to moderate income. This presumption only covers the following: abused/neglected children; battered spouses, elderly persons, severely disabled adults (see below), homeless persons, illiterate adults, persons living with AIDS/HIV and migrant farm workers; OR
- Have income eligibility requirements limiting the activity to LMI persons/households only; OR
- Be of such a nature and in location that it can be concluded that it can be concluded clients are primarily low to moderate income.

**Housing Activities.** This category qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures - which upon completion – will be occupied by low to moderate households. To meet the national objective per HUD, structures with one unit must be occupied by an LMI household. If structure with three or more units must have at least 51 percent occupied by LMI households. There are limited circumstances in which structures with less than 51 percent low to mod income may be assisted – please contact staff as needed for inquiry.

**Job Creation and Retention Activities.** This national objective addresses activities designed to create or retain permanent jobs, at least 51 percent of which (based on full-time equivalent) will be made available to or held by low to mod income persons. Please contact staff to determine requirement documentation for jobs to be considered, created, retained or available.



## **System for AWARD MANAGEMENT (SAM)**

The Federal Funding Accountability and Transparency Act (the “Transparency Act” or “FFATA”) requires information disclosure concerning entities receiving Federal financial assistance through Federal awards such as Federal contracts, sub-contracts, grants, and sub-grants. The City of McKinney is required to register with the System for Award Management (SAM) in order to implement the requirements of FFATA. Subrecipients receiving \$ 25,000 or more in funding will also be required to register. SAM is the Official U.S. Government system that registers various partners of the federal government, including local governments that receive federal awards. For information about SAM, please go to the following site:

<https://www.sam.gov/>.

## **PROGRAM INCOME**

Program income is regulated by 24 CFR 570.489 (e) and it is important that all applicants are aware that if funded, these requirement are included in the grant agreement. Program income basically means gross income received by the City of McKinney or subrecieipient that was generated by the use of CDBG funds. Program income must be first funds disbursed (and exhausted) to pay for projects or activities before requesting additional CDBG funds. Exceptions

This income includes, but not limited to:

- Payments of principal and interest on loans made using CDBG funds;
- Interest earned on CDBG funds in a revolving loan fund’s cash balance interest-bearing account;
- Proceeds from the disposition of equipment purchased using CDBG funds;
- Proceeds from the disposition (by sale or long-term lease) of real property purchased or improved using CDBG funds.

This information is included in the subrecipient’s compliance manual at the time of grant training. Reminder notices will be sent in March and reviewed during monitoring.

## **DAVIS-BACON ACT**

Federal statutes and regulations require that federally-assisted construction work in excess of \$2,000 must have prevailing wage rates (determined by the U.S. Department of Labor) paid to all employees working on construction work. Even if CDBG funds are attached to just a portion of construction work, Davis-Bacon still becomes applicable to the entire construction project or work. Use of matching funds from other non-CDBG resources for construction does not trigger Davis-Bacon requirements.

## **ENVIRONMENTALS**

Federal statutes require that CDBG-assisted projects must have the appropriate environmental review completed before funding is obligated or costs incurred. The City of McKinney will complete environmental reviews and may ask applicants of items pertaining to reviews during the application process. The process has time constraints that may take a few days or several months. Implementing requirements are under 24 CFR Part 58. Please cooperate with the City of McKinney as need to ensure timing requirements are met for submittal to HUD.



## CONFLICT OF INTEREST

### What is a conflict of interest (COI)?

– “A real or seeming incompatibility between one’s private interests and one’s public or fiduciary duties.”

Carefully consider whether any activity may give rise to an improper conflict of interest situation, actual or perceived. Conflict of interest situations that are not properly addressed can result in a loss of CDBG funding to the program and/or to the City, and in some cases can result in civil or criminal liability. Requirements fall under CDBG regulations, [24 CFR § 570.611](#).

Applicants requesting CDBG funding should ask themselves the following questions:

#### 1) Are any of my employees or board members...

- A City employee or consultant who exercises CDBG-related functions as part of their City position?
- A member of the Community Grants Advisory Commission that will participate in the City’s CDBG selection process?
- A City Council member?

#### 2) Are any immediate family members or business associates of my employees or board members...

- A City employee or consultant who exercises CDBG-related functions as part of their City position?
- A member of the Community Grants Advisory Commission that will participate in the City’s CDBG selection process?
- A City Council member?

3) Do I know if any of my employees or board members receive a financial interest or benefit from CDBG funds (other than employee salaries or personnel benefits)?

4) Will any immediate family members or business associates of my employees or board members receive a financial interest or benefit from CDBG funds (other than employee salaries or personnel benefits)?

5) To my knowledge, will my agency’s program or project have a financial effect on a City official or employee who exercises CDBG-related functions, or an immediate family member or business associate of such person? For example, will any of these persons be receiving rental payments, other business income, or program services from the agency’s program?

6) Or, for example, do any of these persons own real property near the program or project site, and is it likely that my program or project will have an effect on any neighboring real property values?

**If you can answer "yes" to any of these questions**, it is possible that there may be a conflict of interest, real or apparent. You should review the rules below to determine whether an actual conflict situation is raised, and, if so, what action needs to be taken to avoid a violation of the law. You should contact the CDBG Administrator immediately if you suspect that there might be an issue or need additional information of compliance in concert with 24 CFR 570.611 HUD regulations (<http://www.gpo.gov/fdsys/pkg/CFR-2010-title24-vol3/pdf/CFR-2010-title24-vol3-sec570-611.pdf>) OMB Circular No A-102, or City Policy on Code of Ethics.

Each CDBG Subrecipient or Contractor will be required in its grant contract with the City to warrant and represent, to the best of its knowledge at the time the contract is executed, that they are not aware of any improper conflict of interest circumstances as described. Also, the contract will obligate funded agencies or organizations to exercise due diligence to ensure that no improper conflict situations occur during the contract.

## PERFORMANCE MEASUREMENTS

Performance Measurement is the collection of reporting information that allows an agency to track resources used, work produced and results achieved. Performance measures are critical in helping organizations define what success is and whether they are achieving their mission.

As you answer item number 11 in the application, remember: *What is the story that you want to tell about your program?*

**How:** *Describe how the program will be implemented. What kinds of services or activities are provided? Transportation, classes, counseling, support groups, homelessness prevention services, etc. How many clients will be served? What is covered for each service? Make it applicable to your activity.*

### How Will You Measure Success?

How will your organization measure success? These are the primary **outcomes** that will help you determine how successful the program will be. Identify what you are trying to accomplish with your program and tell us how you will measure it. **Typical Performance Measurement Indicators for CDBG Projects from the City of McKinney may include – but not limited – to the following:**

Indicators	Performance Measurement (Data)
<b>Public Services</b>	Number of persons assisted with new or improved access to a service.
<b>Public Facility or Infrastructure</b>	
<b>Targeted Revitalization</b>	Range of outcomes that may include jobs created and retained, businesses assisted; number of low to moderate persons and households served.
<b>Commercial Façade Improvements</b>	Number of improvements undertaken and rehabilitated; number of improvements including ADA Compliance.
<b>Owner occupied units rehabilitated</b>	Number of owner occupied units rehabilitated, including those occupied by the elderly and units corrected for lead based paint
<b>Homeless shelters</b>	Number of homeless persons given overnight shelter
<b>Homeless prevention</b>	Number of households that received emergency financial assistance to prevent homelessness and emergency legal assistance to prevent homelessness.
<b>Jobs created/retained</b>	Of the total number of jobs created, this indicator shows the number of jobs that have employee-sponsored health care; The types of jobs created (using Economic Development Administration (EDA) classifications, and the number or persons unemployed before taking the job (created only)
<b>Business assistance</b>	Number of new businesses, existing businesses, and the DUNS number of each business, so that HUD can track the number of new businesses that remain operation for three years AFTER assistance.
<b>Businesses providing goods or services</b>	Indicator shows whether an assisted business provides goods or services to meet the needs of the service area, neighborhood, or community, as determined by the City.

## GENERAL COST REASONABLENESS

All expenditures under CDBG are under a reimbursement financial system. To be allowable under an award, all costs must meet the following general criteria:

- ✓ Be reasonable for the performance of the award and be allocable thereto under these principles.
- ✓ Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- ✓ Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- ✓ Be accorded consistent treatment.
- ✓ Determined in accordance with generally accepted accounting principles (GAAP).
- ✓ Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- ✓ **Be adequately documented.**

## **UNDERWRITING GUIDELINES: DECISION MAKING CRITERIA**

### **Economic Development Activities**

- ✓ Project costs must be reasonable, not excessive and support by cost analysis. Transactions must be carried out throughout arms-length transactions, not insider arrangements.
- ✓ To the extent that is required, CDBG funds cannot be substituted for other funds. (This standard requires financial underwriting analysis of the entire project. The level of analysis will change with the nature and complexity of the project or activity. As projects in this category may provide financing for for-profit businesses, appropriate levels of private source financing or other financing are expected; fair and equal participation must be sufficient and apparent.
- ✓ Funding sources proposed as a use of source for the project must be committed. Written verification should be submitted under the application process
- ✓ Feasibility. The public benefit expected from the quality of life investment of CDBG funds is the creation and maintenance of Low to Moderate Income Jobs. The benefit will not be able to manifest if the project is not financially feasible.
- ✓ *Pro-Rata Requirements.* CDBG funds will be disbursed on a pro rata basis with other project or activity funding sources. CDBG funding cannot be the first money into a project, but should be exacted as a funding mechanism into a project, proportional to other project funding sources when possible.

# Resources & Checklist Items

## APPLICATION RESOURCES

### *Allowable and Unallowable Costs*

OMB-87, Attachment B: Listing of Selected Items of Costs (Allowable, Unallowable)

<http://www.usmarshals.gov/prisoner/omb87.pdf>

### *Resources for OMB A-133 Audits*

<http://nhl.gov/offices/cpd/communitydevelopment/library/subrecipient/playing/chapter7.pdf>

### *Census Data – American Factfinder*

[www.americanfactfinder.gov](http://www.americanfactfinder.gov)

### *Income Limits and Data Sets*

<http://www.huduser.org/portal/datasets/il.html>

### *IRS Nonprofit Exemption Check*

<http://www.irs.gov/Charities-&-Non-Profits/Search-for-Charities>

### *Procurement - Non-profit organizations*

(Recipients) and Subrecipients is governed by:

– **24 CFR § 84.42**

## ***Don't Forget:***

***Use Staff for Technical Assistance! Appointments are suggested. (Refer to page 2)***

## Final Countdown: Application Content Requirement Checklist

All applicants must submit their application on the City of McKinney's Grant Application Portal. Attachments required will be contingent upon the type of activity submitted. Please review the lists below to determine applicable requirements. Incomplete applications may not be eligible for the grant cycle review.

### All applicants must submit the following attachments:

- Proof of Insurance (Applicable ONLY to applicants that are not current CDBG subrecipients, within the year of October 1, 2014 – September 30, 2015)
- Budgets (Program budget for the request and the organizational budget)
  - Required in addition to the Budget Form
- Resume of Executive Director AND the Project Coordinator, if applicable. For-profit organizations must submit resumes of full or partial owners and key management personnel.
- IRS Letter of Determination certifying current tax-exempt status.
- List of officers and members of the board of directors – **must** include the name, occupation or affiliation of each member and identify the principal officers of the governing body (*No personal information such as include phone numbers, addresses, etc.*)
- *A formal audit must be submitted - the most recent completed audit, including management letters.*

For-profit businesses and entrepreneurs must submit the following attachments:

- Background Check Authorization (required for all full and partial business owners)
- Project Budget Summary
- Business Plan
- Resumes of Owner(s) and Key Personnel
- Guarantor's Financial Statement
- Funding MOUs (if required)
- Business financial statements (current and historical)