

PUBLIC SERVICE PLAYBOOK

CONNECTING RESIDENTS
TO RESOURCES ONE
PROGRAM AT A TIME.

THE CITY OF LORAIN





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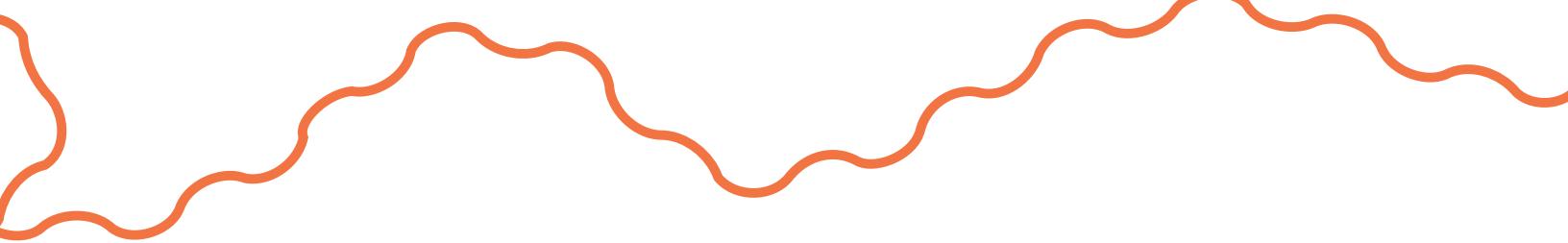
APPENDIX M: Public Service Quarterly Report

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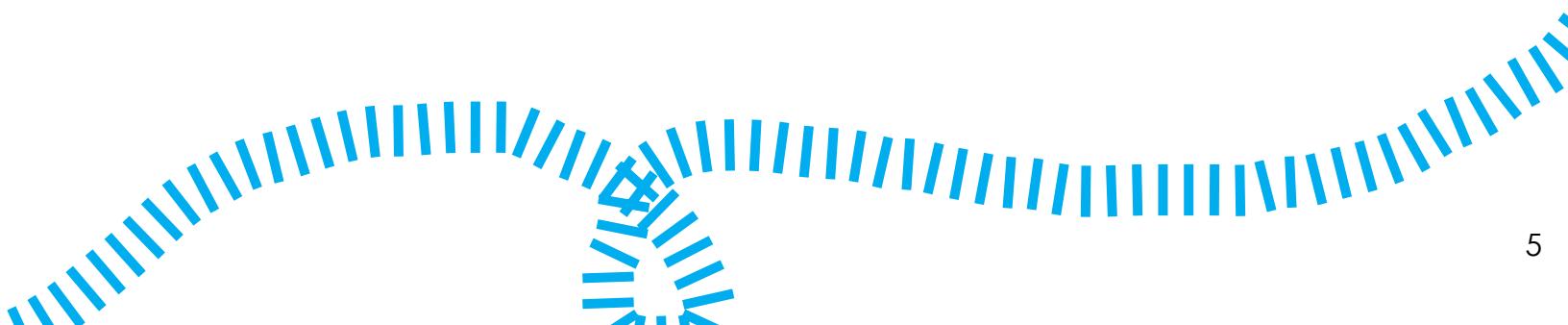


INTRODUCTION

The City of Lorain receives Community Development Block Grant (CDBG) entitlement funding from the Department of Housing and Urban Development's (HUD) Office of Community Planning and Development. Public Service activities are an eligible use of these funds. Public Service activities allow the City of Lorain to support and provide various services to address specific needs in our community in a more accessible and direct manner.

The City of Lorain has established the Public Service Playbook as a guide and resource for potential Subrecipients to understand the Public Service process. This guide will explain the purpose and intent of Public Service funding and its eligible uses, as well as the requirements and regulations set forth by both the City of Lorain and HUD. It is important to note that requirements could differ between what HUD requires and what the City of Lorain requires. Numerous federal, state, and/or local requirements could be triggered by a Public Service project, and although this guide will not include every federal, state, and/or local regulation, it will provide enough information to understand basic eligibility and administrative requirements. Additionally, these requirements can be vague and/or interpreted in multiple ways depending on the project, so please do not hesitate to contact the Department of Building, Housing and Planning for additional information or clarification.

The purpose of this guide is to increase transparency, communication, and accessibility to CDBG dollars as provided by the City of Lorain. The City of Lorain aims to maintain a competitive grant program to ensure impactful support for local agencies, providing the necessary services and resources for Lorain residents.



CDBG GENERAL INFORMATION

NATIONAL OBJECTIVES

The CDBG Program requires that all activities, except planning and administrative activities, meet a national objective. The national objectives are the goals for CDBG funding. There are three national objectives, and each objective, aside from Urgent Need, has additional subcategories to meet the national objective. All activities must document how they are meeting the national objective.

Generally, public service activities will fall under the Low/Mod national objective, specifically Low Mod Clientele (LMC), Low Mod Area (LMA), and Low Mod Housing (LMH). The Low/Mod national objectives are activities designed to assist low- and moderate-income (LMI) persons and are the primary national objective utilized as 70% of CDBG funding must benefit LMI persons. Rarely, public service activities can be qualified under the Slum/Blight (specifically the Slum Blight Area Basis) and Urgent Need national objectives. The remaining national objectives are not eligible for public service activities. Additionally, not all public service activities are eligible under the identified national objective. For example, senior services are not eligible under the LMA benefit because they are services directed to a specific demographic of people rather than the entire area population.

Please refer to Chapter 3: National Objectives in the Basically CDBG Manual in Appendix A for additional clarification.



National Objective – Low/Mod

This national objective is designed to benefit low- and moderate-income persons. There are four categories, but only the following are allowed for public service activities:

Low Mod Area Benefit (LMA):

The service must be offered to all residents of a primarily residential area where at least 51% percent of the residents are LMI.

Compliance:

- Defining the service area on a map to document that the area is primarily residential.
- Utilize Census/American Community Survey (ACS) data to demonstrate that at least 51% of the service area is LMI.
- Conducting a community survey of the residents in the service area can also be utilized to demonstrate that at least 51% of the service area is LMI.

Low Mod Clientele (LMC):

The service is provided to a specific group of persons, of which 51% of those served are LMI.

Compliance:

- Provided only to a group of people who are generally presumed to be LMI, according to HUD.
 - Those presumed to be LMI include abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.
- Document the income of each person being served and have at least 51% be LMI.
 - The City of Lorain will provide the *Public Service Income and Demographics Form* to collect this information.
- Have income eligibility requirements that would limit the program to exclusively LMI persons.
- The nature and location of an activity can determine that the individuals served are generally LMI. This will require additional documentation, which is determined on a case-by-case basis.

National Objective – Low/Mod Continued

Low Mod Housing (LMH)

- Activities intended to provide or improve permanent residential structures that will be occupied by LMI households.
- Compliance:
 - The documentation for this varies based on the program, but ultimately, 51% of structures assisted must be occupied by an LMI household.
 - For example, to verify residents living in a structure, the rent agreement could be utilized, and the Public Service Income and Demographics Form could be utilized to verify income eligibility.

A template of the Public Service Income and Demographics Form is included as Appendix B.

National Objective – Slum/Blight

This national objective is designed to aid in the prevention or elimination of slums or blight. There are three categories, but only the following is allowed for public service activities:

• Slum Blight Area Basis (SBA)

- Activities that aid in preventing or eliminating slums or blight in a designated area to improve the living conditions for LMI residents.
- Compliance:
 - The documentation for this varies based on the program, but ultimately, the area must be designated as a slum, blighted, deteriorated, or a deteriorating area under law.
 - For example, an Urban Renewal Area Plan can be utilized to document that an area has been designated as slum blighted or deteriorated. This is an area plan to guide redevelopment of a designated area that has been deemed blighted, deteriorated, or overall, in need of improvement.

National Objective – Urgent Need (URG)

This national objective is designed to address a particular urgency and does not have additional categories. This national objective is rarely used and intended to alleviate emergency conditions that meet the following criteria:

- Poses a serious and immediate threat to the health and welfare of the community;
- Is of recent origin or recently becoming urgent;
- The City of Lorain is unable to finance the activity on its own; and,
- Other sources of funding are not available.

MATRIX CODES

Matrix Codes correlate with national objectives. They are utilized to categorize CDBG activities and therefore, all activities must be tied to a matrix code. Matrix codes assist with reporting and assessing program performance on the local and federal levels.

Below are the matrix codes applicable to Public Service activities. Projects may qualify under multiple matrix codes or don't necessarily align with a matrix code, but this does not determine a project as eligible or ineligible. When a project does not necessarily align with a specific matrix code, the City of Lorain and the potential Subrecipient will need to discuss the program in more detail to determine the best use of the matrix codes.

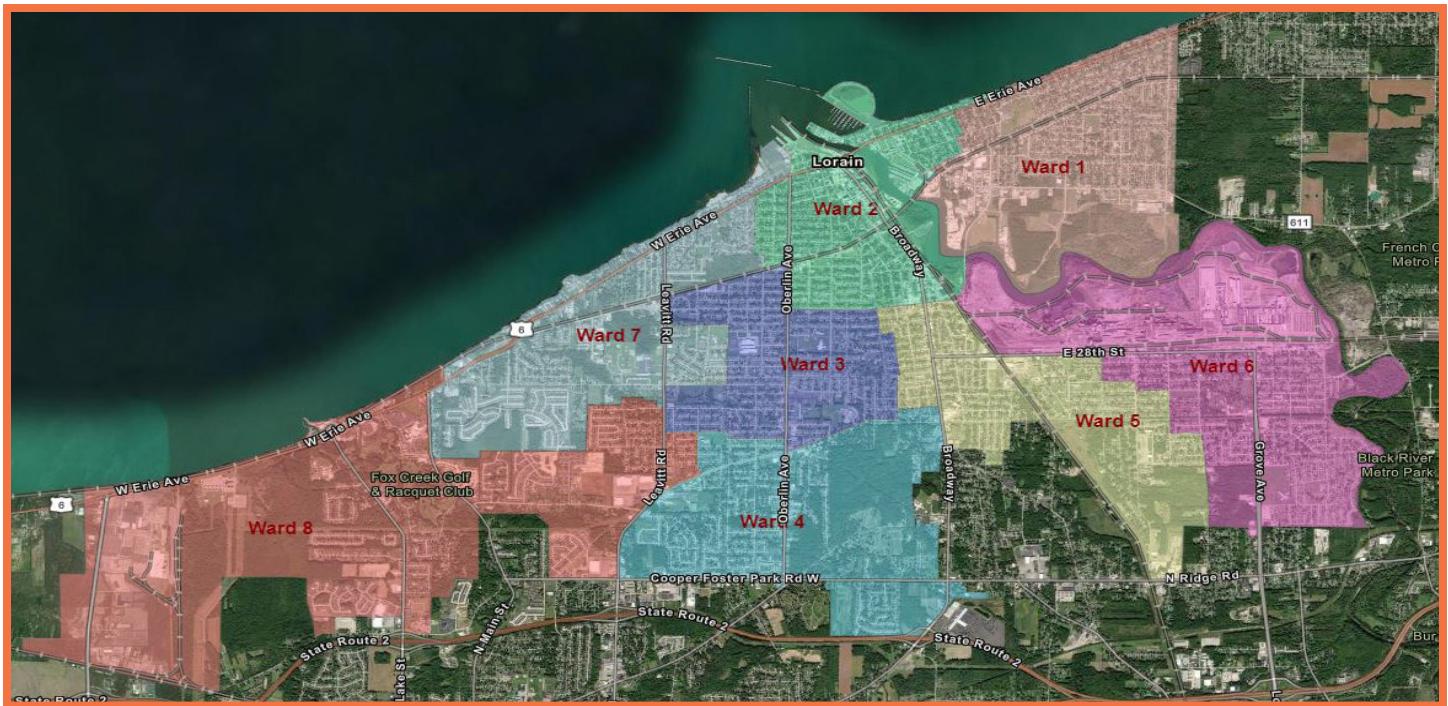
Matrix Code	Activity	National Objective				
		LMA	LMC	LMH	SBA	URG
03T	Operating Costs of Homeless/AIDS Patients Programs	N/A	Allowed	N/A	Allowed	Allowed
05A	Senior Services	N/A	Allowed	N/A	Allowed	Allowed
05B	Handicapped Services	N/A	Allowed	N/A	Allowed	Allowed
05C	Legal Services		Allowed	N/A	Allowed	Allowed
05D	Youth Services	N/A	Allowed	N/A	Allowed	Allowed
05E	Transportation Services	Allowed	Allowed	N/A	Allowed	Allowed
05F	Substance Abuse Services	Allowed	Allowed	N/A	Allowed	Allowed
05G	Battered and Abused Spouses	N/A	Allowed	N/A	Allowed	Allowed
05H	Employment Training	Allowed	Allowed	N/A	Allowed	Allowed
05I	Crime Awareness	Allowed	Allowed	N/A	Allowed	Allowed
05J	Fair Housing Activities	Allowed	Allowed	N/A	Allowed	Allowed
05K	Tenant/Landlord Counseling	N/A	Allowed	N/A	Allowed	Allowed
05L	Childcare Services	N/A	Allowed	N/A	Allowed	Allowed
05M	Health Services	Allowed	Allowed	N/A	Allowed	Allowed
05N	Abused and Neglected Children	N/A	Allowed	N/A	Allowed	Allowed
05O	Mental Health Services	Allowed	Allowed	N/A	Allowed	Allowed
05P	Screening for Lead Based Paint/Lead Hazards	N/A	Allowed	N/A	Allowed	Allowed
05Q	Subsistence Payments	N/A	Allowed	N/A	Allowed	Allowed
05R	Homeownership Assistance (not direct)	N/A	N/A	Allowed	Allowed	Allowed
05S	Rental Housing Subsidies	N/A	N/A	Allowed	Allowed	Allowed
05T	Security Deposits	N/A	N/A	Allowed	Allowed	Allowed
05U	Housing Counseling	N/A	N/A	Allowed	N/A	N/A
05V	Neighborhood Cleanups	Allowed	N/A	N/A	Allowed	Allowed
05W	Food Banks	Allowed	Allowed	N/A	Allowed	Allowed

LORAIN RESIDENCY

As mentioned, CDBG funding requires that approximately 51% or more unduplicated City of Lorain LMI residents be served. A Lorain resident is considered to be a person residing in the city of Lorain with a Lorain mailing address that is **within** the Lorain municipal boundary. Please keep in mind that individuals can have a Lorain mailing address but not live within the Lorain municipal boundary.. For example, residents of Sheffield Township have a Lorain mailing address but live outside of Lorain's municipal boundary. If a person does not have a current mailing address due to homelessness, their residency will be assumed to be Lorain unless known otherwise.

Address verification can be completed utilizing one of the following methods:

- Lorain County Auditor's Property Records : <https://loraincountyauditor.gov/Search>
 - Search the property records. If the City/Township does not say "LORAIN CITY" then the property does not fall within the Lorain municipal boundary.
- City of Lorain's City Council Wards: <https://gis.cityoflorain.org/portal/apps/sites/#/public/app/4d8d0dea788e4d8c97afb2ecec92817d>
 - Search the address utilizing the City of Lorain's Public GIS Council Ward Map. If an address does not belong to a ward, then it does not fall within the Lorain municipal boundary.



INCOME ELIGIBILITY

Income eligibility is based on the household size and the household's annual income. The household size is based on the total number of persons living within the house, regardless of familial relationship or financial contribution. Household income is the combination of income for all persons aged 18 and older living within the household (regardless of familial ties or financial contribution). For example, if a family of three has a friend living in the house that does not pay rent, their household size is four, and all individuals' incomes must be considered. Income limits are provided by and updated annually by HUD. The income limits are categorized by extremely low income, low income, moderate income, and non-low income. Any household considered extremely low, low, or moderate income are considered LMI and would be included within the 51% LMI benefit requirement.

Household Size	FY 2025 Income Limits Cleveland - Elyria, OH MSA				
	Extremely Low (30%)	Low (50%)	60%	Moderate (80%)	Non-LMI
1	20,900 or less	20,901 - 34,800	34,801 - 41,760	41,761 - 55,650	55,651 and up
2	23,850 or less	23,851 - 39,800	39,801 - 47,760	47,761 - 63,600	63,601 and up
3	26,850 or less	26,851 - 44,750	44,751 - 53,700	53,701 - 71,550	71,551 and up
4	29,800 or less	29,801 - 49,700	49,701 - 59,640	59,641 - 79,500	79,501 and up
5	32,200 or less	32,201 - 53,700	53,701 - 64,440	64,441 - 85,900	85,901 and up
6	34,600 or less	34,601 - 57,700	57,701 - 69,240	69,241 - 92,250	92,251 and up
7	37,000 or less	37,001 - 61,650	61,651 - 73,980	73,981 - 98,600	98,601 and up
8+	39,350 or less	39,351 - 65,650	65,651 - 78,780	78,781 - 104,950	104,951 and up

Income and Demographics Forms

As mentioned previously, HUD requires all Public Service projects to benefit at least 51% LMI residents. Additionally, HUD requires ethnicity and racial data for all persons served. The *Public Service Income and Demographics Form* is the primary form utilized to collect the income, racial, and ethnic data of all participants. Additional information is requested for data collection purposes only. The form is tailored to specific programs, but all forms will collect the following:

- Name
- Address or Residency
- Household Size
- Household Income
- Ethnicity
 - Hispanic and/or Latino
- Race
 - Asian
 - American Indian or Alaskan Native
 - Black / African American
 - Native Hawaiian or Other Pacific Islander
 - White
 - Other / Multi-Racial

Recipients of services are not required to disclose their Ethnicity or Race. This is optional, however, HUD requires this information to be reported to monitor demographic information for the area and population served. If an individual chooses not to provide their Ethnicity and/or Race information, the Subrecipient providing the service must conduct a visual observation. In these instances, the recipient will indicate that they chose not to provide this information by initialing the *Public Service Income and Demographics Form*, and the Subrecipient must sign the *Public Service Income and Demographics Form* to verify that Ethnicity and Racial data were collected through a visual observation.

The *Public Service Income and Demographics Form* must be completed in blue or black ink for legibility. Forms collected using a pencil will not be accepted. Additionally, if forms are not physically provided to the City of Lorain, then the forms must be appropriately scanned in. Photos of forms and scans that are incomplete will not be accepted.

A template of the *Public Service Income and Demographics Form* is included in Appendix B.

ENVIRONMENTAL REVIEW (24 CFR 570.604, 24 CFR 570.605)

Any project containing CDBG funds is required to have an Environmental Review completed and the results of that review be documented in an “Environmental Review Record (ERR)” before any work can be conducted and/or any funds can be spent. This applies to the entire program and/or project, regardless of the amount of the CDBG contribution. The City of Lorain is responsible for completing and maintaining the ERR, however, the Subrecipient is responsible for ensuring no work is conducted before the ERR is completed and/or outside of the approved scope of the ERR.



Depending on the project, the City of Lorain may require the Subrecipients to gather the information necessary to complete the environmental review. The City of Lorain aims to collect all necessary information during the Public Service application process but depending on the scale and complexity of the project, as well as the level of environmental review required, additional information may be necessary and can prolong the review and distribution of funds. This may require the Subrecipient to provide additional information or complete an environmental review checklist based on the scope and content of the proposed project.

The Environmental Review is conducted throughout the application and award process and completed prior to a Subrecipient Agreement and/or Contract being executed. In the instance where the Subrecipient Agreement and/or Contract is executed before the ERR is finalized, the Subrecipient cannot conduct any work or exhaust any funding (regardless of the funding source) until they receive a Notice to Proceed. The Notice to Proceed is generally written notice from the City of Lorain informing the Subrecipient or Contractor that the ERR has been completed and work can commence or proceed.

PROGRAM INCOME

If an activity generates income, this is referred to as program income. Public Service activities generally do not generate program income, but they may through access fees (i.e. membership fees). Access fees can be charged for a Public Service activity as long as they are minor, not excessive (i.e. do not unfairly compete with private companies providing equivalent services), and do not prohibit LMI persons from utilizing the service.

The Subrecipient Agreement will outline the following regarding the use of program income, as applicable:

- The activities that can be undertaken with the program income.
- State that all provisions of the agreement apply to activities funded with program income.
- Clarify when additional CDBG funds will be disbursed to the subrecipient.
- Require the return of any remaining program income when the agreement expires.

PROCUREMENT

Generally, for expenses below \$100,000, the small purchase procedures can be used. The small purchase procedures require requesting quotes from a sufficient number of sources (i.e. three) and choosing the lowest and best option. For expenses exceeding \$100,000 or expenses related to construction, a sealed bid (formal advertising) or competitive proposals method will be required. The sealed bid (formal advertising) process requires publicly solicited sealed bids (or quotes) for a firm-fixed-price lump sum or unit-price contract that is awarded to the most responsible, lowest, and best respondent. Competitive proposals are Requests for Proposals (RFP) and Requests for Qualifications (RFQ). An RFQ can only be used for architectural and engineering services. The RFP and RFQ process differs from the sealed bid process in that they are not just analyzing and deciding based on the lowest and best cost, but additional evaluation criteria.

Small purchase procedures:

- Expenses that are less than \$100,000.
- Request three quotes and choose the lowest and best.

PROCUREMENT CONTINUED

Sealed Bid (Formal Advertising):

- Expenses that are \$100,000 or more or construction-related.
- Advertise for bids, host a bid opening, and award to the lowest and best bidder.
 - A detailed and complete scope of work must be created for the bidding process.
 - The request for bids must be advertised in the newspaper at least once, with sufficient time before the bid opening.
 - The bid opening must be public and happen at the time and place specified in the advertisement.
 - Provide written notice for the firm-fixed-price contract award to the lowest and best bidder.

Competitive Proposals:

- Expenses that are \$100,000 or more.
- Request for Qualifications (RFQ) is for architecture and engineering services.
- Request for Proposals (RFP) are for professional services.
- Advertise for proposals or qualifications, review, and award.
 - The request for proposals should require submission of qualifications and cost information. A detailed and complete scope of work must be created.
 - The advertisement must be in the newspaper at least once, with sufficient time before the selection process.
 - All proposals and/or qualifications must be reviewed utilizing a mechanism for technical evaluation.
 - RFQ review is based on expertise and experience. The price or cost is not considered. RFP considers both qualifications and the price or cost as an evaluation factor.
 - Provide written notice of the award.

Please refer to Chapter 14: Procurement in the Basically CDBG Manual, in Appendix C, for additional clarification.

PUBLIC SERVICE INFORMATION

ORGANIZATION ELIGIBILITY

Public Service funding is only available for organizations that are registered as 501(c)(3) on the federal, state, and local levels. All organizations must have a Unique Entity ID (UEI) generated by SAM.gov, be located within the City of Lorain, and/or provide substantial services to City of Lorain residents.

If an organization is not registered appropriately, they may use a Fiscal Sponsor. The Fiscal Sponsor must meet all eligibility requirements. They will be financially responsible for the administration of the grant and will be subject to all applicable regulations and requirements.

PROJECT ELIGIBILITY

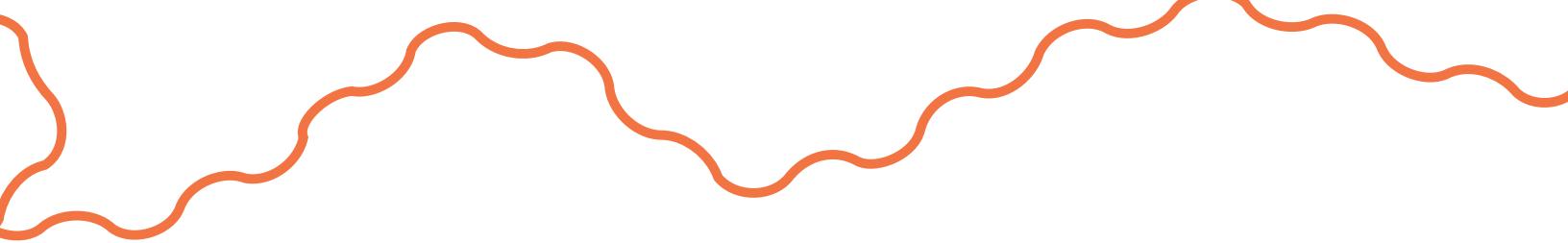


In order to be eligible to receive Public Service funding, the activity or project must be a new service or a quantifiable increase in the level of service.

New Service: An activity or project, with the same objective and outcome, that has not been administered within the previous 12 months. Please note that if the programmatic outcome and accomplishments are not changing and just the program name or brand is, that is not considered a new service.

Example: Organization A is requesting funding for a new program designed to provide art educational classes to middle school students. This would qualify as a new service since the program has never been in operation.

Example: Organization B is requesting funding for their childcare program, Growing Seeds, which teaches children about gardening. The program has operated previously but has not been in operation since 2019. This would qualify as a new service since the program has not been in operation for 5 years.

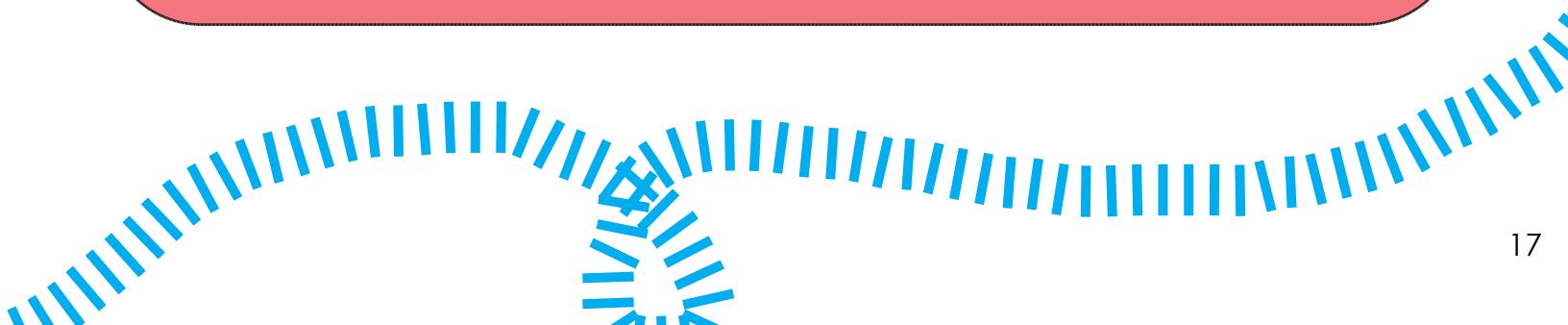


Quantifiable Increase: A quantifiable increase must be documented for any activity or project that is currently being administered or has been administered within the previous 12 months and has received local or state funding. Documentation may include, but is not limited to, waitlists, surveys, and other data collected by the organization. Local or state funding refers to a funding source provided by a government agency, such as the City of Lorain or Lorain County.

Example: Organization A received \$15,000 in CDBG funding in 2024 for its Arts First program, an art educational program that assisted 35 students. In 2025, they have requested \$20,000 to support Arts First for 50 students. Organization A provided a waitlist showing 15 students whom they are unable to support. This project would qualify as a quantifiable increase because the funding would allow the program to have a quantifiable increase in support by supporting an additional 15 students on the waitlist.

Example: Organization B received \$20,000 in CDBG funding in 2023 and \$10,000 in local funding from Lorain County in 2024 for their food pantry. Both years, the pantry served 200 low-to-moderate income households. Organization B applied for \$25,000 in CDBG funding to support those same 200 households. This is not a quantifiable increase as they continue to service 200 households and would not be considered eligible. Organization B would qualify as a quantifiable increase if they provided a waitlist or other documentation showing they could support 10 households in addition to the 200 households already served.

Example: Organization C received \$15,000 in CDBG funding in 2023 for their mental health clinics that assisted 50 low-to-moderate income persons. Organization C did not receive CDBG funding in 2024. In 2025, they have requested \$20,000 to support their mental health clinics for 50 low-to-moderate income persons. They did not receive any other local or state funding in the last year. This project would qualify as a new service since they have not received local or state funding within the previous 12 months and would not be required to document a quantifiable increase.



EMERGENCY SERVICES

The Emergency Services Program is a sub-fund of Public Service funding. The City of Lorain dedicates a portion of its Public Service funding to support emergency services. An activity or project may be considered an emergency service if the service is necessary to aid or combat a serious or immediate threat to the health and/or welfare of the community. This can include, but is not limited to, disaster relief response, warming centers, cooling centers, and aid to Homeless populations.

The Emergency Services Program follows the same regulations and requirements as the Public Service Program. Activities can receive Emergency Services and Public Service funding.

ELIGIBLE COSTS

Public service funding can be used for labor, supplies, equipment, operational costs, and materials. The funding can also be utilized to operate and/or maintain the portion of a facility in which the public service is located, but this will require additional eligibility determinations to ensure the funding is primarily provided for a service and would not be better suited for Public Facility Improvements funding.

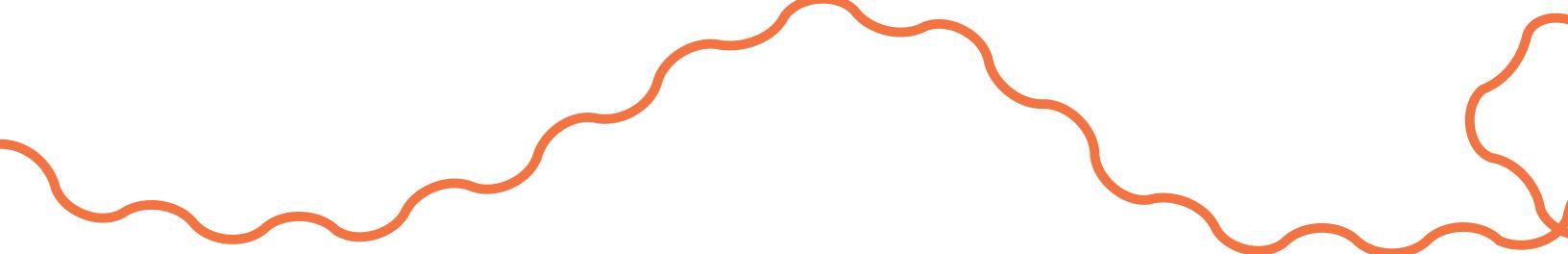
Eligible Public Service activities include, but are not limited to:

- Employment Services
- Childcare Services
- Crime Prevention and Public Safety
- Youth Services
- Health Services
- Substance Abuse Services
- Education Programs
- Energy Conservation
- Senior Services
- Services for Homeless Persons

Ineligible activities and costs include but are not limited to:

- Food and Drink
- Income Payments
 - These are payments made to anyone to provide basic services such as food, shelter, clothing, gas, etc.
 - This includes gift cards, utility payments, rent/mortgage, gas cards, food cars, cash payments, etc.
- Political Activities
- Pre-Award Costs
 - Costs incurred before a Subrecipient Agreement is executed.
- General administrative costs, “overhead” or “indirect” costs
- Construction Equipment
- Vehicle purchases

Please refer to Chapter 7: Public Services in the Basically CDBG Manual in Appendix D for additional information.



EQUIPMENT

According to 2 CFR Part 200 and the City of Lorain, equipment is tangible personal property, including information technology systems (e.g., computing devices, ancillary equipment, software, firmware, and support services) with a useful life of more than one year and a per-unit cost equal to or exceeding \$5,000. Supplies are tangible personal property that does not fit within the definition of equipment. Computing devices are considered a supply if the acquisition cost is below \$5,000, regardless of the useful life.

The purchase of equipment is generally ineligible with CDBG funding, however, Public Service funding can be utilized for the purchase, rental, or lease of equipment, furnishings, or other personal property that is necessary for a public service activity. Renting and leasing equipment is preferred, but purchasing equipment could be allowed when it is more cost-effective and essential for the program's operation. For example, CDBG funding could be utilized to purchase a freezer that expands a food pantry's offerings.

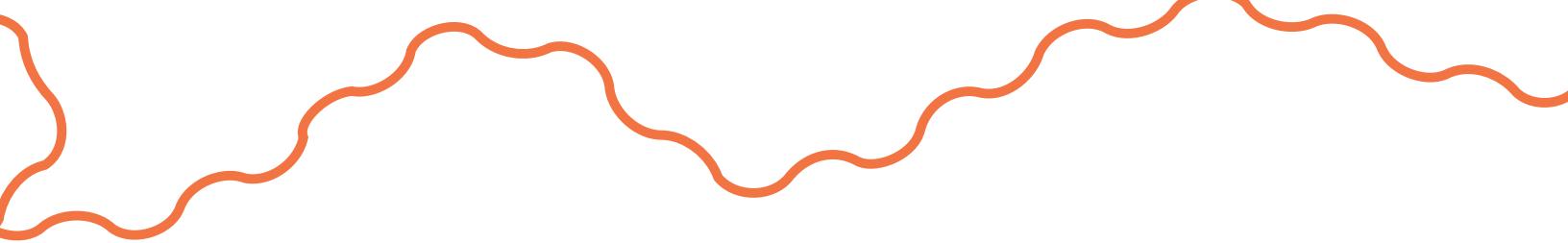
Purchasing equipment with CDBG funding requires additional verification of eligibility and administrative oversight, as additional restrictions and requirements must be followed. The City of Lorain cannot guarantee the approval of all equipment-related costs.

Any equipment purchased with CDBG funding will have ownership vested in the City of Lorain until all requirements and conditions are met, as specified within the Subrecipient Agreement. The equipment must be utilized for the CDBG-supported program within the terms of the Subrecipient Agreement or until the equipment is no longer needed for the purposes of the program, regardless of CDBG funding. The Subrecipient cannot encumber or dispose of equipment without approval from the City of Lorain.

The equipment must be made available for use on other federally funded projects or programs, given it does not interfere with the CDBG-funded program or is no longer needed for the original intended use. Other federally supported agencies may utilize the equipment in this priority order:

- Activities under a federal award from HUD
- Activities under federal awards from other federal agencies





The equipment can be used for non-federally funded projects and programs as long as it does not interfere with the original purpose for which the equipment was purchased. Additionally, any fees associated with the use of the equipment or the CDBG-supported program cannot unfairly compete with private companies providing equivalent services unless authorized by a federal statute (2 CFR 200.313 (c)(3)). For example, if a Subrecipient utilized CDBG funding to purchase a printer to allow residents to print documents and charged \$1 per page, whereas private companies charge \$0.24 per page.

EQUIPMENT PROCUREMENT

The Subrecipient must request approval to purchase equipment using the *Equipment Purchase Request Form*. The *Equipment Purchase Request Form* will collect information regarding the specified equipment the Subrecipient plans to purchase, control systems, and how and when the equipment will be purchased. This form is utilized to ensure the equipment is an eligible expense, proper procurement methods are utilized, and the Subrecipient has control systems in place to ensure the equipment is safeguarded to prevent loss, damage, or theft. The City of Lorain will review the *Equipment Purchase Request Form* and notify the Subrecipient of approval or denial, as well as any particular requirements that must be followed regarding the procurement of the equipment.

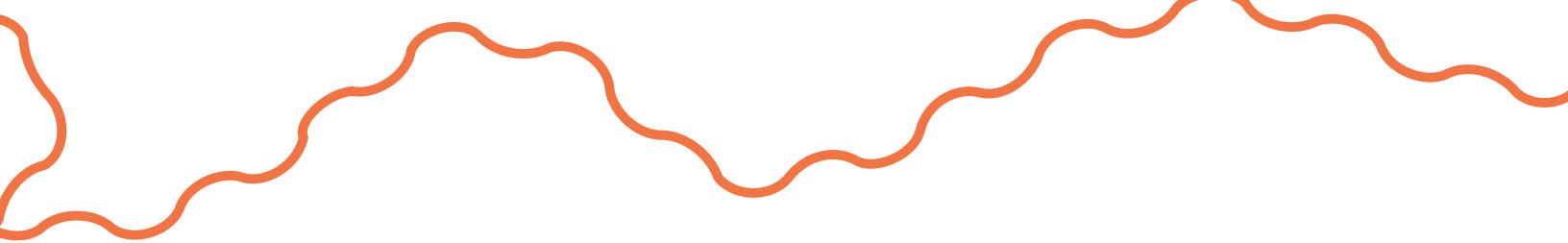
Please refer to the Procurement section on page 14 and Chapter 14: Procurement in the Basically CDBG Manual, in Appendix C for additional information regarding procurement methods. Additionally, a template of the Equipment Purchase Request Form is included as Appendix E.

EQUIPMENT MANAGEMENT

It is the responsibility of the Subrecipient to maintain proper records and inventory, adequate maintenance and safety control, and the disposition of equipment. The Subrecipient is responsible for maintaining equipment inventory records for four years following grant close-out.

An inventory record must be kept and maintained throughout the performance period (2 CFR 200.313 (d)(1)). The *Equipment Inventory Form* is required for any Subrecipient utilizing CDBG funding to purchase equipment. This form is utilized to create an inventory record and track equipment acquired with CDBG funds. This form must be completed and submitted to the City of Lorain immediately after the equipment is purchased and on hand. The following information is required:

- Equipment Description and Condition
 - This should detail what the equipment is, who manufactured the equipment, the condition of the equipment, etc.
- Intended Use
 - This will detail what the equipment will be utilized for.
- Model Number
- Serial Number
- Purchase Date
- Purchase Price
- Source and Amount of Funding Used
 - This should detail the source(s) of funding utilized to purchase the equipment and their contribution to the purchase of the equipment.
 - Include any federal Award Identification Numbers (FAIN), as applicable.
- CDBG Contribution Percentage
 - This should specify the percentage of the equipment cost that was covered by CDBG funding.
- Location
 - This should explain where the equipment is kept.
- Tag No.
 - All equipment purchased with CDBG funding should be tagged. The tag will identify that the equipment was purchased with CDBG funding and will have a unique number to track the equipment.
- Photos
 - Photos clearly showing the tagged equipment in their stored location.



The City of Lorain will need to conduct a physical inventory of the equipment upon receipt of the Equipment Inventory Form and, at minimum, once every two years. A physical inventory of equipment may happen more frequently, during monitorings, and as specified in the Subrecipient Agreement. The City of Lorain staff will utilize the Equipment Verification Form to verify the equipment has been purchased, has been maintained, is stored appropriately, and aligns with the information reported in the Equipment Inventory Form.

A template of the Equipment Inventory Form is included as Appendix F, and the Equipment Verification Form is included as Appendix G.

Safeguards

As mentioned previously, the Subrecipient must maintain adequate safeguards to prevent loss, damage, and/or theft of equipment. For example, equipment should be stored in a secure location.

In the case of any loss, damage, or theft to the equipment, the Subrecipient must notify the City of Lorain immediately. The City of Lorain will conduct an investigation, utilizing the *Equipment Investigation Form*. The *Equipment Investigation Form* aims to gather information regarding the events leading up to the loss, damage, or theft of the CDBG equipment. A letter will be provided to the Subrecipient detailing the results of the investigation. If the investigation determines the Subrecipient failed to provide adequate safeguards, the Subrecipient will be responsible for paying back any CDBG funds utilized to purchase the equipment.

A template of the Equipment Investigation Form is included as Appendix H.

EQUIPMENT DISPOSITION

When equipment purchased with CDBG funding is no longer needed for the original program or other activities currently or previously assisted with federal funds, the equipment must be disposed of properly. The City of Lorain reserves the right to obtain the equipment or transfer the title or ownership of the equipment to the federal government or another third party.

The Subrecipient should utilize the *Equipment Disposition Request Form* to request approval to dispose of equipment. The *Equipment Disposition Request Form* is utilized for Subrecipients to request disposition for CDBG-purchased equipment. This form should be completed no matter the method of disposition (retain, sell, or dispose). The form will include the following:

- Tag Number
- Equipment Description
- Manufacturer
- Model Number
- Serial Number
- Current Conditions
- Equipment Cost
- Current Fair Market Value
- Disposition Method and Use

The City of Lorain will review the *Equipment Disposition Request Form* and notify the Subrecipient of approval or denial, as well as any particular requirements that must be followed regarding the disposition of the equipment, within two weeks of receiving the request.

Equipment with a current per-unit fair market value of less than \$5,000:

Equipment with a current fair market per unit value of \$5,000 or less may be retained, sold, or disposed of with no further responsibility to the City of Lorain. The Subrecipient must request permission from the City of Lorain to retain, sell, or dispose of the equipment. Regardless of their choice, the Subrecipient must complete the *Equipment Disposition Request Form*.

Equipment with a current per-unit fair market value of \$5,000 or more:

Equipment with a current fair market per unit value of \$5,000 or more may be retained or sold. The Subrecipient must request permission from the City of Lorain to retain or sell the equipment. The Subrecipient must complete the *Equipment Disposition Request Form*.

Replacing Equipment:

If equipment needs to be replaced, the original equipment can be used as a trade-in or it can be sold, with the proceeds going towards the replacement. The *Equipment Disposition Request Form* must be completed to request the replacement.

Selling Equipment:

The City of Lorain retains the right to compensation in an amount equal to multiplying the current fair market value or proceeds from the sale by the percentage of CDBG contributed to the original cost of the equipment. The Subrecipient may request up to \$1,000 in compensation from the federal share to cover the administrative costs and expenses related to the selling and handling of the equipment.

Example: A freezer was originally purchased for \$15,000, utilizing \$9,000 in CDBG funding. The CDBG share of the equipment cost is 60%. After five years of use, the current fair market value is \$10,000. If the freezer was sold for \$10,000, the City of Lorain would be entitled to \$6,000 in the proceeds of the sale based on the fair market value and CDBG percentage. If the freezer was sold for \$9,000, the City of Lorain would be entitled to \$5,400 in the proceeds of the sale based on the sale price and the CDBG percentage.

For equipment with a current fair market per unit value of \$5,000 or more, all sale proceeds will become Program Income. The Subrecipient must utilize their share of the proceeds to continue the programming specified in the Subrecipient Agreement or return the funds to the City of Lorain. The Subrecipient may request up to \$1,000 in compensation from the City of Lorain's share of the proceeds to cover the administrative costs and expenses related to the selling and handling of the equipment. To do so, the Subrecipient must submit an invoice to the City of Lorain requesting reimbursement for the administrative costs and expenses related to the sale of equipment. The invoice must be accompanied by supporting documentation (i.e., timesheets, payroll records, invoices, receipts, proof of payment, etc.).

Equipment Disposal

Once the Subrecipient has received approval to dispose of equipment, the *Equipment Disposal Form* must be completed once the Subrecipient has disposed of the equipment in the approved manner. This form must be submitted within two weeks of equipment disposal. If the Subrecipient has been approved for equipment retention, they can retain the equipment with no further obligation to the City of Lorain unless prohibited by federal statute or regulation. The *Equipment Disposal Form* does not need to be completed.

If the Subrecipient has been approved for equipment retention, they can retain the equipment with no further obligation to the City of Lorain unless prohibited by federal statute or regulation. The *Equipment Disposal Form* does not need to be completed.

A template of the Equipment Disposition Request Form is included as Appendix I and the Equipment Disposal Form is included as Appendix J.

THE PUBLIC SERVICE PROCESS

The City of Lorain will announce the availability of Public Service funding through email and the City's website. The application will be open for a minimum of 30 days and can be submitted via email, office drop-off, or mail. During the application window, the Department of Building, Housing and Planning (BHP) will schedule dedicated office hours for walk-ins and one-on-one meetings to aid applicants in completing their applications.

All applications will be reviewed to determine basic eligibility, per CDBG regulations and other HUD guidance, to ensure any and all requirements are met if a proposed activity is funded. A Risk Assessment will be completed for all applications to determine the level of risk the City of Lorain will incur if a proposed activity is funded. Following this, all applications and their Risk Assessments will be provided to the CDBG Scoring Committee to score, rank, and recommend funding.



The CDBG Scoring Committee was established to ensure equitable outcomes for CDBG Public Service funded activities. The CDBG Scoring Committee is responsible for scoring, ranking, and recommending projects and services to be funded with CDBG dollars. The Scoring Committee consists of BHP staff, the Federal Programs Committee Chairperson, and one Mayoral appointee.

Public Service applications are scored based on presentation of the application, community need and benefit, program design and soundness of approach, organizational capacity, financial feasibility, and the level of risk. These scoring categories address the degree to which proposed activities meet CDBG National Objectives, their alignment with Consolidated Plan outcomes and priorities, local needs, timeliness, amount of funds requested, etc. The ranking of applications will also take into consideration the needs of people within the community who are currently homeless or at risk of experiencing homelessness. Any input received from the Continuum of Care (CoC) regarding the needs of people who are currently homeless or at risk of experiencing homelessness will be provided to the Scoring Committee. Once applications have been scored and ranked, award and denial letters will be sent to all applicants.

Refer to Appendix K for the CDBG Public Service Scoring Rubric.

PRIORITIES

As mentioned above, one of the scoring criteria includes alignment with the City of Lorain's Consolidation Plan outcomes and priorities. The City's Five-Year Consolidated Plan 2025 – 2029 identifies the following goals:

Goal #1: Housing

Objective 1: Increase affordable housing opportunities.

Description: Enhance the availability and accessibility of affordable housing for low- and moderate-income residents.

Needs: Create more affordable housing by leveraging federal and local resources.

Community feedback highlighted priorities like:

- Develop affordable infill housing.
- Identify suitable sites for development.
- Build partnerships with local stakeholders.
- Diversify housing stock and create programs to address income eligibility.
-

Objective 2: Align improvement programs for homeowners and renters.

Description: Coordinate programs for homeowners and renters.

Needs: Improve outreach to existing programs that provide mortgage, rent, and utility assistance. Key priorities:

- Raise awareness of programs.
- Implement home rehabilitation programs (roof, window, furnace, siding replacement).
- Offer rental assistance and streamline rental registration.

Objective 3: Continue removing blighted properties.

Description: Demolish abandoned properties to improve neighborhood conditions.

Needs: Surveys show that blight removal is a top priority. Key actions include:

- Demolish blighted properties.
- Address housing conditions.
- Launch neighborhood clean-up campaigns.

Goal #2: Homeless

Objective 1: Enhance accessibility to wraparound services.

Description: Improve access to services that support individuals transitioning out of homelessness.

Needs: Identify gaps in mental health support, homeless facilities, and permanent supportive housing

Goal 3#: Community and Economic Development

Objective 1: Increase Neighborhood Development and Assets.

Description: Improve neighborhood assets through balanced development and green spaces.

Needs: Enhance amenities, including:

- Establish recreation facilities.
- Improve streetscapes and tree canopy.
- Increase access to food and resources.

Objective 2: Enhance public and social services.

Description: Improve public and social services collaboratively.

Needs: Support services focused on youth, health, and elderly populations, as well as non-homeless special needs

Objective 3: Improve public infrastructure.

Description: Implement infrastructure improvements.

Needs: Prioritize road replacement, utility upgrades, and sidewalk repairs.

Goal #4: Non-Homeless Special Needs

Objective 1: Enhance Senior and Elderly Programs and Services.

Description: Increase access to services for senior residents.

Needs: focused support for seniors, including:

- Expand awareness of the homestead exemption.
- Develop programs serving seniors.
- Review zoning regulations to support aging in place, including accessory dwelling units (ADUs).

PRIORITIES FOR PUBLIC SERVICE FUNDING

- Homeless services
- Mental health services
- Health services
- Youth services
- Senior services
- Food services
- Community and Recreation Center (operational costs)



AWARD MEETING

The City of Lorain will send out award letters to all Subrecipients who have been chosen to receive a CDBG Public Service grant. These letters will detail the grant amount and request the Subrecipient to schedule a meeting with the City of Lorain within a specified period. Failure to schedule the award meeting within the specified time will result in grant forfeiture.

The Award Meeting is utilized to discuss the program, grant requirements, reporting requirements, reimbursement processes, and the Subrecipients' intentions and goals. This meeting is utilized to ensure the City of Lorain and the Subrecipient are on the same page regarding program delivery. During the meeting, the City of Lorain will review a draft Subrecipient Agreement with the Subrecipient. The draft agreement will be revised and adjusted as needed, including detailing the agreement to align more closely with the Subrecipient's program and grant expectations. The following are key highlighted sections of the Subrecipient Agreement:

- **Program Delivery:**

- This area will detail what the program is, where and how it will function. Information will initially be sourced from the Subrecipient's proposal, which will be included as an Appendix. Additional information will be added as determined by the award meeting.

- **National Objectives:**

- This section determines the project eligibility and how compliance will be ensured through collecting accomplishment data utilizing the *Income and Demographics Form*, which will be included as an Appendix.

- **Levels of Accomplishment:**

- This will detail the goals and levels of accomplishment the project plans to meet.

- **Performance Monitoring:**

- This section will detail the level of risk assigned to the Subrecipient through the Risk Assessment and will detail the minimum amount of monitoring required.

- **Time of Performance:**

- This section will detail the performance period for the grant.

- **Budget:**

- This section will summarize the grant budget and include the itemized budget as an Appendix.

- **Payment:**

- This section will detail what the Subrecipient must provide to be reimbursed.

- **Special Conditions:**

- This section details how often the Subrecipient must submit reports and what should be detailed in the report. The template report will be included as an Appendix.

A template of the Subrecipient Agreement is included as Appendix L.

REPORTING

All Subrecipients will be required to complete monthly or quarterly reports. These reports detail the budget, program progress, accomplishment data, and provide feedback. The reports are utilized as a tool to aid the Subrecipient and the City of Lorain in managing the project.

The reports will be tailored to the activity being undertaken, but generally will consist of the following:

- **Budget:**

- The budget is utilized to track the current status of the grant budget to ensure the Subrecipient is maintaining their budget and remaining mindful of timely expenditures. This also verifies that the City of Lorain and the Subrecipient are tracking the grant budget appropriately and will allow for any disruptions or discrepancies to be caught early.

- **Levels of Accomplishments:**

- The Levels of Accomplishments track the number of persons being served based on residency. This ensures the Subrecipient is mindful and tracking their accomplishment goals and milestones. Additionally, this will allow the City of Lorain to verify any discrepancies and ensure reporting accuracy.

- **Demographic Information:**

- This section will report the demographics data (e.g., ethnicity, race, and income) for all persons served to ensure compliance and reporting accuracy.

- **Program Delivery:**

- This section is generally a written report detailing the current progress of the project, insight into any feedback and identified needs for the community, tracking program progress and milestones, and identifying any programmatic concerns or issues that may need to be addressed.

Refer to Appendix M for a template of the Public Service Quarterly Report.

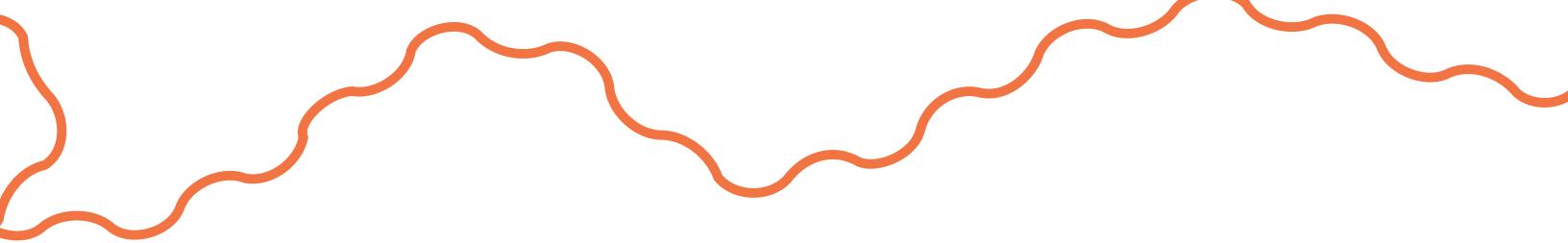
FUNDING DISBURSEMENT

Public Service funds are disbursed to Subrecipients as reimbursable grants. Subrecipients may submit their own invoice, but the City of Lorain can provide an invoice template if necessary. All invoices should include the payee, be made out to the City of Lorain, include an invoice date, invoice number, and itemize the items being invoiced. All invoices must be accompanied by supporting documentation. All costs must be necessary, reasonable, and directly related to the activity and must not be prohibited under any federal, state, or local laws or regulations. If costs for an expense are split between CDBG and other funding sources, costs must be allocated fairly and proportionately among the funding sources.

Supporting documentation will include accomplishment data and source documentation to validate that the costs were incurred and expensed during the performance period, are allowable expenses, and confirmed by the appropriate personnel. Source documentation includes, but is not limited to:

- **Payroll:** timesheets, payroll reports, W-4s, bank statements, or evidence of direct deposit, etc. Payroll data should include payroll deposit, payroll summary, rate of pay, benefits, withholdings, etc.
- **Space Costs:** rental agreement, lease agreement, invoices, bank statements, canceled checks.
- **Supplies:** purchase orders, invoices, receipts, bank statements, canceled checks.

Refer to Appendix N for an invoice template.



MONITORING

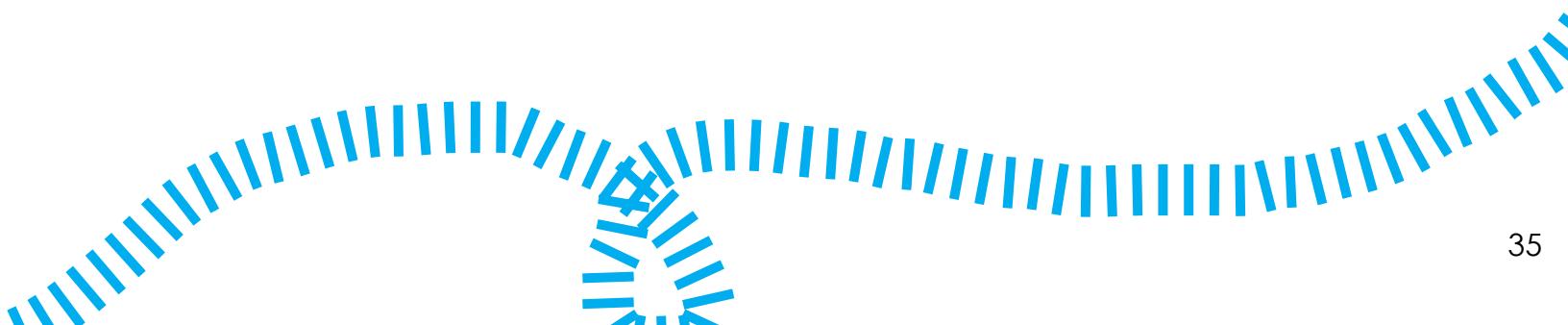
Monitoring is an essential part of Public Service programming. It ensures program compliance with goals, reporting, financial systems, and any applicable federal requirements. Monitoring also helps to ensure activities remain timely. The amount and type of monitoring will be determined during the Risk Assessment and will be specified in the Subrecipient Agreement, however, all Subrecipients are subject to additional monitoring as determined based on compliance concerns. Subrecipients can be monitored via desk monitoring, virtual monitoring, or on-site monitoring. The lower the risk level of an activity or Subrecipient, the less frequently they will need to be monitored. On-site monitoring is required for all new activities or at least once every two years for multi-year programs.

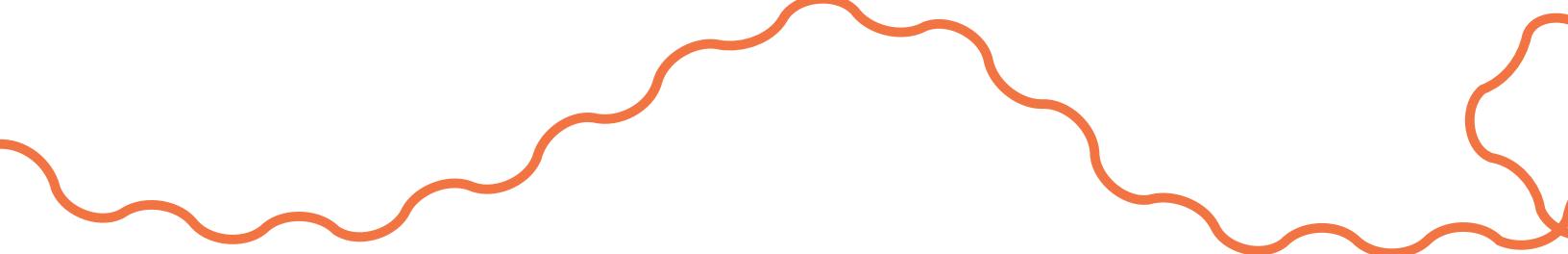
The City of Lorain will notify the Subrecipient via email when a monitoring will need to be scheduled. The email will specify the type of monitoring and when it needs to be scheduled by. Prior to the scheduled monitoring, the Subrecipient will receive an agenda via email. The agenda will specify the items that will be monitored. The City of Lorain will utilize the Subrecipient Agreement and all applicable regulations to monitor Public Service activities. During monitorings, the City of Lorain will, at minimum, evaluate program delivery, files, accomplishment data, financial documents, and monthly/quarterly reports.

Following the monitoring, the Subrecipient will receive a *Monitoring Report and Monitoring Letter* via email and postal mail. The *Monitoring Report* summarizes the results of the monitoring. The monitoring letter will go over the monitoring in detail, including who conducted the monitoring, who was present for the monitoring, when the monitoring occurred, what was reviewed during the monitoring, discussions, if there are any deficiencies (i.e., concerns or findings), and any recommendations or requirements for improvements.

- A *concern* is a deficiency not based on statutory, regulatory, or other programmatic requirements. Concerns are practices that could result in noncompliance if not corrected. Concerns will result in recommendations that the Subrecipient should undertake to correct any potential concerns for non-compliance.
- A *finding* is a deficiency based on statutory, regulatory, or other program requirements. A finding is a result of noncompliance and will require sanctions or other corrective actions. Corrective action may include repayment of funds, conditions for future funding opportunities, and/or termination of the grant.

Refer to Appendix O for the Monitoring Report.



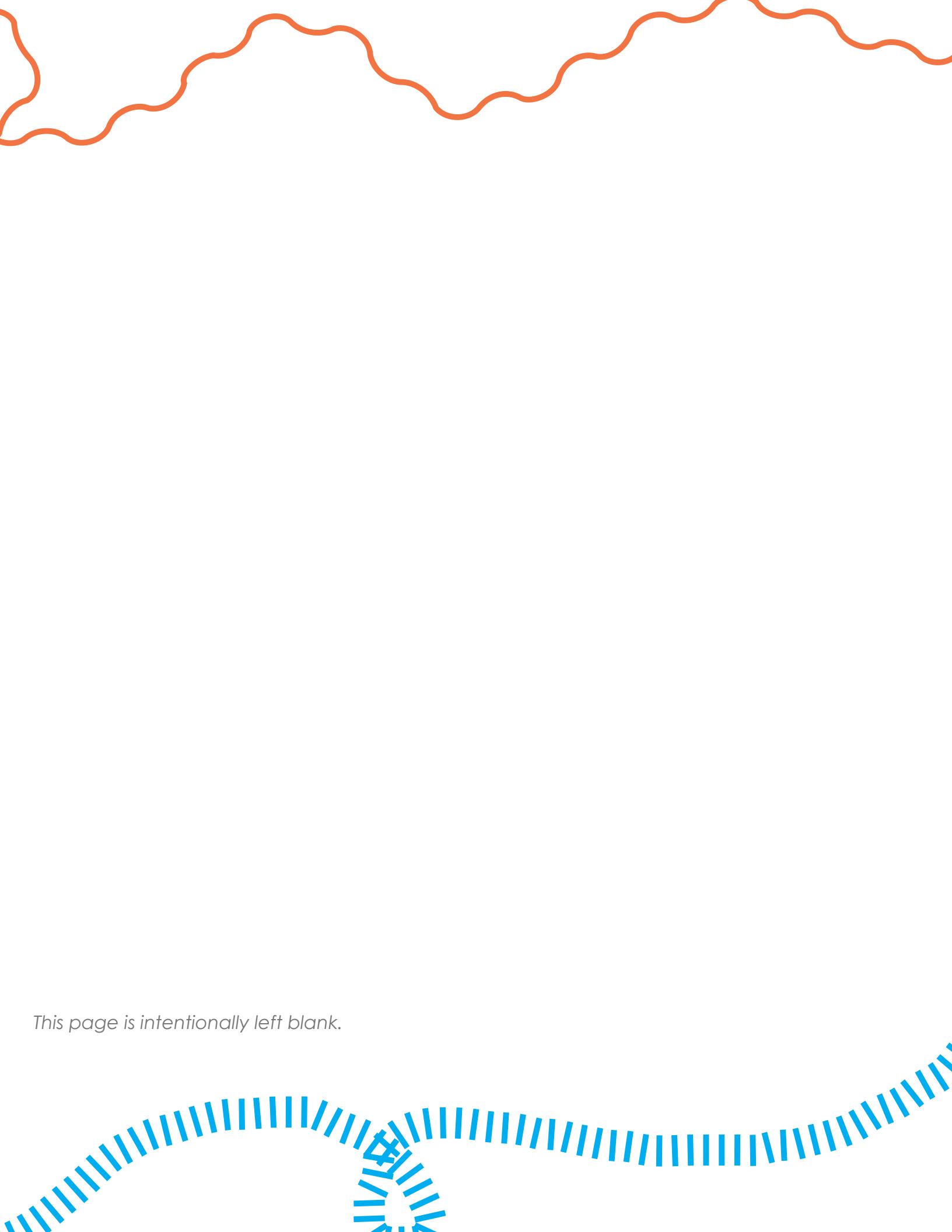


RECORDS RETENTION

All Subrecipients are required to maintain proper records throughout the performance period and during the required records retention period. Normally, the records retention period is 4 years after the conclusion of the performance period OR when the activity was last reported in the City of Lorain CAPER, whichever is later. The City of Lorain will inform the Subrecipient of the date of their records retention period.

Files should contain all records related to the performance of the CDBG Public Service grant, including but not limited to: the award letter, the executed Subrecipient Agreement, Income and Demographics Forms, accomplishment data, monthly/quarterly reports, monitoring notices, monitoring letters, formal correspondence, and the completion notice.





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PUBLIC SERVICE TIMELINE

MAY - AUGUST

APPLICATION PROCESS

Funding announcements and applications become available.

Announcements via email, the City of Lorain website and socials, newspaper, etc. Application window.

Application will generally be open for at least 1 calendar month.

Workshop

A Public Service workshop that goes over what Public Service is, how to complete the application, what the scoring and award process is, expectations, reporting, etc. The workshop will be held at least 2 weeks before the applications is due.

Office Hours

BHP Staff will have designated hours throughout the application window where applicants can request assistance prior to application submittal.

SEPTEMBER - OCTOBER

REVIEW PROCESS

Application Review

Applications will be reviewed for completeness and basic eligibility.

Risk Assessments will be completed.

Scoring Committee

The Scoring Committee will score and rank all applications to determine awards.



NOVEMBER - DECEMBER

AWARD PROCESS

Letters of Notice

All applicants will receive a letter detailing whether they have been awarded a Public Service Grant or not.

Award Meetings

Awarded applicants will meet with BHP staff to go over their project and a draft Subrecipient Agreement.

Subrecipient Agreements

Subrecipient Agreements will be signed before the end of December.

JANUARY - DECEMBER

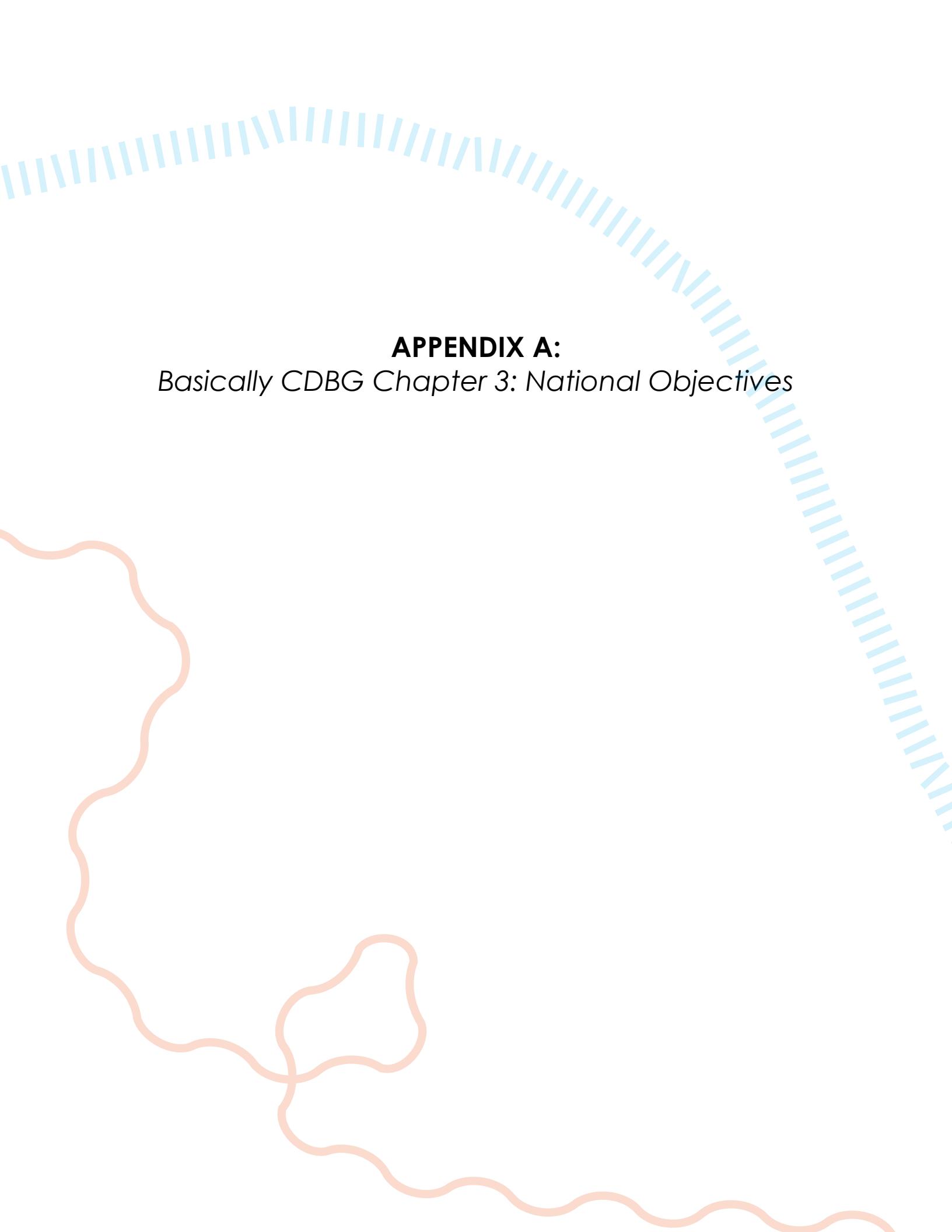
PROGRAM DELIVERY

Subrecipients will generally have 1 year to complete their projects and exhaust their funding.

Reports will be required monthly, quarterly, or otherwise specified in the Subrecipient Agreement.

Monitoring will occur at least once, but more frequently as determined by the Risk Assessment.





APPENDIX A:

Basically CDBG Chapter 3: National Objectives

CHAPTER 3: NATIONAL OBJECTIVES



CHAPTER PURPOSE & CONTENTS

This chapter provides a summary of the three national objectives of the program, the category for meeting the three national objectives as well as selecting and documenting the appropriate national objective for activities funded by grantees.

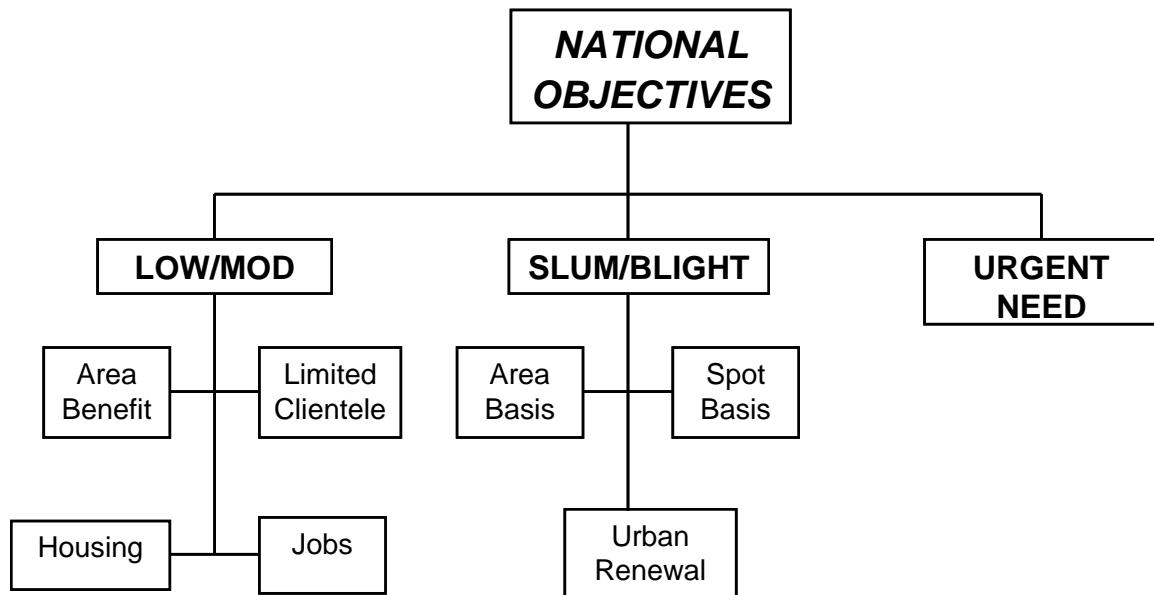
SECTION	TOPIC	PAGE
3.1	Introduction to National Objectives	3-1
3.2	Benefit to LMI Persons	3-2
3.3	Elimination of Slums and Blight	3-12
3.4	Urgent Need	3-14
3.5	LMI Benefit Expenditures	3-15
3.6	Choosing the Right National Objective	3-17
3.7	Documenting National Objectives	3-18

3.1 Introduction to National Objectives

- ✓ This section provides general background on the national objectives and an overview of the possible approaches.

Key Topics in This Section	✓ Overview of the three national objectives
Regulatory/Statutory Citations	Section 101(c), Section 104(b)(3), 105(c) §570.208
Other Reference Materials on This Topic	✓ CDBG Guide to National Objectives and Eligible Activities for Entitlement Communities <ul style="list-style-type: none">– Chapter 3: Meeting a National Objective

- ✓ The authorizing statute of the CDBG program requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are:
 - Benefit to low- and moderate- income (LMI) persons;
 - Aid in the prevention or elimination of slums or blight; and
 - Meet a need having a particular urgency (referred to as urgent need).
- ✓ An activity that does not meet a national objective is not compliant with CDBG requirements and may be subject to remedial actions.
- ✓ The following exhibit depicts the different categories associated with each of the national objectives.



- ✓ Each national objective and the categories are discussed in further detail in the following sections of this chapter.
- ✓ This chapter will also explore the strategic decisions grantees can make when qualifying an eligible activity under a national objective. It is possible for an activity to qualify under more than one national objective, although only one national objective may be selected for an activity. Additionally, activities can qualify under more than one category. This chapter will discuss considerations for making a decision regarding which category works best for an eligible activity.
- ✓ HUD has developed a matrix of the national objectives, eligible activities and IDIS matrix codes. Grantees may wish to refer to this matrix when selecting national objectives. A copy is attached to the IDIS chapter of this manual.

3.2 Benefit to Low and Moderate Income Persons or Households

- ✓ This section describes each of the possible LMI national objectives.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ Overview of the primary objective and associated expenditure cap ✓ Area benefit activities (LMA) ✓ Limited Clientele Activities (LMC) ✓ Housing Activities (LMH) ✓ Job Creation and Retention Activities (LMJ)
Regulatory/Statutory Citations	Section 101(c), Section 104(b)



	§570.1, §570.200(a)(3), §570.208(a)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities <ul style="list-style-type: none"> – Chapter 3: Meeting a National Objective – Chapter 4: Overall Expenditure Level –Benefit to LMI Persons – Appendix D: Determining Service Areas ✓ CPD Notice 05-06: US HUD Suggested Survey Methodology to Determine the Percentage of LMI Persons in the Service Area of a Community Development Block Grant-Funded Activity

- ✓ The LMI national objective is often referred to as the “primary” national objective because the statute requires that recipients expend 70 percent of their CDBG funds to benefit LMI persons.
- ✓ Additional information on how to meet the 70 percent test and certification to HUD is located later in this chapter.
- ✓ In addition to meeting the 70 percent test, applicants must ensure that the activities proposed, when taken as a whole, will not benefit moderate-income persons to the exclusion of low-income persons. This does not mean that each activity has to include both low- and moderate income beneficiaries, but it further ensures that the CDBG program will primarily benefit low-income persons.
- ✓ This section covers the four categories that can be used to meet the LMI national objective:
 - Area benefit activities;
 - Limited clientele activities;
 - Housing activities; or
 - Job creation or retention activities

3.2.1 Low Mod Area Benefit (LMA)

- ✓ The area benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.
- ✓ Examples of area benefit activities may include the following when they are located in a predominately LMI neighborhood:
 - Acquisition of land to be used as a neighborhood park;
 - Construction of a health clinic;
 - Improvements to public infrastructure like the installation of gutters and sidewalks; and
 - Development of a community center.
- ✓ The activities listed above benefit all LMI residents in a service area and thus are the type of activities that may qualify under the LMI area benefit category for the purposes of meeting a national objective.



- ✓ Grantees are responsible for determining the service area of an activity. HUD will generally accept a grantee's determination as long as it complies with CDBG regulations.
 - The factors that should be considered in making a determination regarding the service area include:
 - *The nature of the activity:*

In general the size and the equipment associated with the activity should be taken into consideration. A small park with a limited number of slides and benches would not be expected to serve a large neighborhood. In the same way, a larger park that can accommodate a considerable number of people would not be expected to serve just the immediately adjacent properties. The same applies to improvements or assistance to an alleyway versus a small two-lane street versus an arterial four-lane street within the same neighborhood. The service area for each of these infrastructure projects will be different in size and population.
 - *The location of the activity:*

In general, the immediate area surrounding a facility or improvement is expected to be included in the service area. Additionally, when a facility is located near the boundary of a particular neighborhood, its service area could likely include portions of the adjacent neighborhood as well as the one in which it is located.
 - *Accessibility issues:*

Geographic barriers can separate and preclude persons residing in a nearby area from taking advantage of a facility or improvement. Other limits to accessibility can include access fees, language barriers, time or duration that an activity is available, access to transportation and parking, etc.
 - *The availability of comparable activities:*

Comparable activities within the service area should be taken into account so that the service area does not overlap with the service area of another comparable activity.
 - *Boundaries for facilities and public services:*

The service area for some public facilities and services are determined based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.
 - If the service area has not already been identified for an activity, the grantee has to determine the service area before CDBG assistance can be provided under the LMI Area Benefit category.
- ✓ An area is considered to meet the test of being LMI if there is a sufficiently large percentage (51 percent) of LMI persons residing in the service area as determined by:
 - The most recently available decennial Census/American Community Survey (ACS) information, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau; or
 - A current survey of the residents of the service area.
- ✓ With respect to using Census/American Community Survey (ACS) information to document that the service area qualifies, grantees can obtain the following data:



- A listing of all census tracts and block groups in the community's jurisdiction;
- The number of persons that resided in each such tract/block group at the time of the last census; and
- The percentage of such persons who were LMI (based on the CDBG definition) at that time.

✓ The above data (low/mod income summary data (LMISD)) is available directly from HUD online at: <http://www.hud.gov/offices/cpd/systems/census/statemap.cfm>.

✓ If the proposed activity's service area is generally the same as a census tract or block group, then the Census data may be used to justify the income characteristics of the area served.

✓ Additionally, grantees can compute the percentage of LMI persons in multiple census tracts and block groups because the data includes both the total number of persons as well as the number of LMI persons within a tract and block group.

✓ HUD permits an exception to the LMI area benefit requirement that an area contain 51 percent LMI residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction that have 51 percent or more LMI residents. These communities are allowed to use a percentage less than 51 percent to qualify activities under the LMI Benefit category.

- This exception is referred to as the "exception criteria" or the "upper quartile".
- A grantee qualifies for this exception when fewer than one quarter of the populated block groups in its jurisdictions contain 51 percent or more LMI persons.
- In such communities, activities must serve an area which contains a percentage of LMI residents that is within the upper quartile of all Census block groups within its jurisdiction in terms of the degree of concentration of LMI residents.
- HUD assesses each grantee's census block groups to determine whether a grantee qualifies to use this exception and identifies the alternative percentage the grantee may use instead of 51 percent for the purpose of qualifying activities under the LMI area benefit category.
- HUD determines the lowest proportion a grantee may use to qualify an area for this purpose and advises the grantee accordingly.

✓ HUD uses the following steps in computing the upper quartile for a given community:

- Identifies the total number of block groups in the grantee's jurisdiction;
- Subtracts the block groups with zero persons to determine the net number of block groups in the jurisdiction;
- Arranges the remaining block groups in descending order, based on LMI residents in the block group;
- Computes the last block group in the upper quartile by multiplying the net number of block groups by 25 percent; and
- Applies the "exception criteria" if the percentage of LMI persons in the last census block group in the top quartile is less than 51 percent.



- ✓ Grantees which qualify for the exception criteria may use CDBG funds for area benefit activities in any service area, whether or not located in a block group in the highest quartile, if the percentage of LMI persons in the service area is equal to or exceeds the upper quartile percentage.
- ✓ If the grantee will use the exception criteria, the percentage of LMI persons in the service area must be determined by use of the Census data provided by HUD.
 - This is because the “upper quartile” was determined using Census data collected at the point in time of the use of CDBG funds.
- ✓ Income surveys are often used to determine LMI area in one of two instances:
 - If HUD data does not indicate the service area contains at least 51 percent LMI persons or if a grantee decides it would be more appropriate to use a methodologically sound survey. This could be based on a change in either population or income of the area since the Decennial Census.
 - Also, when the service area is not generally the same as a census tract or block group, then the grantee should conduct household surveys to determine the LMI percentage for the service area.
- ✓ The survey instrument and methodology must be approved by HUD for the purpose of establishing the percentage of LMI persons in a service area.
 - A survey must meet standards of statistical reliability that are comparable to that of the Decennial Census/American Community Survey data for areas of similar size.
 - Additional guidance is available in CPD Notice 05-06.
- ✓ Finally, the service area of the activity must be primarily residential and the activity must meet the identified needs of LMI persons.
 - An activity with a service area that is not primarily residential may not qualify under the LMI area benefit category even if the activity provides benefits to all residents in the service area and 51 percent of the residents are LMI persons.
 - This requirement does not apply to the location of the activity itself but rather the service area of the activity. As such it does not mean that activities located in commercial districts cannot be qualified under the LMI area benefit category on the virtue of their geography. The primarily residential test is applied to the service area of the activity.
 - For example, activities that support the infrastructure of a commercial district composed of institutions and firms that serve a national and international clientele will not qualify under LMI area benefit.
 - In contrast, if the commercial district is composed of stores and businesses that serve local customers such that the service area boundaries of the commercial district is around a primarily residential area with the requisite percentage of LMI residents, the activity qualifies under the LMI area benefit category.
- ✓ Activities under Public Facilities and Improvements and some Public Service activities (e.g. police or fire services) tend to provide benefits to all residents in the service area. Additionally, public schools can be qualified under LMI area benefit because of the affect a school may have on the value of the residential property in the area. Public schools are



considered to benefit all the residents of the service area and may qualify under this category.

- ✓ There are activities and facilities that are located in a service area but are designed to meet special needs. These activities cannot be qualified under this category. For example, a senior center would qualify under the LMI limited clientele category and not the LMI area benefit category.
- ✓ With respect to exceptions and special situations, the statute allows two kinds of area benefit activities to meet the national objective of benefit to LMI persons even when the general requirements of the area benefit category cannot be met. The two kinds of area benefit activities are described below:

911 Systems (§ 570.208(a)(1)(iii))

With prior HUD approval, a grantee may develop, establish and operate for up to two years after the establishment, a uniform emergency telephone number system serving an area having less than the percentage of LMI persons otherwise required.

Special Assessments (§ 570.208(a)(1)(iv))

The use of CDBG funds to pay special assessments levied against residential properties that are owned and occupied by LMI persons will qualify under the LMI area benefit category provided that this is the only use of CDBG funds in the financing of a public improvement. The activity will qualify even if the public improvement provides a benefit to all the residents of an area.

- ✓ Finally, there are two special situations that can meet the national objective of benefiting LMI persons under either the area benefit category or the job creation or retention category, at the option of the grantee.
 1. Activities undertaken pursuant to a HUD approved Neighborhood Revitalization Strategy Area (NRSA) for the purpose of creating or retaining jobs, and
 2. Activities carried out for the purpose of creating or retaining jobs by a Community Development Financial Institution (CDFI) whose charter limits its investment area to a primarily residential area consisting of at least 51 percent LMI persons.

3.2.2 Low Mod Limited Clientele (LMC)

- ✓ The limited clientele category is a second way to qualify specific activities under the LMI benefit national objective. Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons.
- ✓ In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, but rather the actual number of LMI persons that benefit from the activity.
- ✓ Activities in this category provide benefits to a specific group of persons rather than everyone in an area. It may benefit particular persons without regard to their residence, or it may be an activity that provides a benefit to only particular persons within a specific area.
- ✓ Examples of activities that qualify under the limited clientele category include:
 - Acquisition of a building to be converted into a shelter for the homeless;



- Rehabilitation of a center for training severely disabled persons to enable them to live independently;
- Clearance of a structure from the future site of an neighborhood center that will exclusively serve the elderly; and
- Public service activities like the provision of health services.

✓ The listed examples qualify under the limited clientele category because the beneficiaries can be identified as LMI residents.

✓ With respect to determining the beneficiaries of activities as LMI and qualifying under the limited clientele category, activities must meet one of the following tests:

- Benefit a clientele that is generally presumed to be principally LMI. This presumption covers abused children, battered spouses, elderly persons, severely disabled adults (see the box below), homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or
- Require documentation on family size and income in order to show that at least 51 percent of the clientele are LMI; or
- Have income eligibility requirements limiting the activity to LMI persons only; or
- Be of such a nature and in such a location that it can be concluded that clients are primarily LMI. An example is a day care center that is designed to serve residents of a public housing complex.

✓ In addition, the following activities may qualify under the limited clientele national objective:

- Removal of architectural barriers to the mobility of elderly persons or the severely disabled will be presumed to qualify under this category if it is restricted, to the extent practicable, to the removal of such barriers by assisting
 - The reconstruction of a public facility or improvement or portion thereof, that does not qualify under the area benefit category;
 - The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under area benefit or job creation or retention category; or
 - The rehabilitation of common areas in a residential structure that contains more than one dwelling unit and that does not qualify under the LMI housing category for meeting national objectives.
- Microenterprise activities carried out in accordance with the HUD regulations when the person owning or developing the microenterprise is LMI; or
- Activities that provide training and other employment support services when the percentage of persons assisted is less than 51 percent LMI may qualify if: the proportion of total cost borne by CDBG is no greater than the proportion of LMI persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for the job training and/or supportive services.

✓ There are two sets of activities that are precluded from qualifying under this category based on statutory limitations:



- Acquisition, construction, or rehabilitation of property for housing, including homeownership assistance must qualify under the housing national objective which will be discussed below in further detail.
- Creation or retention of jobs generally qualify under the jobs or the area benefit category of the LMI benefit national objective.

Definition of Severely Disabled

Persons are considered severely disabled if they:

- Use a wheelchair or another special aid for 6 months or longer;
- Are unable to perform one or more functional activities (seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking);
- Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities of daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone);
- Are prevented from working at a job or doing housework;
- Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia or mental retardation; or
- Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).

3.2.3 Low Mod Housing Activities (LMH)

- ✓ The housing category of LMI benefit national objective qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.
- ✓ Examples of eligible activities include, but are not limited to:
 - Acquisition of an apartment house to provide dwelling units to LMI households at affordable rents, where at least 51 percent of the units will be occupied by LMI households;
 - Site improvements on publicly-owned land to serve a new apartment structure to be rented to LMI households at affordable rents;
 - Housing rehabilitation for single family units;
 - Conversion of an abandoned warehouse to be reconfigured into new apartments, where at least 51 percent of the units will be occupied by LMI households at affordable rents.
- ✓ In order to meet the housing LMI national objective, structures with one unit must be occupied by a LMI household. If the structure contains two units, at least one unit must be LMI occupied. Structures with three or more units must have at least 51 percent occupied by LMI households.
 - Rental buildings under common ownership and management that are located on the same or contiguous properties may be considered as a single structure.
 - For rental housing, occupancy by LMI households must be at affordable rents, consistent with standards adopted and publicized by the grantee.



- ✓ Under the following limited circumstances, structures with less than 51 percent LMI occupants may be assisted:
 - Assistance is for an eligible activity that reduces the development cost of new construction of non-elderly, multi-family rental housing; and
 - At least 20 percent of the units will be occupied by LMI households at an affordable rent; and
 - The proportion of cost borne by CDBG funds is no greater than the proportion to be occupied by LMI households.
- ✓ When housing activities are conducted by a Community Development Financial Institution (CDFI) or as part of an approved NRSA, multiple units (e.g. scattered site housing) may be aggregated for the purposes of meeting the LMI housing national objective.
 - NOTE: This flexibility does not apply to activities under the Direct Homeownership Assistance eligibility category (570.201(n)).
 - Please refer to the chapter on Revitalization Areas for more information.
- ✓ There are a number of activities that generally do not qualify under the LMI Housing national objective. These include code enforcement, interim assistance, microenterprise assistance, public services, and special economic development activities.

3.2.4 Low Mod Job Creation or Retention Activities (LMJ)

- ✓ The job creation and retention LMI benefit national objective addresses activities designed to create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.
- ✓ Some examples of activities that qualify when at least 51 percent of jobs created/retained will be for LMI persons include:
 - Clearance activities on a site slated for a new business;
 - Rehabilitation activity that will correct code violations and enable a business to survive and retain jobs;
 - Financial assistance to a manufacturer for the expansion of its facilities that is expected to create permanent jobs; and
 - Assistance to expand a small house cleaning service with four employees that agrees to hire three additional LMI employees.
- ✓ The following requirements must be met for jobs to be considered created or retained.
 - If grantees fund activities that *create* jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons.
 - For funded activities that *retain* jobs, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:
 - The job is held by a LMI person; or



- The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.
- ✓ The following requirements apply for jobs to be considered available to or held by LMI persons.
 - Created or retained jobs are only considered to be *available to* LMI persons when:
 - Special skills that can only be acquired with substantial training or work experience or education beyond high school are **not** a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and
 - The grantee and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.
 - Created or retained jobs are only considered to be *held by* LMI persons when the job is actually held by a LMI person.
- ✓ For the purpose of determining if the preceding requirements are met, a person may be presumed to be LMI if:
 - He/she resides in a Census tract/block numbering area that has a 20 percent poverty rate (30 percent poverty rate if the area includes the central business district); and the area evidences pervasive poverty and general distress; or
 - He/she resides in a Census tract/block numbering area where at least 70 percent of the residents are LMI.
- ✓ Jobs created or retained by assisted businesses may also be presumed to be LMI if the job and business are located in an area that:
 - Has a 20 percent poverty rate (30 percent poverty rate if the area includes the central business district) **and** the area evidences pervasive poverty and general distress
- ✓ To determine if an area evidences pervasive poverty and general distress, the following standards are applicable
 - All block groups in the census tract have poverty rates of at least 20 percent;
 - The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or
 - Upon the written request of the grantee, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.
- ✓ As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under the job creation and retention category for meeting a national objective.
- ✓ However, in certain cases, such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park), the requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided such businesses are not otherwise assisted by CDBG funds.



- ✓ Additionally, where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during the program year.
- ✓ As mentioned under the area benefit category, certain job creation or retention activities carried out by a CDFI or under a Neighborhood Revitalization Strategy can meet the national objective of benefiting LMI persons under either category. In these instances, the grantee will decide which category it will use to qualify the activity and record the decision in program files so that HUD will know which category is being applied.

3.3 Elimination of Slums and Blight

- ✓ This section highlights the national objectives related to the elimination of slums and blight.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ Overview of elimination of slums and blight <ul style="list-style-type: none"> - Area basis (SBA) - Spot basis (SBS) - Urban renewal (SBR)
Regulatory/Statutory Citations	Section 101(c), Section 104(b)(3), Section 105(c) §570.208(b)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities <ul style="list-style-type: none"> - Chapter 3: Meeting a National Objective

- ✓ The focus of activities under this national objective is a change in the physical environment of a deteriorating area. This contrasts with the LMI benefit national objective where the goal is to ensure that funded activities benefit LMI persons.
- ✓ This difference in focus has an impact on the information that is required to assess the qualifications of an activity. Under the LMI benefit national objective, determining the number of LMI persons that actually or could potentially benefit from an activity is central to qualifying the activity. Under the elimination of slums and blight national objective, determining the extent of and physical conditions that contribute to blight is central to qualifying an activity.



- ✓ There are three categories that can be used to qualify activities under this national objective:
 - Prevent or eliminate slums and blight on an area basis;
 - Prevent or eliminate slum and blight on a spot basis; or
 - Be in an urban renewal area.

3.3.1 Slum Blight Area Basis (SBA)

- ✓ This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. Examples of activities that qualify when they are located within the slum or blighted area include
 - Rehabilitation of substandard housing located in a designated blighted area when the housing is brought to standard condition;
 - Infrastructure improvements in a deteriorated area; and
 - Economic development assistance in the form of a low-interest loan to a business as an inducement to locate a branch store in a redeveloping blighted area.
- ✓ To qualify under this category, the area in which the activity occurs must be designated as slum or blighted. The following tests apply:
 - The designated area in which the activity occurs must meet the definition of a slum, blighted, deteriorated or deteriorating area under state or local law;
 - Additionally, the area must meet either one of the two conditions specified below:
 - Public improvements throughout the area are in a general state of deterioration; or
 - At least 25 percent of the properties throughout the area exhibit one or more of the following:
 - Physical deterioration of buildings/improvements;
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in the community; or
 - Known or suspected environmental contamination.
 - Documentation must be maintained by the grantee on the boundaries of the area and the conditions that qualified the area at the time of its designation. The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications.
- ✓ Finally, eligible activities must address one or more of the identified conditions that contributed to the deterioration of the area.
- ✓ NOTE: When undertaking residential rehab in a slum/blight area, the building must be considered substandard under local definition and all deficiencies making the building substandard must be eliminated before less critical work is undertaken.



3.3.2 Slum Blight Spot Basis (SBS)

- ✓ These are activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. Examples include:
 - Acquisition and demolition of a dilapidated property;
 - Rehabilitation of a decayed community center that eliminates code violations that are detrimental to the health and safety of potential occupants like faulty wiring, falling plaster, or other similar conditions;
 - Preservation of a deteriorated building of historic significance; and
 - Financial assistance to a business to demolish a decayed structure
- ✓ Activities under this category are limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities.
- ✓ Furthermore, rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

3.3.3 Slum Blight Urban Renewal Area (SBR)

- ✓ These are activities located within an Urban Renewal project area or Neighborhood Development Program (NDP) action area that are necessary to complete an Urban Renewal Plan.
- ✓ A copy of the Urban Renewal Plan in effect at the time the CDBG activity is carried out, including maps and supporting documentation, must be maintained for record keeping purposes.
- ✓ This national objective category is rarely used as there are only a handful of communities with open Urban Renewal Plans.

3.4 Urgent Need (URG)

- ✓ This section describes the urgent need national objective.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ Overview of urgent need
Regulatory/Statutory Citations	Section 101(c), 104(b)(3), 105(c) §570.208(c)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities - Chapter 3: Meeting a National Objective

- ✓ Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions. Examples include:
 - Acquisition of property located in a flood plain that was severely damaged by a recent flood;



- Public facility improvements like the reconstruction of a publicly-owned hospital that was severely damaged by a tornado;
- Demolition of structures that are severely damaged by a major earthquake;
- Public services like additional police protection to prevent looting in an area damaged by a recent hurricane;
- Interim assistance such as emergency treatment of health problems caused by a flood; and
- Special economic development assistance to a grocery store that was damaged by an earthquake.

✓ Urgent need qualified activities must meet the following criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- The grantee is unable to finance the activity on its own; and
- Other sources of funding are **not** available.

3.5 LMI Benefit Expenditures

✓ Grantees are required to expend a substantial portion of their funds in order to benefit LMI persons. This section describes the calculation of LMI benefit.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ Expenditure requirement ✓ Meeting the requirement <ul style="list-style-type: none"> – Excluded expenditures – Activities that meet the requirement ✓ Examples: <ul style="list-style-type: none"> – Excluded housing activity expenditures – LMI calculation
Regulatory/Statutory Citations	Section 101(c), Section 104(b), 105(c) §570.200(a)(3)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities <ul style="list-style-type: none"> – Chapter 4: Overall Expenditures Level – Benefit to L/M Income Persons

- ✓ The primary national objective of the CDBG Program is the development of viable urban communities principally for LMI persons.
- ✓ To meet the primary national objective, the CDBG regulations require that grantees expend not less than 70 percent of CDBG funds for activities that benefit LMI persons.



- Planning and administrative costs are excluded from the LMI benefit calculation.
- Activities meeting this requirement are those which qualify under one of the four LMI benefit national objective category:
 - Area basis;
 - Limited clientele;
 - Housing activities; or
 - Job creation or retention.
- The percentage calculation is based on aggregate CDBG expenditures over a period specified by the grantee (up to three years) in a certification to HUD. The certification must be included in grantee's annual Consolidated Plan action plan submission.

LMI Calculation Example	
Total entitlement grant amount	\$1,000,000
Less actual planning and admin (up to 20 percent)	<u>(200,000)</u>
Equals amount subject to LMI calculation	\$800,000
<i>Multipled by 70 percent</i>	<u>x 0.70</u>
<i>Equals minimum to benefit LMI</i>	\$560,000
Amount subject to LMI calculation	\$800,000
Less LMI minimum	<u>(560,000)</u>
<i>Equals maximum allowable for slum/blight and urgent needs activities</i>	\$240,000

* NOTE: This example is for illustrative purposes only. It does not demonstrate the calculation for grantees on a multi-year certification cycle, and does not take into account program income.

- ✓ Due to the 70 percent LMI benefit standard, grantees **must** limit expenditures under the Slum/Blight and Urgent Need national objectives in order to meet the LMI expenditure requirement.
- ✓ Under housing activities, the expended funds that count towards the 70 percent requirement may be limited depending on number of LMI units in the housing structure and the amount of the CDBG funds expended on the structure.
 - To determine the amount expended under housing activities that counts towards the 70 percent requirement, grantees should take the following steps:
 - Divide the number of units in an assisted structure that is occupied by LMI households by the total number of units to determine the percentage of units that are or must be occupied by LMI households;
 - Multiply the total costs of the assisted activity (including those paid for with CDBG and non-CDBG funds) by the percentage of units that are occupied by LMI households; and



- Exclude the amount of CDBG funds expended for the assisted structure that is in excess of the amount calculated in the above step.

Excluded Housing Activity Expenditures Example	
Number of units occupied by LMI households	4
Total number of units in assisted structure	6
<i>Divide</i> number of units occupied by LMI households by total number of units in assisted structure and multiple by 100	(4/6) * 100
<i>Equals percent of LMI units in structure</i>	67%
Total cost of the housing activity (all sources of funds)	\$300,000
Multiplied by percent of LMI units in structure (i.e. proportion of housing costs attributed to LMI units)	\$200,000
CDBG assistance to the structure	\$250,000
<i>Excess CDBG funds that have to be excluded from LM expenditures</i>	\$50,000

* NOTE: This example is for illustrative purposes only.

3.6 Choosing the Right National Objective

- ✓ Grantees may have options regarding which national objective is used for a particular activity. This section provides tips on selecting the right national objective.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ Activities that meet more than one national objective ✓ Selecting the most appropriate national objective
Regulatory/Statutory Citations	§570.200(a)(3), §570.208
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities – Chapter 3: National Objectives

- ✓ Activities may qualify for more than one national objective category. If an activity meets the LMI benefit national objective, then the best decision for most grantees will be to use the LMI benefit national objective because of the 70 percent requirement associated with that national objective.
- ✓ For the activities that meet more than one national objective, grantees may find it useful to document compliance with all the applicable national objectives, especially if there is some uncertainty regarding the ability of an activity to meet the chosen national objective upon completion.
- ✓ For example, grantees may have concern that an activity qualifying on the basis of creating jobs may not meet the test that at least 51 percent of the jobs created will benefit LMI persons. If the activity could also qualify under the slum/blight area category, the grantee may be best served by documenting compliance with both national objectives. This way, if



the activity does not meet the LMI job creation criteria the grantee can switch the activity to the slum/blight area national objective rather than have the activity in non-compliance with CDBG rules. Note that switching the activity from LMI benefit to slum/blight area may affect the grantees certification that 70 percent of expenditures are associated with the LMI benefit national objective, so grantees should proceed with precaution.

3.7 Documenting National Objectives

- ✓ It is critical that grantees document the results of their activities and the related national objective. This section highlights required national objective documentation.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ Timing of documentation activities ✓ Documenting LMI Benefit national objective ✓ Documenting Prevention/Elimination of Slums or Blight ✓ Documenting Urgent Need
Regulatory/Statutory Citations	§570.208, §570.506(b)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities - Chapter 3: National Objectives

- ✓ Grantees must maintain records that funded activities meet one of the national objectives. The records depend on the national objective category.
- ✓ The Performance Measurement, Reporting, Record Keeping and Monitoring chapter in this manual, Chapter 13, has more details regarding records that must be maintained to document compliance with CDBG regulations, including records on meeting national objectives.
- ✓ The timing of documentation for activities is an important consideration. Compliance with national objectives can be documented upfront for a number of the categories. For example, compliance documentation for the following national objectives can be established upfront:
 - Under the national objective of benefit to LMI persons, the LMI area benefit;
 - Under the national objective of elimination of slums or blight, all three categories (area basis, spot basis, and urban renewal); and
 - The urgent need national objective.
- ✓ Some national objectives have to be documented over time. For example, it is likely that the future occupants of a rental rehabilitation activity cannot be identified up-front. Compliance with the LMI Housing requirement that 51 percent of the occupants have to be LMI households, will require collecting documentation demonstrating compliance during the lease-up period and until the national objective is met.
- ✓ In the same way, future hires of created jobs cannot be identified and documentation of compliance cannot be obtained upfront. Rather, hires by the assisted business have to be monitored over a period of time.



3.7.1 Benefit to LMI Persons

LMI Area Benefit

- ✓ The following records will demonstrate compliance under this national objective category:
 - Boundaries of service area;
 - Percentage of LMI persons that reside in the service area; and
 - The data used for determining percentage of LMI persons.

LMI Limited Clientele

- ✓ One of the following five types of records must be kept:
 1. Documentation showing that the activity is designed for exclusive use by a segment of the population presumed by HUD to be LMI persons; or
 2. Documentation describing how the nature and the location of the activity establishes that it will be used predominantly by LMI persons; or
 3. Data showing the family size and annual income of each person receiving the benefit; or
 4. Data showing that barriers to mobility or accessibility have been removed and how the barrier removal was restricted to the extent feasible to one of the particular cases authorized under this category; or
 5. Documentation showing that the activity qualifies under the special conditions regarding job services where less than 51 percent of the persons benefiting are LMI persons.

LMI Housing

- ✓ The following records must be maintained:
 - A written agreement with each landlord or developer receiving CDBG assistance. The agreement must specify
 - The total number of dwelling units in each multi-unit structure, and
 - The number of those units which will be occupied by LMI households after assistance.
 - Total cost of the activity, including both CDBG and non CDBG funds
 - The household size and income eligibility for each of the LMI households occupying assisted units
 - For rental housing
 - The rent charged (or to be charged) after assistance for each dwelling unit in each assisted structure; and
 - Documentation of compliance with the locally established standards for housing that is “affordable to LMI households”.
 - When assisting structures with less than 51 percent LMI occupants, documentation of qualification under the special conditions:
 - Number of units to be occupied by LMI households at an affordable rent;



- Total development cost of new construction; and
- Amount of CDBG funds expended for activity.
- When aggregating scattered sites, documentation of the basis for aggregating scattered sites and considering them as a single structure.
- When assisting with the delivery costs of HOME assisted projects and assistance, evidence that housing projects and/or tenant based rental assistance achieves HOME income targeting requirements.
- ✓ While compliance with the housing national objective is based on the initial occupancy of the housing following completion of the CDBG-assisted activity, grantees are urged to establish their own requirements for replacing such households with other LMI households whenever the assisted unit becomes vacant within a period of time following completion that is commensurate with the amount of CDBG financial assistance that was provided to the developer.
- ✓ Another consideration when documenting compliance is that occupancy of the unit may not be for some time after the completion of the activity. For example, there may be a time lag between the acquisition or land clearing activity subsidized by CDBG funds and the development of the housing units. It is not sufficient to document the intention to comply. The grantee is responsible for documenting that the housing units are constructed and that the appropriate number of units are initially occupied by LMI households.

LMI Job Creation and Retention

- ✓ Record keeping requirements in this category relate to both the status of the business, the jobs created or retained, and the LMI persons benefiting from the activity. The following is an outline of the documents that have to be maintained by grantees:
 - Written agreement with the business in which the following is specified:
 - A commitment from the assisted business to hire or retain LMI persons; A list by job title of jobs to be created and/or retained and which will be full- or part-time; and
 - The actions that the business will take to ensure that at least 51 percent of the hires or retainees will be LMI persons, including providing training for any jobs requiring special skills or education
 - Compliance with the written agreement must be documented as follows:
 - A list of jobs that were actually created and/or retained;
 - Whether each such job was held by or made available to a LMI person, and
 - The full-time equivalency status of the jobs.
 - For created jobs that will be held by LMI persons, the records must demonstrate:
 - Listing by job title of the jobs created and which were initially held by LMI persons;
 - Listing by job title of the jobs filled;
 - The family size and income of the person who filled each position; and
 - The full-time equivalency status of the jobs.



- For created jobs that will be made available to LMI persons but are not taken by LMI persons:
 - The title and description of the jobs made available;
 - The full-time equivalency status of the jobs;
 - The prerequisites for the job; special skills or education required for the job, if any; and the business' commitment to provide needed training for such jobs; and
 - How first consideration was given to LMI persons. This can include:
 - The name(s) of person(s) interviewed for the job and the date of the interview(s), and
 - The family size and income of the person(s) interviewed.
- For retained jobs that would otherwise be lost:
 - Specific evidence that the jobs would be lost without the CDBG assistance.
 - If the retained job is held by a LMI person:
 - A listing by job title of permanent jobs retained;
 - The jobs that are known to be held by LMI persons at the time of assistance;
 - The full time equivalency status of each job; and
 - Family size and annual income of each LMI person.
- For retained jobs that are projected to turnover to LMI persons:
 - A listing of the retained jobs that are projected to become available within two years of assistance;
 - The basis of the determination that the job is likely to turnover within two years of assistance;
 - The actual turnover date;
 - The name and income status of the person who filled the vacancy;
 - If the person who took the job was not a LMI person, records to demonstrate that the job was made available to LMI persons:
 - The name(s) of person(s) interviewed for the job and the date of the interview(s) and
 - The income status of the person(s) interviewed
 - Information on the family size and annual income of each LMI person hired.

✓ There are five options for documenting the LMI status of an applicant or employee:

1. Referrals from an agency that has agreed to refer individuals who are determined to be LMI based on HUD's category. These agencies must maintain records, which must be available to the grantee or federal inspection, showing the basis upon which they determined that the person was LMI; or
2. A written self certification by the employee or applicant of his/her family size and total income that is signed and dated. Certification can either include actual size and income



of family or can contain a statement that the annual family income is below the Section 8 low-income limit for the applicable family size; or

3. Qualification of employee or application for assistance under another program with income qualification that are as restrictive as those used by the CDBG program. Examples include referrals from Public Housing, Welfare Agency, or the Workforce Investment Area (WIA), with the exception of the WIA Title III program for dislocated workers; or
4. Evidence that the individual is homeless; or
5. Evidence that the individual may be presumed to be LMI by way of residence address and poverty rates of applicable census tract

- ✓ The grantee can use any combination of documenting income status for the persons benefiting from a job creation or retention activity.
- ✓ When documenting income, the income status of an individual is made at the time the CDBG assistance is provided. This may have an affect on the retention of high-paying unskilled jobs counting as eligible except for turnover purposes. This is because a person who occupies a high-paying but low-skilled job may not qualify as a LMI person. Whereas a LMI person may fill the job at a lower pay rate if it were created or if it became available through turnover.

3.7.2 Prevention/Elimination of Slums or Blight

- ✓ Under the categories of Area Basis and Spot Blight, the presence of blight has to be evidenced in record keeping. In documenting the presence of blight, the use of pictures is encouraged.

Area Basis

- ✓ Records to be maintained include:
 - Area designated (i.e., boundaries) and date of designation
 - Documentation and description of blighted conditions that meet the criteria identified at 570.208(b)(1)(ii)(A) or (B) (e.g., photographs, structural surveys, or development plans)
 - For residential rehabilitation:
 - Local definition of substandard,
 - Pre-rehabilitation inspection report qualifying the building as substandard and work plan describing deficiencies,
 - Scope of work performed, by structure, with documentation that substandard elements were addressed first; and
 - Evidence that the activities undertaken address one or more of the conditions that contributed to the deterioration of the area.

Spot Blight

- ✓ Grantee files should include the following:
 - Description of condition addressed by activity,



- Documentation of eligibility of activity under this category, and
- For rehabilitation, a description, by structure, of specific conditions detrimental to public health and safety identified and those addressed by the rehabilitation.”

Urban Renewal Area

- ✓ Records must contain:
 - A copy of the Urban Renewal Plan, and
 - Documentation that activity was required to meet the goals outlined in the renewal plan.

3.7.3 Urgent Need

- ✓ Files should include:
 - Documentation of urgency of need and timing and that the activity was designed to address the urgent need;
 - Evidence the recipient certified that the CDBG activity was designed to address the urgent need; and
 - Evidence confirming that other financial resources were unavailable and CDBG had to be used.



APPENDIX B:
Public Service Income and Demographics Form



**SUBRECIPIENT
PROJECT/PROGRAM NAME**

PUBLIC SERVICE INCOME AND DEMOGRAPHICS FORM

Each participant in this program, administered by the Subrecipient, is required by the Department of Housing and Urban Development (HUD) and the City of Lorain, Building, Housing & Planning Department to provide their annual income level to establish eligibility for this federally-funded program, and to verify race/ethnicity for data collection purposes only. Please complete this form and sign your name to certify that the information provided is true.

General Information

Name: _____

Home Address: _____

City: _____ State: _____ Zip Code: _____

Gender: Female Male Non-binary Prefer not to Answer _____

Are you a female head of household? Yes No Prefer not to Answer

Are you a Veteran? Yes No Prefer not to Answer

Income Information

From the income characteristic listed below, please circle the number of persons in your household and the annual income level within the *same* row as the household size selected. Both circles should be within the same row. Your household size is based on the number of people, related or otherwise, that primarily reside in the home.

Household Size	FY 2024 Income Limits Cleveland-Elyria, OH MSA			
(Circle One)	<i>(Circle One According to Household Size)</i>			
1	20,450 or less	20,451 - 34,050	34,051 - 54,450	54,451 and up
2	23,350 or less	23,351 - 38,900	38,901 - 62,200	62,201 and up
3	26,250 or less	26,251 - 43,750	43,751 - 70,000	70,001 and up
4	29,150 or less	29,151 - 48,600	48,601 - 77,750	77,751 and up
5	31,500 or less	31,501 - 52,500	52,501 - 84,000	84,001 and up
6	33,850 or less	38,851 - 56,400	56,401 - 90,200	90,201 and up
7	36,150 or less	36,151 - 60,300	60,301 - 96,450	96,451 and up
8+	38,500 or less	38,501 - 64,200	64,201 - 102,650	102,651 and up

The annual income for my household size of _____ is \$_____.



**SUBRECIPIENT
PROJECT/PROGRAM NAME**

Ethnicity and Race

The following information is requested by the Federal Government to monitor demographic information for the area and population served. You are not required to furnish this information but are encouraged to do so. However, if you choose to not furnish it a visual observation will be recorded.

If you wish to not provide this information, please initial here: _____

Are you Hispanic and/or Latino? Yes No

If yes, please specify. This is optional, and you may select more than one:

<input type="checkbox"/> Argentinian	<input type="checkbox"/> Dominican	<input type="checkbox"/> Panamanian
<input type="checkbox"/> Bolivian	<input type="checkbox"/> Ecuadorian	<input type="checkbox"/> Peruvian
<input type="checkbox"/> Chilean	<input type="checkbox"/> Guatemalan	<input type="checkbox"/> Puerto Rican
<input type="checkbox"/> Colombian	<input type="checkbox"/> Honduran	<input type="checkbox"/> Salvadoran
<input type="checkbox"/> Costa Rican	<input type="checkbox"/> Mexican	<input type="checkbox"/> Spaniard
<input type="checkbox"/> Cuban	<input type="checkbox"/> Nicaraguan	<input type="checkbox"/> Venezuelan
<input type="checkbox"/> _____		

Regardless of your answer to the previous question, how would you racially identify yourself? You may select more than one:

<input type="checkbox"/> Asian	<input type="checkbox"/> White
<input type="checkbox"/> American Indian or Alaskan Native	<input type="checkbox"/> Other/Multi-racial:
<input type="checkbox"/> Black/African American	_____
<input type="checkbox"/> Native Hawaiian or Other Pacific Islander	_____

Certification

I certify under penalty of perjury that the above information is complete and accurate to the best of my knowledge. I understand that Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony and assistance can be terminated for knowingly and willingly making a false or fraudulent statement to a department of the United States Government. I agree to provide any additional documentation required by the program administrator to document my/our household income.

Signature

Date

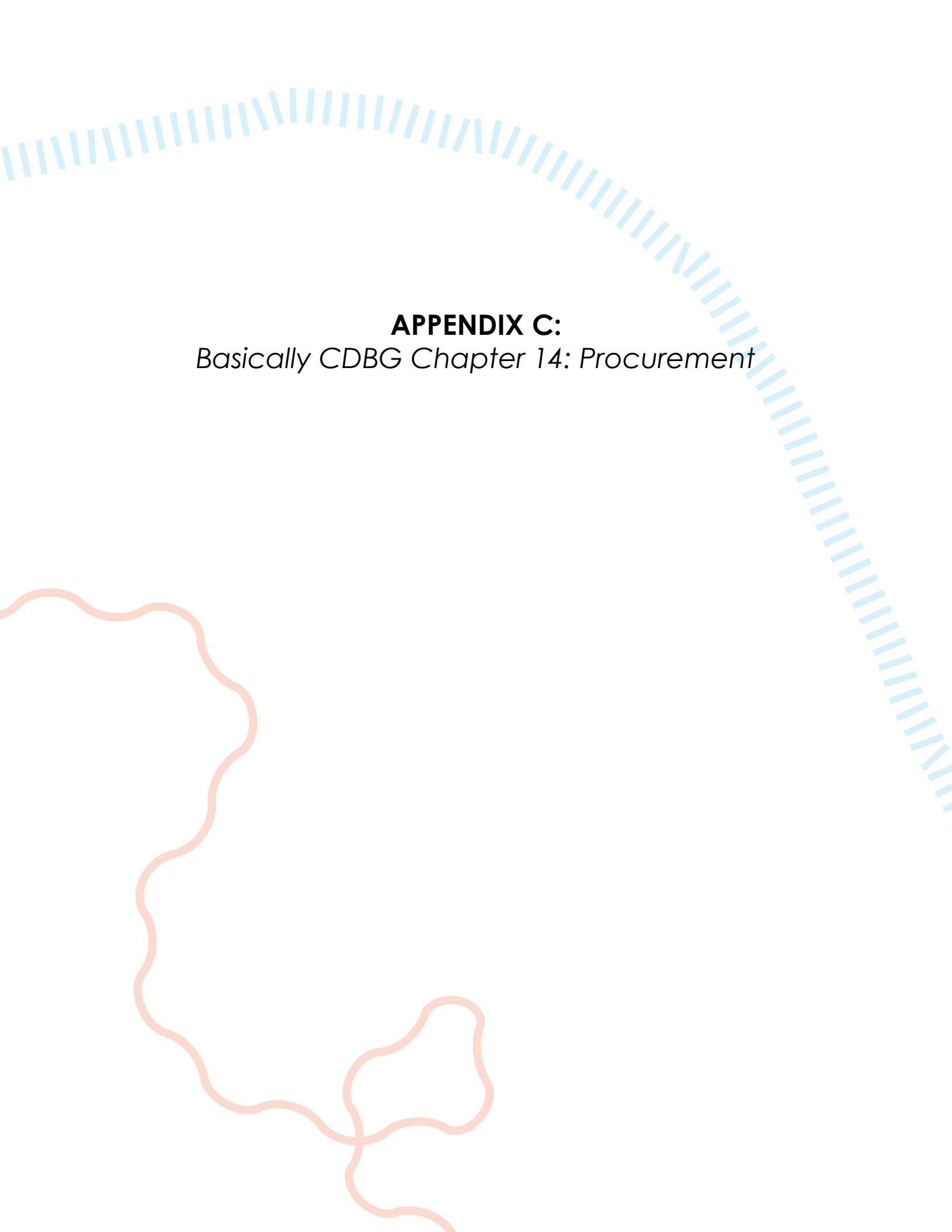
SUBRECIPIENT USE ONLY:

The client has chosen not to provide ethnic and racial information. I certify that this information was completed based on a visual observation.

Signature

Date





APPENDIX C:

Basically CDBG Chapter 14: Procurement

CHAPTER 14: PROCUREMENT



CHAPTER PURPOSE & CONTENTS

This chapter provides an overview of the federal procurement requirements. It covers the basics of Part 85.

SECTION	TOPIC	PAGE
14.1	Overview of Procurement Requirements	14-1

14.1 Overview of Procurement Requirements

- ✓ When a grantee elects to hire a contractor, whether to administer a program, complete a task or do construction, those contractors must be procured competitively. This section highlights the procurement rules.

Key Topics in This Section	✓ Procurement requirements and methods
Regulatory/Statutory Citations	§570.502, §570.610, §85.36
Other Reference Materials on This Topic	✓ CPD Notice 96-05 ✓ Executive Order 12549

- ✓ Both grantees and subrecipients must follow federal procurement rules when purchasing services, supplies, materials, or equipment. The applicable federal regulations are contained in:
 - State and local governments and Indian tribes – 24 CFR Part 85. A copy of Part 85 is included in the attachments to this chapter;
 - Nonprofits, institutions of higher education and hospitals – 2 CFR Part 215.44 (formerly OMB Circular A-110), as implemented through 24 CFR Part 84.
- ✓ In addition to federal regulations, most states and many local governments have laws and regulations regarding procurement. Each entity receiving CDBG funds should be aware of state and/or local laws that may affect procurement policies.
- ✓ Grantees should adopt procurement policies that describe how the grantee or subrecipient will procure supplies, materials, services, and equipment. The policy should assure that all purchases are handled fairly and in a manner that encourages full and open competition. Grantees should follow the procedures established in the policy, and document how all procurements were handled.
- ✓ The “essence of good procurement” can be summarized as follows:
 - Identify and clearly specify standards for the goods or services the grantee or subrecipient wants to obtain;
 - Seek competitive offers to obtain the best possible quality at the best possible price;



- Use a written agreement that clearly states the responsibilities of each party;
- Keep good records; and
- Have a quality assurance system that helps the grantee or subrecipient get what it pays for.

✓ There are four methods of procurement that are identified in the federal regulations:

- Small purchase procedures;
- Sealed bids;
- Competitive proposals; and
- Non-competitive proposals.

✓ Please note that the following training manual text is an abbreviated summary of the procurement rules and grantees are encouraged to read Part 85.36 in its entirety (attached) as well as any applicable state or local procurement laws.

14.1.1 Small Purchase Procedures

✓ The small purchase procedures allow recipients to acquire goods and services totaling no more than **\$100,000**, without publishing a formal request for proposals or invitation for bids.

- This method of procurement is typically used to purchase commodities such as equipment or other materials.
- In the event that a grantee is purchasing materials that will exceed \$100,000, they must use the sealed bid process.

✓ The small purchases method can also be used to acquire eligible types of services, such as professional consulting, environmental review, or planning. This method cannot be used if the services contract will exceed \$100,000 in value. If the services contract will exceed \$100,000, the grantee must issue an RFP under the competitive proposals approach (see below).

✓ In general, the small purchases procedures also should not be used to acquire construction contractors. It is recommended that these acquisitions occur under the sealed bid approach outlined below.

✓ Under the small purchases method, grantees send a request for quotes to potential vendors with a detailed description of the goods or services needed. In return, they receive competitive written quotations from an adequate number of qualified sources.

- Each quote should include pricing information that allows the grantee to compare costs across bidders and ensure cost reasonableness.
- Documentation of the quotes shall be maintained in the grantee's files.

✓ The award should be made to the lowest responsive and responsible source.

14.1.2 Sealed Bids (Formal Advertising)

✓ Sealed bids (Formal Advertising) should be used for all construction contracts or for goods costing more than \$100,000.



- ✓ Competitive sealed bidding requires publicly solicited sealed bids and a firm-fixed-price lump sum or unit price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is lowest in price.
- ✓ In order for formal advertising to be feasible, the following minimum conditions must be present:
 - A complete, adequate and realistic specification or purchase description is available.
 - Two or more responsible suppliers are willing and able to compete effectively for a grantee's business.
 - The procurement lends itself to a firm fixed-price contract, and the selection of the successful bidder can appropriately be made principally on the basis of price.
- ✓ When the competitive sealed bid (formal advertising) process is used, the following requirements apply:
 - Publication Period: The invitation for bids must be publicly advertised and bids solicited from an adequate number of suppliers. The publication should be published at least once in a newspaper of general circulation, providing sufficient time prior to bid opening. If the publication period is not of sufficient time to attract adequate competition, the bid may have to be re-advertised.
 - Clear Definition: The invitation for bids, including specifications and pertinent attachments, must clearly define the items or services needed in order for bidders to properly respond to the invitation.
 - Public Opening: All bids must be opened publicly at the time and place stated in the invitation for bids. The public is allowed at that time to review the bids.
 - Selection and Contracting: A firm-fixed-price contract award must be made by written notice to the responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation costs and life cycle costs must be considered in determining which bid is lowest.
 - Rejection of all Bids: All bids may be rejected when sound documented reasons exist. Such documentation shall be made a part of the files.

14.1.3 Competitive Proposals

- ✓ Competitive proposals are used to purchase professional services where the total cost will exceed \$100,000. Under this procurement method, the grantee must publish a written request for submissions and then review these submissions based on established selection criteria.
- ✓ The grantee must solicit proposals from an adequate number of qualified sources.
- ✓ Under this approach, there are two possible methods of soliciting proposals.
 - A request for proposals asks that offerors submit both qualifications and cost information.
 - A request for qualifications can be used for purchasing architecture and engineering services. It only asks for information on the offeror's expertise/experience and not on cost, subject to a negotiation of fair and reasonable compensation. When acquiring any service that is not architecture or engineering, the full RFP process must be used.



- For example, if a grantee were to hire a for-profit CDBG contract administrator and that contract exceeded \$100,000, an RFP would be required.
- ✓ When acquiring architectural or engineering services, either a RFP or a RFQ may be used. Note that if an architectural or an engineering firm is being hired to provide a non architectural/engineering service that service must be procured using either the small purchases process or a RFP. For example, some engineering firms also provide construction and grants management services. In that situation, a RFQ cannot be used and either the small purchases (if it is less than \$100,000) or a RFP must be used.
- ✓ When Competitive Proposals are utilized, the following requirements apply.
 - Publication Period: Proposals must be solicited from an adequate number of qualified sources and an advertisement must be published. RFPs/RFQs should be published in a sufficient timeframe before the proposals/qualifications are due.
 - Clear Definition: The RFP/RFQ must identify the general scope of work and all significant factors of evaluation, including price where appropriate, and their relative importance.
 - Technical Evaluation: The grantee must provide a mechanism for technical evaluation of the proposals received, determinations of responsible offeror and the selection for contract award.
 - Award: Award may be made to the responsible offeror whose proposal will be most advantageous to the procuring party, price and other factors considered. Unsuccessful offerors should be notified promptly. The contract can be either a fixed price or a cost reimbursement type.

14.1.4 Non-competitive Proposals

- ✓ Non-competitive procurement may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances applies:
 - Where the item is available only from a single source;
 - Where a public emergency or urgent situation is such that the urgency will not permit a delay beyond the time needed to employ one or the other procurement methods; or
 - Where after solicitation of a number of sources, competition is determined inadequate.

14.1.5 Conflict of Interest

- ✓ Grantees must develop and maintain a written code of standards that helps to prevent conflicts of interest in procurement.
 - This written code of conduct must apply to all employees, officers, agents of the grantee, members of their immediate family, and partners.
- ✓ The code shall prevent financial interest or other benefits earned for any of these persons due to a CDBG-related procurement action. These persons also cannot solicit or accept gratuities, favors or other items of monetary value from contractors. Grantees are allowed to establish minimum thresholds below which the financial interest is not substantial or is of nominal value.



- For example, many grantees have rules that nominal items worth less than \$10 or \$25 are not considered to be a conflict.

14.1.6 Excluded Parties

- ✓ Grantees must not make any award (subgrant or contract) to any organization which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."
 - This applies to any CDBG-assisted contract at any tier in the process.
 - To learn more about excluded parties, go to: <http://www.epls.gov/>



ATTACHMENT 3-1: PART 85.36

[Code of Federal Regulations]

[Title 24, Volume 1]

[Revised as of January 1, 2007]

From the U.S. Government Printing Office via GPO Access

[CITE: 24CFR85.36]

[Page 532-538]

TITLE 24--HOUSING AND URBAN DEVELOPMENT

PART 85_ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE

Subpart C_Post-Award Requirements

Sec. 85.36 Procurement.

(a) States. When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

(2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

- (i) The employee, officer or agent,
- (ii) Any member of his immediate family,
- (iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in



regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

(4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services.

(6) Grantees and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(7) Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(8) Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(10) Grantees and subgrantees will use time and material type contracts only--

- (i) After a determination that no other contract is suitable, and
- (ii) If the contract includes a ceiling price that the contractor exceeds at its own risk.

(11) Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the grantee or subgrantee unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.

(12) Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and subgrantee before pursuing a protest with the Federal agency. Reviews of protests by the Federal agency will be limited to:

- (i) Violations of Federal law or regulations and the standards of this section (violations of State or local law will be under the



jurisdiction of State or local authorities) and

(ii) Violations of the grantee's or subgrantee's protest procedures for failure to review a complaint or protest. Protests received by the Federal agency other than those specified above will be referred to the grantee or subgrantee.

(c) Competition. (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of Sec. 85.36. Some of the situations considered to be restrictive of competition include but are not limited to:

(i) Placing unreasonable requirements on firms in order for them to qualify to do business,

(ii) Requiring unnecessary experience and excessive bonding,

(iii) Noncompetitive pricing practices between firms or between affiliated companies,

(iv) Noncompetitive awards to consultants that are on retainer contracts,

(v) Organizational conflicts of interest,

(vi) Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance of other relevant requirements of the procurement, and

(vii) Any arbitrary action in the procurement process.

(2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations:

(i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

(ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(4) Grantees and subgrantees will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees and subgrantees will not preclude potential bidders from qualifying during the solicitation period.



(d) Methods of procurement to be followed. (1) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

(2) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in Sec. 85.36(d)(2)(i) apply.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively and for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;

(B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;

(C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;

(D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason.

(3) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;

(ii) Proposals will be solicited from an adequate number of qualified sources;

(iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;



(iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(v) Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

(e) Contracting with small and minority firms, women's business enterprise and labor surplus area firms. (1) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.

(2) Affirmative steps shall include:

(i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;

(iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;

(v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and

(vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

(f) Contract cost and price. (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of



analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

(2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see Sec. 85.22). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.

(4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

(g) Awarding agency review. (1) Grantees and subgrantees must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or subgrantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(2) Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:

(i) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section; or

(ii) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation; or

(iii) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a ``brand name'' product; or

(iv) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(v) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.



(3) A grantee or subgrantee will be exempt from the pre-award review in paragraph (g)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.

(i) A grantee or subgrantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

(ii) A grantee or subgrantee may self-certify its procurement system. Such self-certification shall not limit the awarding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to rely on written assurances from the grantee or subgrantee that it is complying with these standards. A grantee or subgrantee will cite specific procedures, regulations, standards, etc., as being in compliance with these requirements and have its system available for review.

(h) Bonding requirements. For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. The ``bid guarantee'' shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. A ``performance bond'' is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. A ``payment bond'' is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

(i) Contract provisions. A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.

(1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)

(2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)

(3) Compliance with Executive Order 11246 of September 24, 1965, entitled ``Equal Employment Opportunity,'' as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)



(4) Compliance with the Copeland ``Anti-Kickback'' Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)

(5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)

(6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

(7) Notice of awarding agency requirements and regulations pertaining to reporting.

(8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.

(9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.

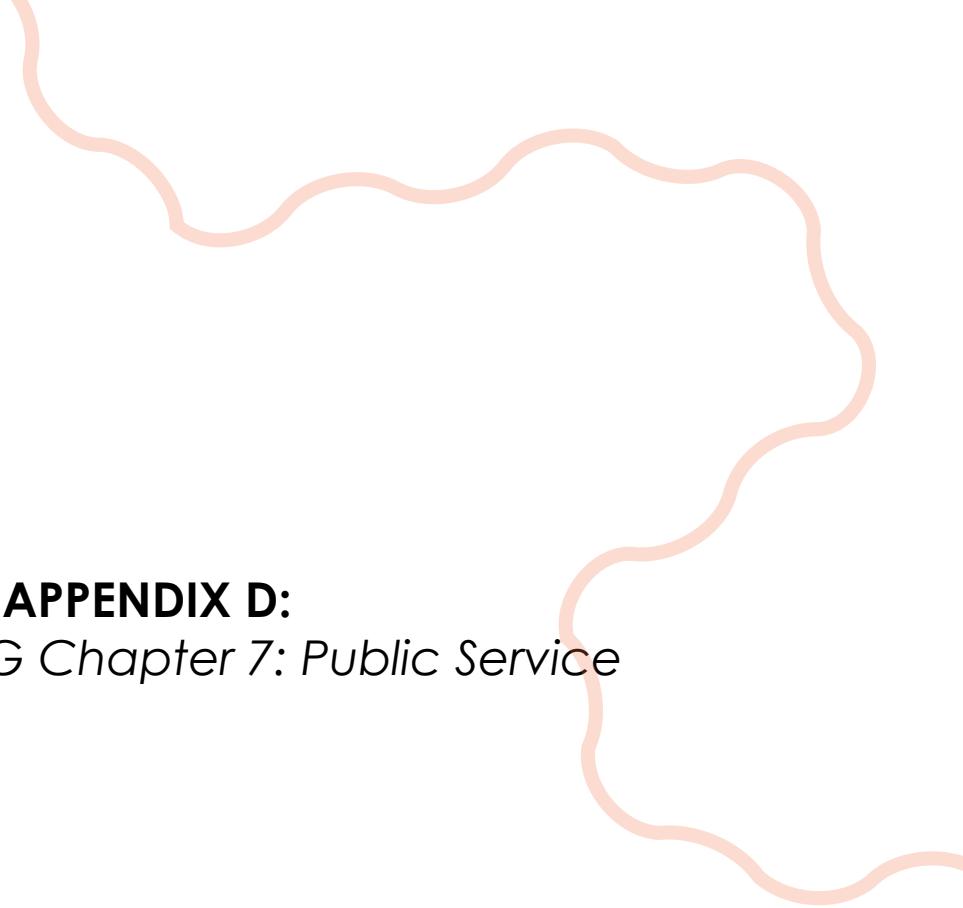
(10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

(11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

(12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000).

(13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).

[53 FR 8068, 8087, Mar. 11, 1988, as amended at 60 FR 19639, 19642, Apr. 19, 1995]



APPENDIX D:

Basically CDBG Chapter 7: Public Service



CHAPTER 7: PUBLIC SERVICES



CHAPTER PURPOSE & CONTENTS

This chapter covers the CDBG-eligible and ineligible public service activities as well as guidance on how to determine the appropriate national objective category for public services, and how to document compliance with the national objective.

SECTION	TOPIC
7.1	Eligible and Ineligible Public Service Activities
7.2	Public Services Cap
7.3	Documenting National Objectives

7.1 Eligible and Ineligible Public Service Activities

This section outlines activities that are eligible and ineligible public services under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

Key Topics in This Section	✓ Eligible Public Services Activities ✓ Ineligible Activities
Statutory Citations	Section 105(a)(8)
Other Reference Materials on This Topic	✓ Guide to National Objectives and Eligible Activities for States - Chapter 2: Categories of Eligible Activities

7.1.1 Eligible Public Service Activities

- ✓ The CDBG regulations allow the use of grant funds for a wide range of public service activities, including, but not limited to:
 - Employment services (e.g., job training);
 - Crime prevention and public safety;
 - Child care;
 - Health services;
 - Substance abuse services (e.g., counseling and treatment);
 - Fair housing counseling;
 - Education programs;
 - Energy conservation;
 - Services for senior citizens;



- Services for homeless persons;
- Welfare services (excluding income payments);
- Down payment assistance (also refer to Chapter 4); and
- Recreational services.

✓ CDBG funds may be used to pay for labor, supplies, and material as well as to operate and/or maintain the portion of a facility in which the public service is located. This includes the lease of a facility, equipment, and other property needed for the public service.

✓ To utilize CDBG funds for a public service, the service must be either:

- A new service; or
- A quantifiable increase in the level of an existing service which has been provided by the state or another entity on its behalf through state or local government funds in the 12 months preceding the submission of the state's Consolidated Plan Annual Action Plan to HUD.
 - An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the local government.

✓ This provision was put into place to ensure that localities did not use CDBG funds to replace local or state monies to fund essential services typically offered by the local government entity.

✓ Specifically, the public services provision applies in the following manner:

- If a service is new, it may be funded.
- If a service is existing, determine whether it was provided by or on behalf of the unit of local government with local or state funding.
- If it was not provided by or on behalf of the local government with funding from the local government, it may be funded,
- If it was provided by or on behalf of the local government with funding from the local government, states must determine whether the proposed service will be a quantifiable increase in the level of service. If it can be documented that the service is a quantifiable increase in the level of service, it may be funded.
- The regulations do not prohibit a state and UGLG from continuing to provide funding to a CDBG-funded public service at the same or decreased level in subsequent program years.

7.1.2 Ineligible Public Service Activities

✓ The provision of "income payments" is an ineligible CDBG activity if these payments are provided as a grant.



- Income payments are payments to an individual or family, which are used to provide basic services such as food, shelter (including payment for rent, mortgage, and/or utilities) or clothing.
- However, the entitlement rules, which states may use as guidance, note that such expenditures are eligible under the following conditions:
 - The income payments do not exceed three consecutive months; and
 - The payments are made directly to the provider of such services on behalf of an individual or family.
- Income payments that are provided as a loan are permissible within the public services cap.

✓ Political activities are ineligible.

7.2 Public Services Cap

The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ The public services cap ✓ Public services cap exceptions
Statutory Citations	
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States <ul style="list-style-type: none"> - Chapter 2: Categories of Eligible Activities

- ✓ The total amount of CDBG funds **expended** statewide for public services activities must not exceed 15 percent of the state's yearly allocation of funds **plus** 15 percent of program income received distributed by the state under its method of distribution.
 - Note that this cap applies to the entire state allocation not to the amount of funds allocated by the state to any one UGLG.
- ✓ Public services carried out by UGLG subgrantees **are subject to** the 15 percent public services cap.
- ✓ Because the public services category covers numerous important activities but is limited by the 15 percent cap, States and UGLG should make efforts to see if a service type activity meets another CDBG eligibility category. For example, removing graffiti from public buildings is a public service. However assisting private properties with graffiti removal may be better categorized as eligible property rehabilitation activities.
- ✓ In addition, the CDBG regulations offer flexibility in using CDBG for certain public services, particularly services designed to increase employment opportunities, **outside** of the 15 percent cap. The eligibility options include:
 - Provision of assistance to microenterprises as a separate eligible activity. This includes technical assistance, business support services, and other similar services to owners of microenterprises or persons developing microenterprises;



- Certain job training and job placement services are considered to be an activity delivery cost if provided in connection with eligible economic development projects;
- Job training, job placement and other employment support services that are carried out by a qualified 105(a)(15) nonprofit development organization as part of certain types of projects, and which are specifically designed to increase economic opportunities including peer support programs, child care, counseling, transportation and other similar services; and
- Any type of services carried out by a qualified 105(a)(15) nonprofit development organization as part of certain types of projects, pursuant to a strategy as part in a state-approved CRSAs.

✓ Economic development services carried out ***in connection with*** special economic development activities also do ***not*** count against the 15 percent cap. These services include:

- Outreach efforts to market available assistance;
- Screening of applicants;
- Reviewing and underwriting applications for assistance;
- Preparation of all necessary agreements;
- Management of assisted activities; and
- Screening/referral/placement of applicants for jobs generated by CDBG-eligible economic development activities, including training for those persons filling positions.



Public Services Cap Calculation Example	
CDBG annual allocation amount	\$1,000,000
<i>Plus</i> distributed program income	<u>+ 100,000</u>
<i>Equals</i> amount subject to cap	\$1,100,000
<i>Multiplied by</i> 15%	<u>x 0.15</u>
<i>Equals</i> maximum funds that can be expended for public services	\$165,000



7.3 Documenting National Objectives

The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

Key Topics in This Section	<ul style="list-style-type: none"> ✓ LMI Benefit National Objective ✓ Slum/Blight National Objective ✓ Urgent Needs National Objective
Statutory Citations	Section 101(c), Section 104(b), Section 105(c)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States - Chapter 3: Meeting a National Objective

7.3.1 National Objective Summary Chart

- ✓ The following chart summarizes the national objective options related to public services. The text below provides additional details. For a complete copy of the matrix codes and national objectives chart, please see the IDIS chapter of this manual.

<u>HUD Matrix Code</u>	<u>Activity</u>	<u>LMA</u>	<u>LMC</u>	<u>LMH</u>	<u>LMJ</u>	<u>SBA</u>	<u>SBS</u>	<u>URG</u>
5	Public Services (General)			N	N		N	
05A	Senior Services	N		N	N		N	
05B	Handicapped Services	N		N	N		N	
05C	Legal Services			N	N		N	
05D	Youth Services	N		N	N		N	
05E	Transportation Services			N	N		N	
05F	Substance Abuse Services			N	N		N	
05G	Battered and Abused Spouses	N		N	N		N	
05H	Employment Training			N	N		N	
05I	Crime Awareness			N	N		N	
05J	Fair Housing Activities (Subject to Pub. Services Cap)			N	N		N	
05K	Tenant/Landlord Counseling	N		N	N		N	
05L	Child Care Services	N		N	N		N	
05M	Health Services			N	N		N	
05N	Abused and Neglected Children	N		N	N		N	
05O	Mental Health Services			N	N		N	
05P	Screening for Lead Based Paint/Lead Hazards	N		N	N		N	
05Q	Subsistence Payments	N		N	N		N	



05R	Homeownership Assistance (not direct)	N	N		N		N
05S	Rental Housing Subsidies	N	N		N		N
05T	Security Deposits	N	N		N		N
05U	Housing Counseling	N	N		N	N	N

7.3.2 LMI Benefit National Objective

- ✓ CDBG-funded public service activities are typically categorized under the LMI Benefit National Objective as either Area Benefit or Limited Clientele activities. As shown in exhibit 7-1 below, the distinguishing factor between the two categories is whether the service will be offered to **all** residents of a particular LMI income area **or** to a particular group of LMI residents in the entire community.
- ✓ Under the Area Benefit criteria, the public service must be offered to **all** residents of an area where at least 51 percent of the residents are LMI. The area must be clearly delineated by the State and must be primarily residential.
- ✓ To document qualification of public service activities under this objective:
 - Maintain records of the boundaries of the service area;
 - Document that the area is primarily residential (e.g., zoning map); and
 - Document the income characteristics of households in the service area (i.e., Census data/American Community Survey data).
- ✓ Limited Clientele activities benefit a specific targeted group of persons of which at least 51 percent must be LMI. In order to meet the LMI Limited Clientele criteria, the activity must:
 - Serve at least 51 percent LMI, as evidenced by documentation and data concerning beneficiary family size and income;
 - Have income-eligibility requirements which limit the service to persons meeting the LMI income requirement, as evidenced by the administering agency's procedures, intake/application forms, income limits, and other sources of documentation;
 - Serve a group primarily presumed to be LMI such as abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or
 - Be of such a nature and in a location that it may be concluded that the activity's clientele are LMI.



Exhibit 7-1
Determining if a Public Service Activity Qualifies
As an Area Benefit or Limited Clientele Activity

Issue for Consideration	If an Area Benefit Activity...	If a Limited Clientele Activity...
Who will the service be provided to?	All residents of a LMI area (i.e., area with at least 51 percent LMI residents)	A limited group of persons, either LMI or presumed to be LMI, regardless of where they live
Where will the service be provided?	In a particular neighborhood	Not specific; could be offered to more than one neighborhood or city- or county-wide
What are the income levels in the area where the service will be delivered?	At least 51 percent LMI residents in area	Not applicable; eligibility based on clients served (but generally at least 51% must be LMI)

7.3.3 Slum/Blight National Objective

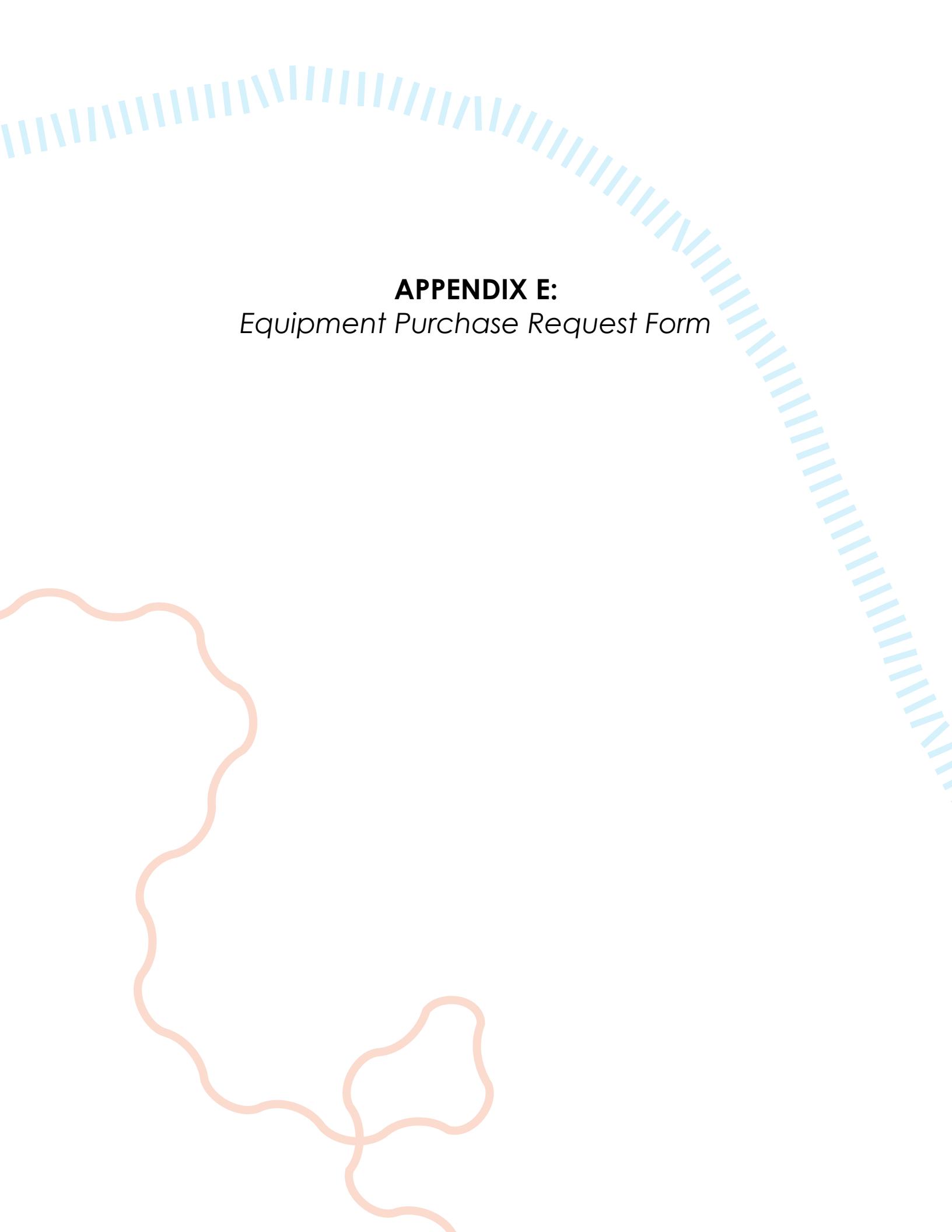
- ✓ Public service activities that aid in the prevention or elimination of slums or blight in a designated area may qualify under the Slum/Blight National Objective (Area Basis). However, this category is rarely used for public service activities due to the fact that the activity must meet the following qualifying criteria:
 - The area in which the activity occurs must be designated as slum or blighted. The following tests apply:
 - The delineated area in which the activity occurs must meet a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;
 - The area must also meet either one of the two conditions specified below:
 - At least 25 percent of the properties throughout the area exhibit the following:
 - (a) Physical deterioration of buildings/improvements;
 - (b) Abandonment of properties;
 - (c) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
 - (d) Significant declines in property values or abnormally low property values relative to other areas in the community; or
 - (e) Known or suspected environmental contamination.
 - Public improvements throughout the area are in a general state of deterioration.
 - Documentation must be maintained by the State on the boundaries of the area and the conditions that qualified the area at the time of its designation. The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications



7.3.4 Urgent Needs

✓ It is possible for public services activities to qualify under this National Objective if the public service is designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community and following conditions are met:

- The conditions are of recent origin or recently became urgent. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the state grant recipient's certification – 24 CFR 570.483(d); and
- The UGLG is unable to secure other funds to support the activity.



APPENDIX E:

Equipment Purchase Request Form

**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE – EQUIPMENT PURCHASE REQUEST FORM**

Form Information

Subrecipient's must request approval to purchase equipment utilizing this form. This form will collect information regarding the specified equipment that a Subrecipient plans to purchase. Please complete each section of the form. The notes section is available to add any additional information deemed necessary. This form should also be supplemented with supporting documentation: invoices, quotes, photos, etc.

Subrecipient Information

Subrecipient:		Agreement No.:	
Project:		Performance Period:	

Equipment Information

Equipment Description	Equipment Purpose and Intended Use	Manufacturer	Model No.	Equipment Condition and Detail (New, Used/Pre-Owned)

Equipment Management

Where will the equipment be kept? How will the equipment be maintained? What control systems will be in place to prevent any loss, damage, or theft?

Purchase Information

Purchase Price	Amount of CDBG to be Used	Reason for Purchase Method (Justification for purchasing over renting/leasing)	Place of Purchase/Procurement Method	Estimated Time to Purchase and Receive Equipment

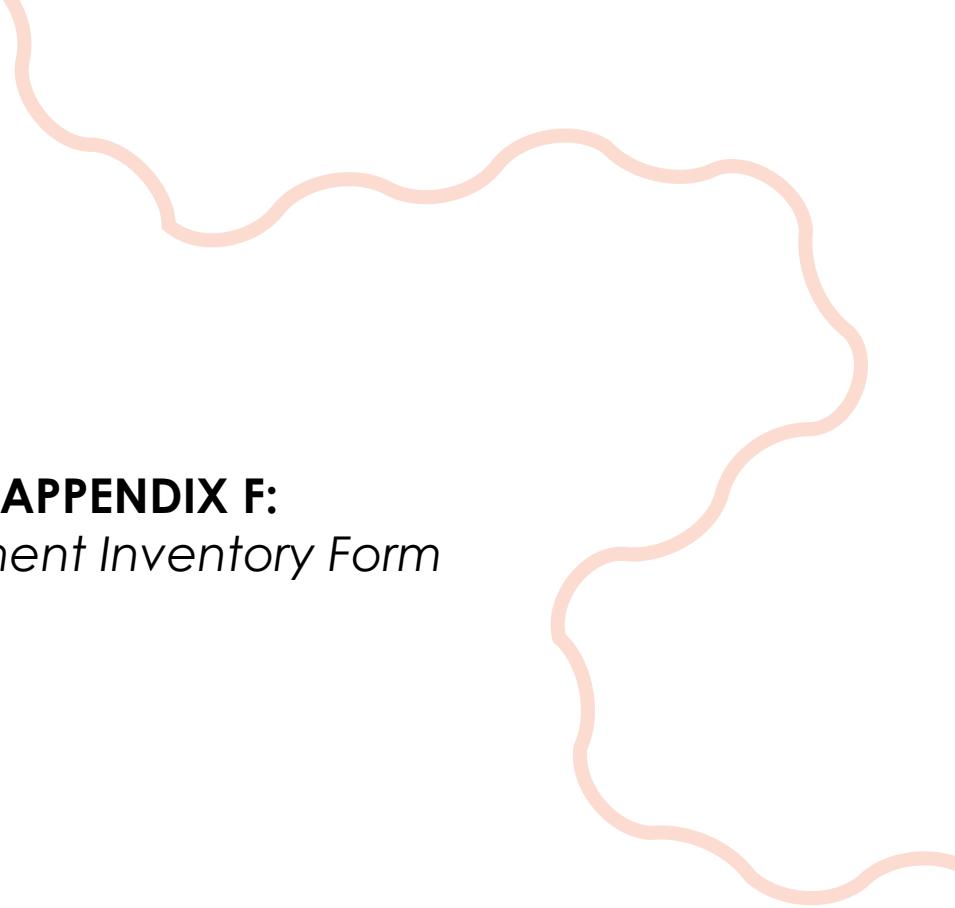
NOTES

Signature

Printed Name		Date	Date	
Signature:		Date	Date	

Approval or Denial (Administrative Use Only)

Decision		Printed Name		Date	
		Signature:		Date	



APPENDIX F:
Equipment Inventory Form



CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE – EQUIPMENT INVENTORY FORM

Form Information

The Equipment Inventory Form is required for any Subrecipient utilizing CDBG funding to purchase equipment. This form creates an inventory record and tracks equipment acquired with CDBG funds. This form must be completed and submitted to the City of Lorain immediately after the equipment is purchased and on hand with the Subrecipient. This form should be supplemented with proof of purchase (invoices, receipts, proof of payment) and photos clearly showing the tagged equipment in its stored location.

Subrecipient Information

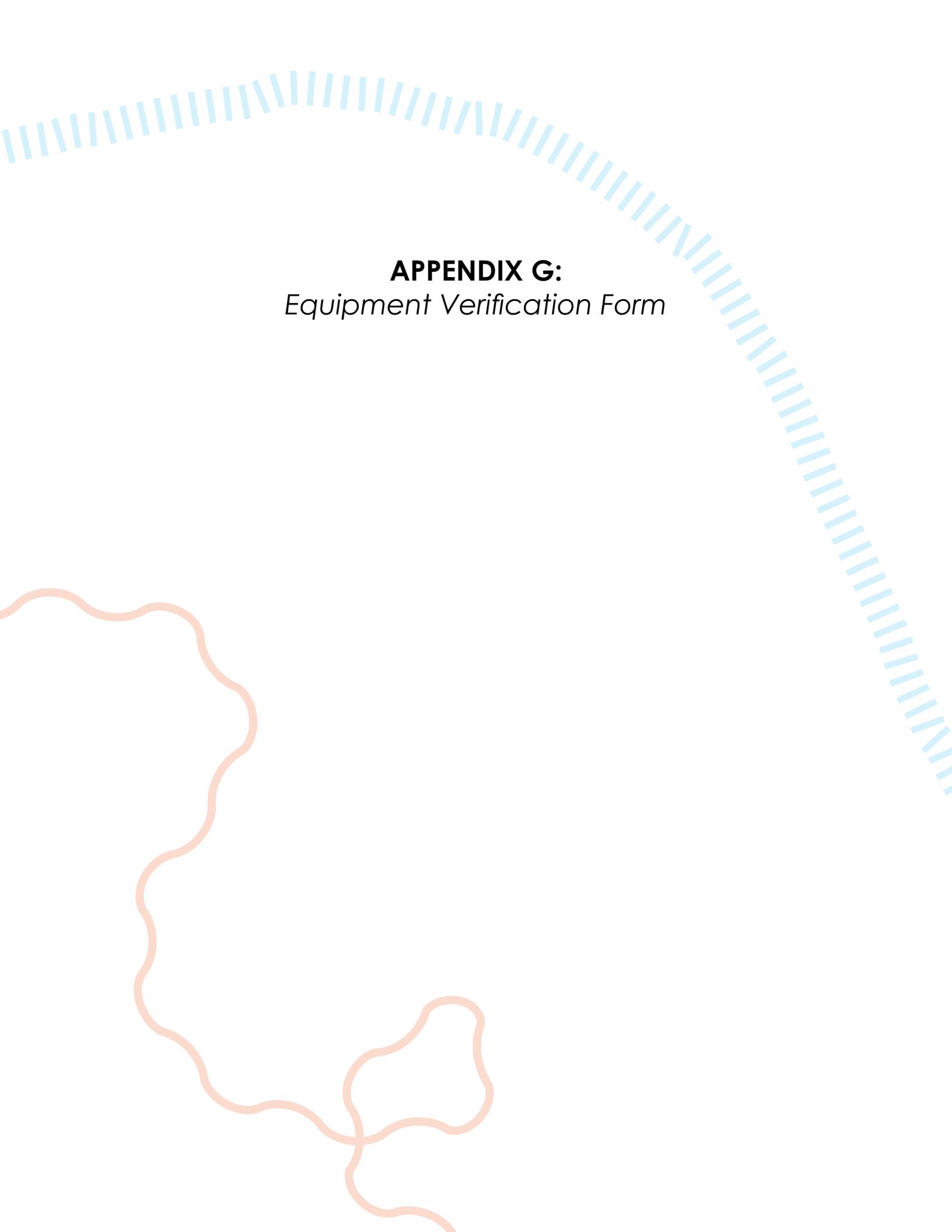
Subrecipient:		Agreement No.:	
Project		Performance Period:	

Equipment Information

Equipment Description and Condition	Intended Use	Model No.	Serial No.	Purchase Date	Purchase Price	Source and Amount of Funding Used (including FAIN)	CDBG Contribution Percentage	Location	Tag No.

NOTES

Verification									
Certification Statement	I certify that I have physically inspected and verified that the information reported above is correct and on site at the above locations.			Printed Name:				Signature:	Date:



APPENDIX G:
Equipment Verification Form

**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE – EQUIPMENT VERIFICATION FORM**

Form Information

The Equipment Verification Form is utilized by City of Lorain staff to verify the CDBG Equipment Inventory Form. This form is utilized to verify equipment has been purchased, has been maintained, is stored appropriately, and aligns with the information reported in the equipment inventory record. This form should be supplemented with photos verifying the equipment's current conditions, location and tag.

Subrecipient Information

Subrecipient:			Date:	
Address:			Agreement No:	
Program:			Performance Period:	

Equipment Information

Verification

Certification Statement	I certify that I have physically inspected and verified that the information reported above is correct and on site at the above locations.	Printed Name:			
		Signature:			



APPENDIX H:
Equipment Investigation Form



CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE

EQUIPMENT INVESTIGATION FORM

I. GENERAL INFORMATION

Purpose of Investigation: Damage Loss Theft

Investigation No.: _____ Investigation Date: _____

Investigation Location: _____

Investigator(s): _____

When and how was the investigation determined necessary and scheduled? _____

II. SUBRECIPIENT INFORMATION

Subrecipient: _____

Project: _____

Project Location: _____

National Objective: _____ Matrix Code: _____

Performance Period: _____



**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE**

III. EQUIPMENT INFORMATION

Equipment Description and Tag No.: _____

Equipment's Current Condition: _____

What safeguards does the Subrecipient utilize to prevent damage, loss, or theft? _____



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CDBG PUBLIC SERVICE**

IV. INVESTIGATION

How did the damage, loss, or theft occur?

Detail any additional witness claims for the loss, damage, or theft (including names and positions): _____



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CDBG PUBLIC SERVICE**

Were the safeguards specified above and in the inventory record in place? YES NO

If no, why? _____

Were there any additional safeguards in place to prevent damage, loss, or theft? _____

If the equipment was stolen, was a police report filed? YES NO N/A

If yes, please provide details regarding the police report: _____

If the equipment was stolen and a police report was not filed, please explain: _____

Has an insurance claim been (or will be filed) for the equipment? YES NO N/A

If yes, please provide details regarding the insurance claim: _____



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CDBG PUBLIC SERVICE**

As applicable, supporting documentation, including but not limited to police reports, insurance, insurance claims, and photos, should be included with this form. Please list what supporting documentation has been compiled: _____

V. CONCLUSION

An additional investigation is: Required Recommended Not Necessary

If required or recommended, please detail what the investigation should focus on: _____

Based on the investigation, does the City of Lorain believe the Subrecipient maintained adequate safeguards to prevent loss, damage, or theft? YES NO

Please explain the decision:



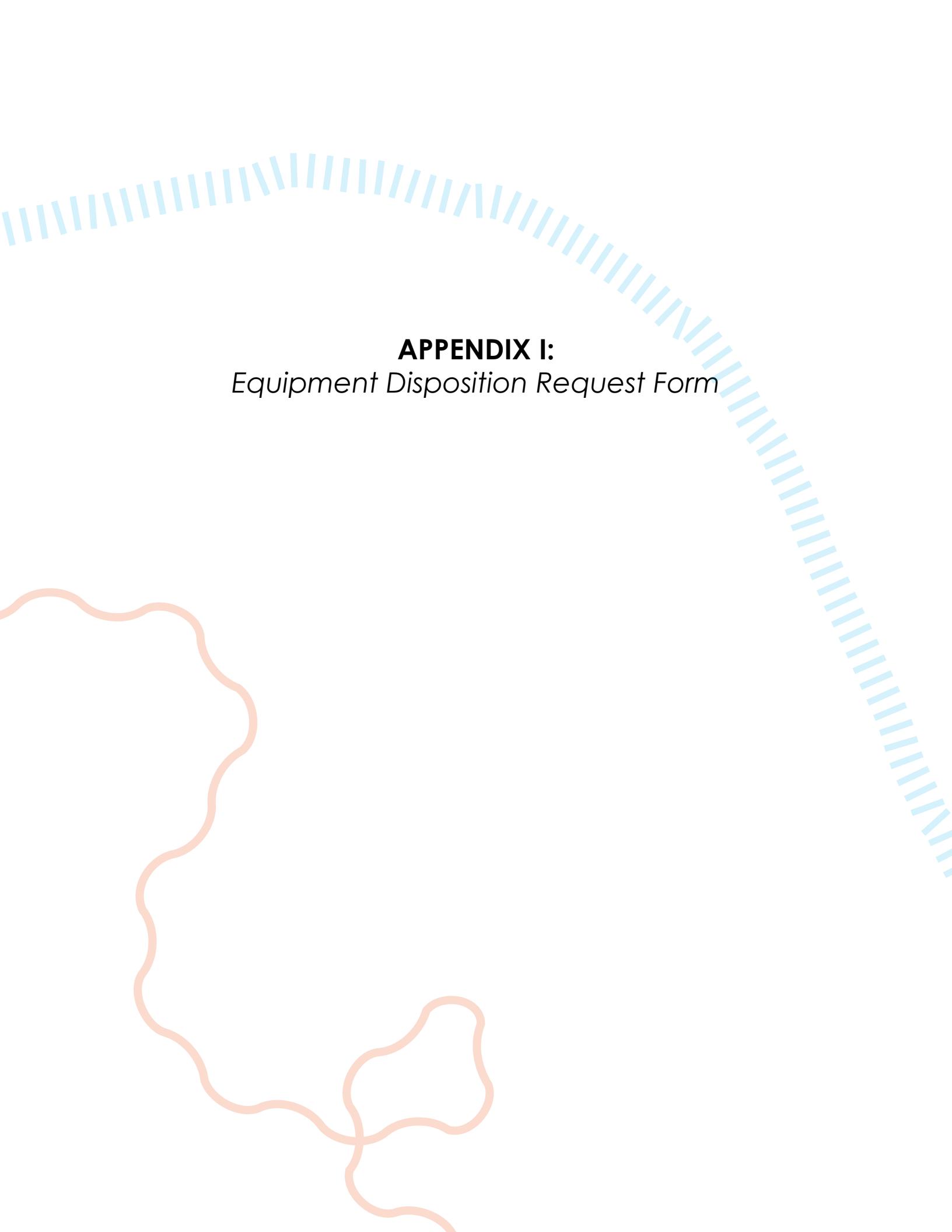
**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE**

Are there any recommendations or required corrective actions? YES NO

If yes, please explain: _____

Any other notes or actions needed? _____





APPENDIX I:
Equipment Disposition Request Form

**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE – EQUIPMENT DISPOSITION REQUEST FORM**

Form Information

Subrecipient's should utilize this form to request approval to dispose of equipment when it is no longer needed for the original program or other activities currently or previously assisted with federal funds to ensure proper disposition. This form should be completed no matter the method of disposition being requested (retain, sell, or dispose). This form should be supplemented with documentation verifying the current fair market value of the equipment and photos verifying the current conditions and location of the equipment.

Subrecipient Information

Subrecipient:		Agreement No.:	
Project:		Performance Period:	

Equipment Information

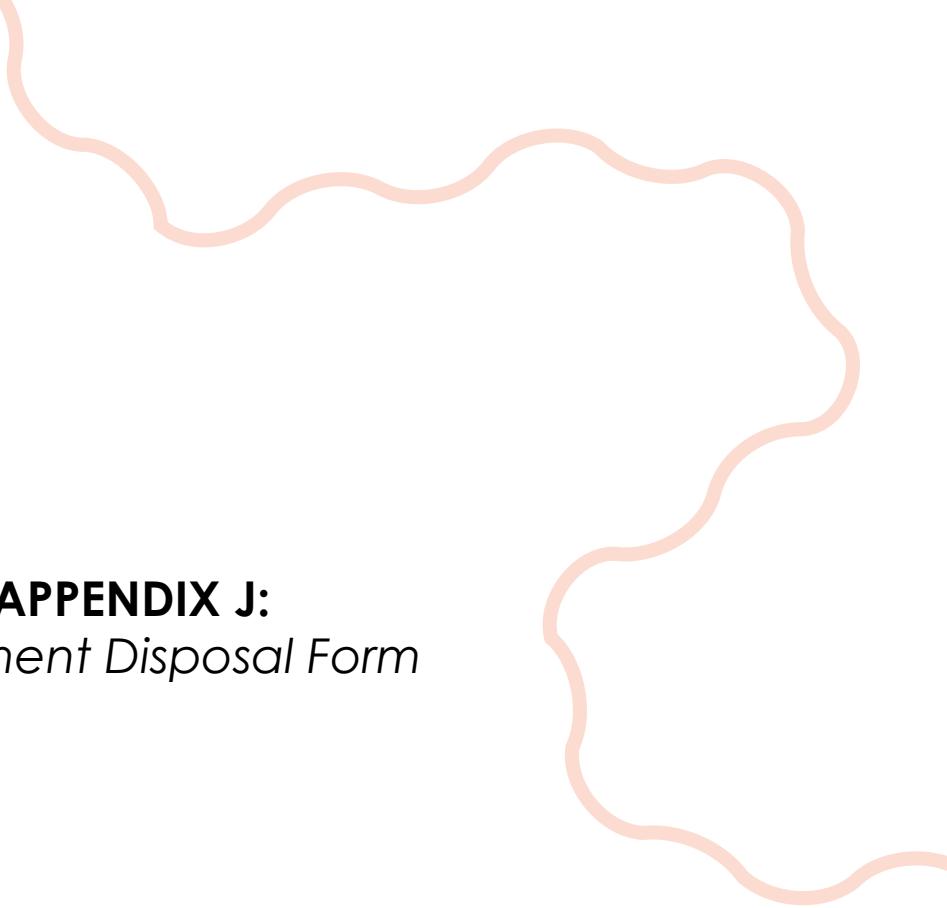
Disposition Information

Signature

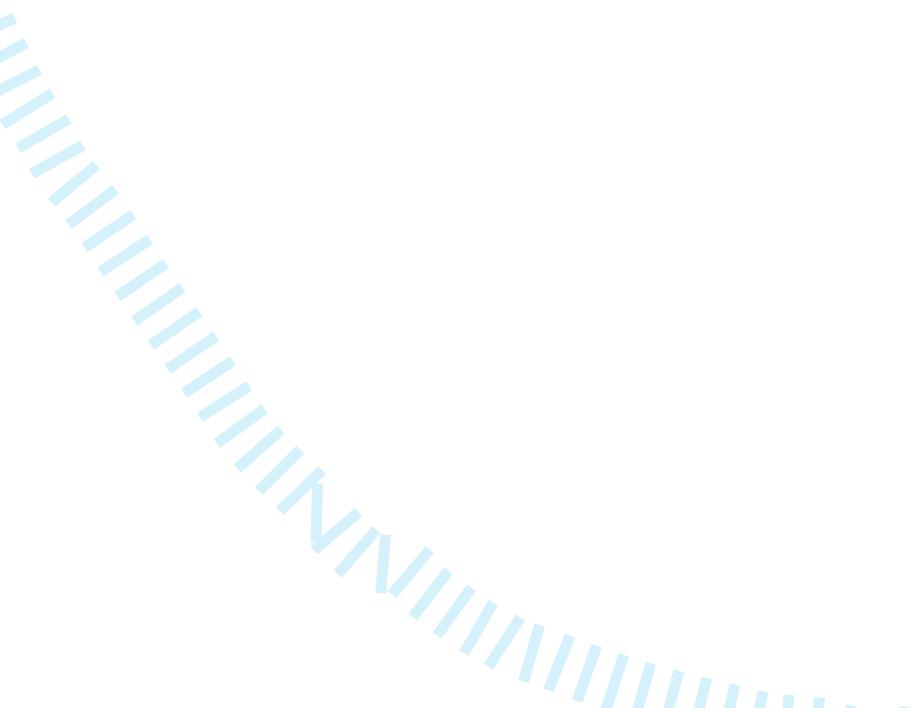
Printed Name		Date	
Signature:		Date	

Approval or Denial (*Administrative Use Only*)

Decision		Printed Name:		Date	
		Signature:		Date	



APPENDIX J:
Equipment Disposal Form



**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE – EQUIPMENT DISPOSAL FORM**

Form Information

The Equipment Disposal Form should be completed by the Subrecipient once the equipment has been disposed of in the approved manner, unless the equipment has been approved to be retained without any further obligation to the City of Lorain. This form must be submitted to the City of Lorain within two weeks of equipment disposal. This form should be supplemented with proof of disposal documentation and photos (when applicable).

Subrecipient Information

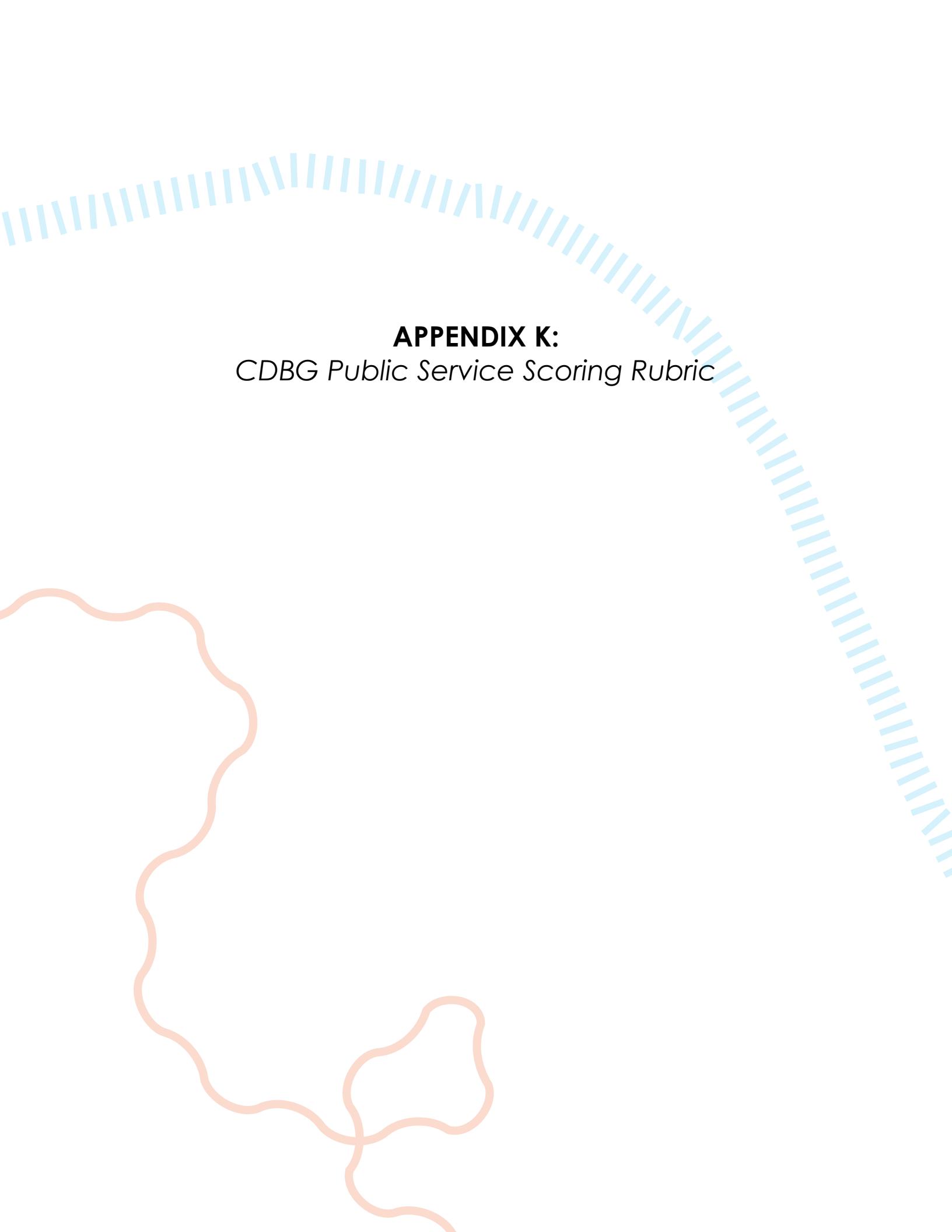
Subrecipient:		Agreement No.:	
Project:		Performance Period:	

Equipment Information

Disposition Information

Signature

Printed Name		Date	
Signature:		Date	



APPENDIX K:
CDBG Public Service Scoring Rubric



**THE CITY OF LORAIN
DEPARTMENT OF BUILDING, HOUSING, AND PLANNING**

Community Development Block Grant (CDBG)

Public Service Scoring Rubric

INTRODUCTION

To ensure equitable outcomes with the Community Development Block Grant (CDBG) – Public Service Funding, the Department of Building, Housing, and Planning's (BHP) CDBG Policies and Procedures established a CDBG Scoring Committee. The CDBG Scoring Committee is responsible for scoring, ranking, and recommending projects and services to be funded with CDBG dollars. The Scoring Committee consists of BHP staff, the Federal Programs Committee Chairperson, and one Mayoral appointee.

Prior to scoring, all applications are reviewed, per CDBG regulations and other HUD guidance, to ensure that all requirements would be met if the proposed activity is funded. A risk analysis will be completed utilizing the CDBG Public Service – Risk Assessment Form. The risk assessment will be made available to all Scoring Committee members to complete their review. Additionally, BHP staff will consult with the Lorain County Continuum of Care (CoC) to take into consideration the needs of people within the community who are currently homeless or at risk of experiencing homelessness. Any input received from the CoC will be documented and provided to all Scoring Committee members to consider in their reviews.

Public Service applications are scored based on the presentation of the application, community need and benefit, program design and soundness of approach, organizational capacity, financial feasibility, and the level of risk. The scoring categories are scored from 0 (bad) – 5 (excellent). A score of 0 indicates that none of the requirements are met. A score of 3 indicates that the minimum requirements are met. A score of 5 indicates that all requirements are met, and the application is going beyond what is minimally required. The scoring categories address the degree to which proposed activities meet CDBG National Objectives, their alignment with Consolidated Plan outcomes and priorities, local needs, timeliness, amount of funds requested, etc.

The scoring rubric should be completed by all members of the Scoring Committee. An applicant receives a final score based on the average of all Scoring Committee members' scores. CDBG funding will be awarded to the highest-ranked applicants.

The CDBG Scoring Committee should consider the following regarding each scoring category:

Presentation of the Application

- Is the application completed in its entirety?
- Is the application legible? If any photos, graphs, tables, or maps are provided, are they clear and concise?
- Was the application submitted in a professional manner (i.e., clean and wrinkle-free, no coffee stains, etc.) and unbound as specified (i.e., no staples or wire binding)?

Community Need and Benefit

- Does the Applicant define the community needs and benefits? Is it documented?
- Does the Applicant understand the needs of the individuals the activity is proposing to benefit?
- Does the program align with the needs and priorities identified in the Con Plan? Does it aid a targeted ward (2, 3, 5, 6)?

Program Design and Soundness of Approach

- Is the project eligible? Does it meet a national objective? Does it align with an applicable matrix code?
- Is the proposed activity realistic?
- Does the Applicant identify goals, success metrics, milestones, and/or benchmarks?
 - Does the Applicant outline the major tasks or roles needed to complete the activity successfully?
- Does the Applicant provide a timeline? Is the project schedule or timeline realistic?
- Does the Applicant provide details on how the program will be marketed?
- Is the program administered through a collaborative partnership? If so, does the partnership seem beneficial to the community and the organizations?

Organizational Capacity

- Does the Applicant define responsibility and detail their administrative capacity? Do they have adequate staff to administer the project?
- Does the Applicant have the capacity to complete the work in a timely manner? Have they undertaken similar projects, and what were the results?
- Does the Applicant identify any experience with CDBG and/or other grant/restrictive funding? How successful were they in administering those funds?
- Does the Applicant understand the CDBG and other regulations that will apply to their organization and the project? Is the Applicant aware of the administrative burden of the project and the regulatory requirements? Will they be able to comply?

Financial Feasibility

- Is the budget itemized and detailed? Is the budget realistic? Are the costs allowable and reasonable?
- If there are ineligible expenses identified, can the activity continue without CDBG supporting those items?
- Does the Applicant detail their financial capacity to administer the program with and without CDBG funding? Does the Applicant identify any other funding sources? Are they committed? If not, are they likely to be committed?

Level of Risk

- What is the level of risk for the project, and can the City take on that level at this time?
- How will the project affect CDBG timeliness?
- Has the City experienced any difficulty in working with and/or managing the Applicant?
- Are there any potential conflicts of interest that can negatively impact the project, the Applicant, and/or the City of Lorain?

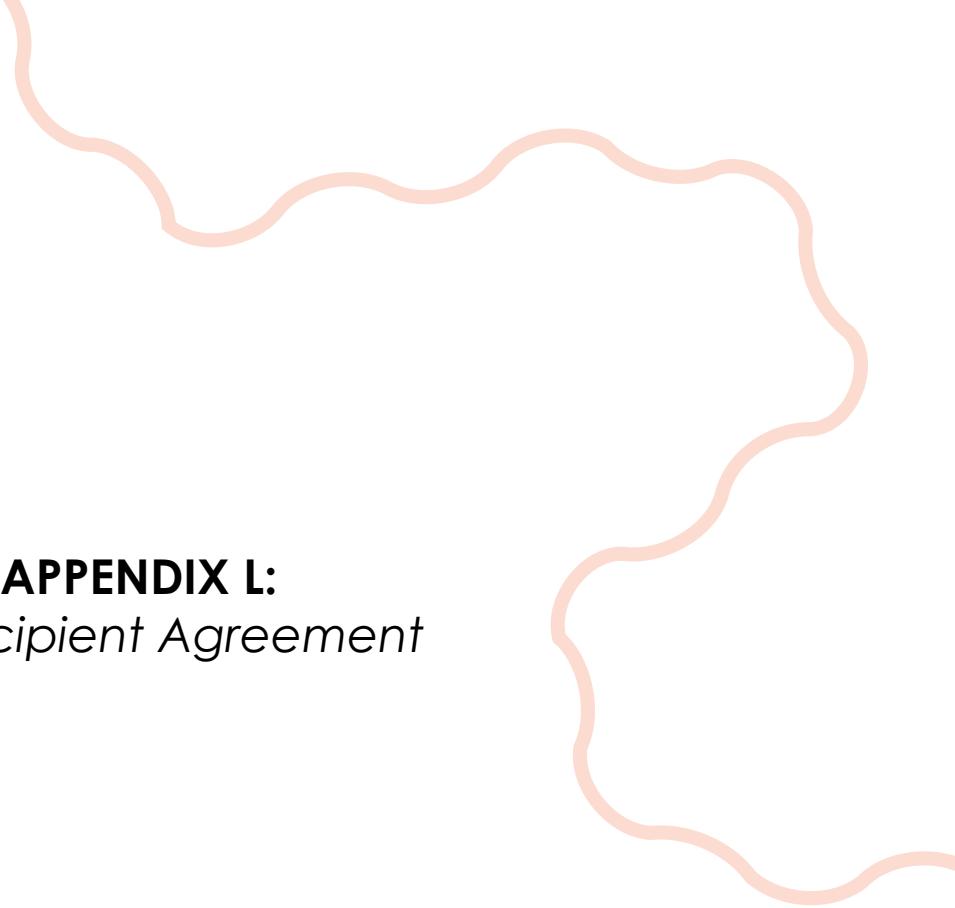
FINAL SCORE SHEET

Organization Name:			
Program/Project Title:			
Funding Requested:		Program Budget:	
National Objective:		Matrix Code:	
Con Plan Priority:		Overall Average Score:	
Are there any potential conflicts of interest at this time?			

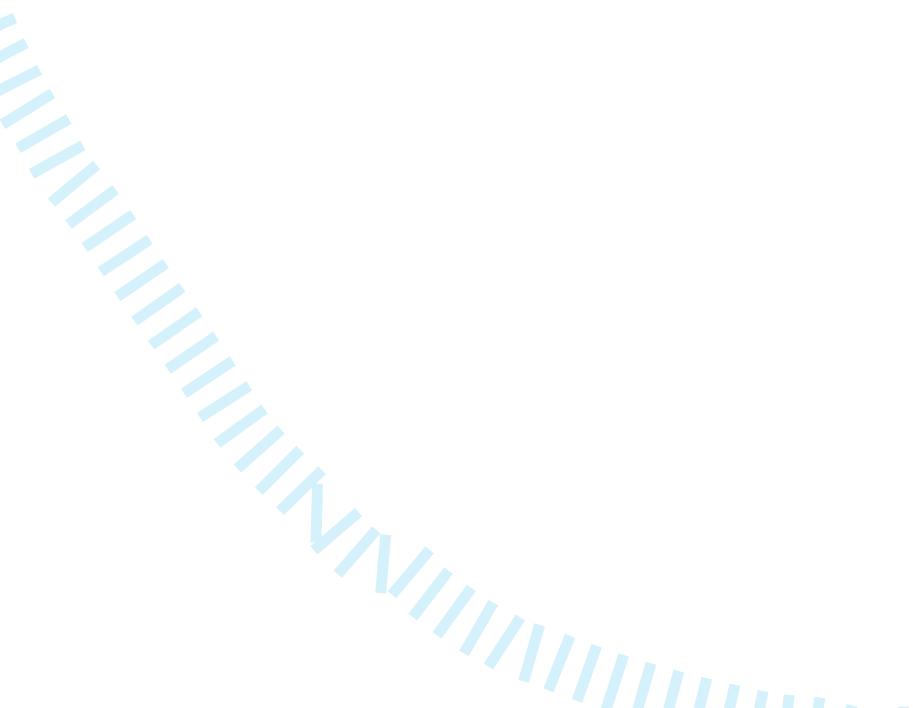
Name of Scorer:	
Scorer Grand Total:	
Funding Recommendation and Amount:	
Additional Scoring Rationale and/or Notes:	

Public Service <i>Application Scoring Rubric</i>							
<i>Criteria</i>	Bad (0)	Poor (1)	Fair (2)	Satisfactory (3)	Good (4)	Excellent (5)	Score
Presentation of the Application							
Community Needs and Benefit							
Program Design and Soundness of Approach							
Organizational Capacity							
Financial Feasibility							
Level of Risk							
Total Rubric Score (Up to 30)							

NOTES



APPENDIX L:
Subrecipient Agreement



**SUBRECIPIENT AGREEMENT
BETWEEN THE CITY OF LORAIN
AND
SUBRECIPIENT
FOR
PROGRAM/PROJECT NAME**

THIS AGREEMENT, entered this _____ day of _____, 20____ by and between the City of Lorain (herein called "the City"), administered by the Department of Building, Housing, and Planning Department (herein called "BHP") and the Subrecipient (herein called the "Subrecipient").

WHEREAS, the City of Lorain has applied for and received funds from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383; and

WHEREAS, BHP wishes to engage the Subrecipient to assist the City of Lorain in utilizing such funds;

NOW, THEREFORE, it is agreed between the parties hereto that;

I. SCOPE OF SERVICE

A. Activities

The Subrecipient will be responsible for administering a Community Development Block Grant (CDBG) Year [year] grant for the [Name of Program] program to provide [brief project description] in a manner satisfactory to BHP and consistent with any standards required as a condition of providing these funds. Such program will include the following activities eligible under the Community Development Block Grant (CDBG) program:

Project Description

Type of Project:	Very brief project description
Project Location:	Project location
Service Area:	City wide or specific area
Matrix Code:	Matrix Code – Matrix Code Name
Basic Eligibility Citation	24 CFR 570.201 (e)
Amount Funded	\$Grant Amount

Program Delivery

[Program Description, Scope of Work, etc. Complete description of activity to be undertaken including what products or services are to be performed, where they are to be provided, for whom they are to be provided (eligible under funding), how they are to be provided.]

Refer to Appendix A for the Subrecipient's full proposal.

General Administration

Establish and maintain administrative, financial, reporting, and record keeping systems consistent with the requirements of the Community Development Block Grant program and other applicable federal, state, and local requirements. These activities generally consist of the following elements:

1. Establish financial and record keeping system for project.
2. Delay the commitment of any funds until environmental review is completed.
3. Complete applicable civil rights requirements.
4. Follow the City CDBG Procurement Procedures.
5. Comply with applicable federal labor standards on construction work.
6. Submit all payment invoices and project reports to BHP for reimbursement.
7. Resolve all monitoring issues, if identified.

B. National Objectives

All activities funded with CDGB funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 CFR 570.208.

The Subrecipient certifies that the activity (ies) carried out under this Agreement will meet the following National Objective: [Low Mod Area Benefit, Limited Clientele Activities, Low Mod Housing Activities, Low Mod Job Creation or Retention Activities, Slum and Blight, or Urgent Need] ([Eligible Activity, Matrix Code]). The purpose of this project is [briefly describe purpose/how the national objective will be met.].

CDBG funding requires that approximately 51% or more unduplicated City of Lorain low-to-moderate income (LMI) residents will be served.

A Lorain resident is considered to be a person residing in Lorain with a Lorain mailing address that is within the Lorain municipal boundary. Address verification can be completed utilizing the Lorain County Auditor's real estate records search on their website or the City of Lorain's Public GIS Council Ward Map. If a person does not have a current mailing address, due to homelessness, their residency will be assumed to be Lorain, unless known otherwise.

To ensure program compliance, the Subrecipient will gather address, race, ethnicity, and income data utilizing the demographics form and/or similar reporting documentation, as accepted.

Refer to Appendix B for the [demographics application or reporting metric].

C. Levels of Accomplishment – Goals and Performance Measures

The levels of accomplishment may include such measures as units rehabbed; persons or households assisted; or meals served; and should also include time frames for performance.

The Subrecipient agrees to provide the following levels of program services:

[Provide _____ to _____ low-to-moderate income Lorain residents within the performance period.]

Accomplishments will be tracked by collecting race/ethnicity, residency, and income data of all participants.

This section should describe and define the accomplishments of the program. Who will be served (defining age if necessary), how many will be served, how many were served prior to grant (if a pre-existing program). This should also include information/explanation of the demographics application.

D. Staffing

The Subrecipient shall assign staff as necessary to carry out the provisions of this agreement. Procurement of professional services and construction contracts shall meet the requirements of federal, state, and local laws, and this contract.

E. Performance Monitoring

BHP will monitor the performance of the Subrecipient against goals and performance standards as stated above.

Based on the Risk Assessment, the Subrecipient was determined to be [Low Risk, Medium Risk, High Risk]. This will require a minimum of _____ monitorings, that will occur virtually and/or onsite. The City will determine if any additional monitoring is required throughout the monitoring and overall administrative process of the project.

Substandard performance as determined by BHP will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by BHP and the City, contract suspension or termination procedures will be initiated.

II. TIME OF PERFORMANCE

Services of the Subrecipient shall start on the _____ of _____, 20____ and end on the _____ day of _____, 20_____. The term of this Agreement and the provisions herein shall be extended to cover any additional time period during which the Subrecipient remains in control of CDBG funds or other CDBG assets, including program income.

III. BUDGET

Subrecipient CDBG Budget	
Item	Amount
Budget Item	\$
Budget Item	\$
Budget Item	\$
Total	\$

Any indirect costs charged must be consistent with the conditions of Paragraph VIII (C)(2) of this Agreement. In addition, BHP may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by BHP. Any amendments to the budget must be approved in writing by both the City and the Subrecipient.

Refer to Appendix C for Subrecipient's budget.

IV. PAYMENT

It is expressly agreed and understood that the total amount to be paid by the City under this Agreement shall not exceed \$**Grant Amount**. Drawdowns for the payment of eligible expenses shall be made against the line item budgets specified in Paragraph III herein and in accordance with performance and special conditions. Expenses for general administration shall also be paid against the line item budgets specified in Paragraph III and in accordance with performance and special conditions. No invoices will be paid without monthly reports being submitted.

The Subrecipient will be reimbursed with the submission of original invoices to BHP together with proper supporting documentation, for the services described in this agreement.

Supporting documentation will include:

- [list what is needed for reimbursement]
- [Number of participants per workshop]
- [Number of workshops per participant]
- [Race/ethnicity, age, residency, and income level of each participant (see Appendix B)]
- [Number of staff and type of staff involved in program delivery]
- [Payroll Data]
- [Receipts and proof of payment]
- [Documentation detailing mileage reimbursement within City of Lorain limits and utilizing Per Diem Rates]
- Any additional documentation needed to support program delivery and associated expenses
-

Ineligible expenses include income payments, food and drink, gift cards and monetary vouchers, and political activities.

Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 24 CFR 85.20.

V. NOTICES

Notices required by this Agreement shall be in writing and delivered via e-mail. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

City of Lorain

Sanford Washington
Safety/Service Director
Safety/Service
200 W. Erie Avenue, 7th Floor
Lorain, Ohio 44052
440-204-2060
sanford_washington@cityoflorain.org

[Organization]

[Name]
[Title]
[Organization]
[Address]
[City, State Zip]
[Phone Number]
[email]

VI. SPECIAL CONDITIONS

The City must receive **monthly/quarterly reports** on the individuals served regarding this project. Reports should detail [what is needed in reports (such as the number of persons served and the number of workshops, classes, and/or activities attended as well as their race, ethnicity, age, residency, and income level)]. Reports should also address any programmatic updates, adjustments, or progress. The reports are also available for the Subrecipient to notify the City of any potential concerns, issues, and need for technical assistance.

As a requirement of the program, **monthly/quarterly** reports shall be submitted on a **monthly/quarterly** basis, no later than the **[fifteenth day after the end of the month/thirty (30) days after the end of the quarter]** subject to such reporting requirements until the funds are extinguished or the performance period is completed by the Subrecipient. If the date the report is due is a non-business day, the report will be due on the next business day.

Refer to Appendix D for Subrecipient's monthly reporting template.

(FOR CDBG-CV ONLY) The Community Development Block Grant funding granted to the Subrecipient is specifically Community Development Block Grant CARES Act (CDBG-CV) funding. The CARES Act requires procedures to prevent any duplication of benefits (DOB) for CDBG-CV assisted activities. Under federal law, a DOB occurs when federal financial assistance is provided to a person or entity for the same costs from any other source (including insurance), and the total amount received exceeds the total need for those costs.

The Subrecipient shall repay any financial assistance provided that is determined to be duplicative. To ensure compliance with the mandatory DOB requirements, the Subrecipient must complete a "Duplication of Benefits Affidavit" to demonstrate that no financial assistance has been received or are available to pay costs charged to the grant.

Refer to Appendix D for the Duplication of Benefits Affidavit.

VII. GENERAL CONDITIONS

A. General Compliance

The Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subpart K of these regulations, except that (1) the Subrecipient does not assume the recipient's environmental responsibilities described in 24 CFR 570.604 and (2) the Subrecipient does not assume the recipient's responsibility of initiating the review process under the provisions of 24 CFR 52. The Subrecipient also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. The Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. "Independent Contractor"

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Subrecipient shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as the Subrecipient is an independent contractor.

C. Hold Harmless

The Subrecipient shall hold harmless, defend and indemnify the City from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this Agreement.

D. Worker's Compensation

The Subrecipient shall provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

E. Insurance & Bonding

The Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the City.

F. Grantee Recognition

The Subrecipient shall insure recognition of the role of the Community Development Block Grant in providing services through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Department will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

G. Amendments

The City or the Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the City Law Director. Such amendments shall not invalidate this Agreement, nor relieve or release the City or the Subrecipient from its obligations under this Agreement.

The City may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both the City and the Subrecipient.

H. Suspension or Termination

In accordance with 2 CFR 200, the City may suspend or terminate this Agreement if the Subrecipient materially fails to comply with any terms of this Agreement, which include (but are not limited to), the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;
3. Ineffective or improper use of funds provided under this Agreement; or
4. Submission by the Subrecipient to BHP reports that are incorrect or incomplete in any material respect.

In accordance with 2 CFR 200, this Agreement may also be terminated for convenience by either the City or the Subrecipient, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, the City determines that the remaining portion of the award will not accomplish the purpose for which the award was made; the City may terminate the award in its entirety.

VIII. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. Accounting Standards

The Subrecipient agrees to comply with 2 CFR 200 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. Cost Principles

The Subrecipient shall administer its program in conformance with 2 CFR 200 as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

B. Documentation and Record Keeping

1. Records to be Maintained

The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506 that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- f. Financial records as required by 24 CFR 570.502, and 2 CFR 200; and
- g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

2. Retention

The Subrecipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years. The retention period begins on the date of the submission of the City of Lorain's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the four-year period, whichever occurs later.

3. Client Data

The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to BHP monitors or their designees for review upon request.

4. Disclosure

The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the City's or the Subrecipient's responsibilities with respect to services provided under this contract, is prohibited by the Public Records Act as set forth

in O.R.C. 149.43 unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The Subrecipient's obligation to the City shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the City), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Department has control over CDBG funds, including program income.

6. Audits & Inspections

All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the City, the grantor agency, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within 30 days after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit conducted in accordance with current Grantee policy concerning subrecipient audits and 2 CFR 200.

C. Reporting and Payment Procedures

1. Program Income

The Subrecipient shall report annually all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this contract. The use of program income by the Subrecipient shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the Subrecipient may use such income during the contract period for activities permitted under this contract and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unexpended program income shall be returned to the City at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the City.

2. Indirect Costs

If indirect costs are charged, the Subrecipient will develop an indirect cost allocation plan for determining the appropriate Subrecipient's share of administrative costs and shall submit such plan to BHP for approval, in a form specified by BHP.

3. Payment Procedures

The City will pay to the Subrecipient funds available under this Agreement based upon information submitted by the Subrecipient and consistent with any approved budget and

the City's policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. Payments will be adjusted by the City in accordance with advance fund and program income balances available in Subrecipient accounts. In addition, the City reserves the right to liquidate funds available under this contract for costs incurred by the City on behalf of the Subrecipient.

4. Progress Reports

The Subrecipient shall submit regular Progress Reports to BHP in the form, content, and frequency as required by BHP.

D. Procurement

1. Compliance

The Subrecipient shall comply with current City of Lorain policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All program assets (unexpended program income, property, equipment, etc.) shall revert to the City upon termination of this Agreement.

2. OMB Standards

Unless specified otherwise within this agreement, the Subrecipient shall procure all materials, property, or services in accordance with the requirements of 2 CFR 200.

3. Travel

The Subrecipient shall obtain written approval from the City for any travel outside the metropolitan area with funds provided under this Agreement.

E. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR 200 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

1. The Subrecipient shall transfer to the City any CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
2. Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 may not change the use from that for which the acquisition or improvement was made unless affected citizens are provided with reasonable notice of, and opportunity to comment on, any proposed change, and the new use of such property qualifies as meeting one of the CDBG National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement. If the Subrecipient fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective, the Subrecipient shall pay the City an amount equal to the current fair

market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of or improvement to, the property. Such payment shall constitute program income to the City. The real property acquired or improved under this Agreement will no longer be subject to any CDBG requirements at such time as five years after the close out of the City of Lorain's participation in the entitlement CDBG Program.

3. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall be (a) transferred to the City for the CDBG program or (b) retained after compensating the City an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

IX. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

The Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies. The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. The Subrecipient also agrees to comply with applicable City of Lorain ordinances, resolutions and policies concerning the displacement of persons from their residences.

X. PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

The Subrecipient agrees to comply with local and state civil rights ordinances and with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

2. Nondiscrimination

The Subrecipient agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.

3. Land Covenants

This contract is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this contract, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the City of Lorain and the United States are beneficiaries of and entitled to enforce such covenants. The Subrecipient, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

4. Section 504

The Subrecipient agrees to comply with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any Federally assisted program. BHP shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

B. Affirmative Action

1. Approved Plan

The Subrecipient agrees that it shall be committed to carry out pursuant to the City's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The City shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. The Subrecipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

2. Women- and Minority-Owned Businesses (W/MBE)

The Subrecipient will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

3. Access to Records

The Subrecipient shall furnish and cause each of its own divisions or subcontractors to furnish all information and reports required hereunder and will permit access to its books,

records and accounts by the City, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. Notifications

The Subrecipient will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

The Subrecipient will, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient; state that it is an Equal Opportunity or Affirmative Action employer.

6. Subcontract Provisions

The Subrecipient will include the provisions of Paragraphs X.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own divisions or subcontractors.

Employment Restrictions

1. Prohibited Activity

The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

2. Labor Standards

The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Subrecipient agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the City for review upon request.

The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this contract, shall comply with Federal requirements adopted by the City pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey

workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Subrecipient of its obligation, if any, to require payment of the higher wage. The Subrecipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

3. “Section 3” Clause

a. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this contract, shall be a condition of the Federal financial assistance provided under this contract and binding upon the City, the Subrecipient and any of the Subrecipient’s Subrecipients and subcontractors. Failure to fulfill these requirements shall subject the City, the Subrecipient and any of the Subrecipient’s Subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. The Subrecipient certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Subrecipient further agrees to comply with these “Section 3” requirements and to include the following language in all subcontracts executed under this Agreement:

“The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located.”

The Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons

residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

The Subrecipient certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

b. Notifications

The Subrecipient agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

c. Subcontracts

The Subrecipient will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the grantor agency. The Subrecipient will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

4. Drug-Free Workplace

The Subrecipient will continue to provide a drug-free workplace by:

- a. Maintaining a Zero Tolerance Drug Policy;
- b. Posting in conspicuous places available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Subrecipient's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

Stating in all solicitations or advertisements for employees or subcontractors placed by or on behalf of the Subrecipient that the Subrecipient maintains a drug-free workplace;

Establishing an ongoing drug-free awareness program to inform employees about:

- i. The dangers of drug abuse in the workplace;
- ii. The Subrecipient's policy of maintaining a drug-free workplace;
- iii. Any available drug counseling, rehabilitation, and employee assistance programs; and

- iv. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- v. Including the provisions of the foregoing clauses in all third party contracts, subcontracts, and purchase orders that exceed ten thousand dollars (\$10,000.00), so that the provisions will be binding upon each subcontractor or vendor.

D. **Conduct**

1. **Assignability**

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the City thereto; provided, however, that claims for money due or to become due to the Subrecipient from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.

2. **Subcontracts**

a. **Approvals**

The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this contract without the written consent of the City prior to the execution of such agreement.

b. **Monitoring**

The Subrecipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

c. **Content**

The Subrecipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

d. **Selection Process**

The Subrecipient shall undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the City along with documentation concerning the selection process.

3. **Hatch Act**

The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

4. Conflict of Interest

The Subrecipient agrees to abide by the provisions of 2 CFR 200 and 570.611, which include (but are not limited to) the following:

- a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
- b. No employee, officer or agent of the Subrecipient shall participate in the election, or in the award, of administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
- c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purpose of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Subrecipient, the subrecipient, or any designated public agency.

5. Lobbying

The Subrecipient certifies that:

- a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

c. It will require that the language of paragraph (d) of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all Departments shall certify and disclose accordingly:

d. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a perquisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

6. Copyright

If this contract results in any copyrightable material or inventions, the City and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

7. Religious Activities

The Subrecipient agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

XI. ENVIRONMENTAL CONDITIONS

A. Air and Water

The Subrecipient agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C. , 7401, *et seq.*;
- Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder;
- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

B. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

C. Lead-Based Paint

The Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

D. Historic Preservation

The Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

XII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

XIII. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XIV. WAIVER

The City's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the City to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XV. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the City and the Subrecipient for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the City and the Subrecipient with respect to this Agreement.

XVI. NO THIRD-PARTY BENEFICIARIES

Except as expressly provided otherwise, this Agreement is intended to be solely for the benefit of the parties and shall not otherwise be deemed to confer upon or give to any other person or third party any remedy, claim, cause or action or other right.

XVII. GOVERNING LAW AND JURISDICTION

This Agreement shall be construed in accordance with the laws of the State of Ohio. In the event of any dispute over the Agreement's terms and conditions, the exclusive venue and jurisdiction for any litigation arising thereunder shall be in Lorain County, OH, and, if necessary for exclusive federal questions, the United States District Court.

DRAFT

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, this Contract has been executed and delivered and is effective on the latest date set forth below. Parties hereby acknowledge that they have read and fully understand this Contract.

BY: _____
Signor Name, Title

_____ **Date**

[Subrecipient]
[Address]
[City, State Zip]

BY: _____
Matthew Kusznir, Director

_____ **Date**

Building, Housing, & Planning Department
200 W. Erie Avenue – 5th Floor
Lorain, OH 44052

BY: _____
Sanford Washington, Safety/Service Director

_____ **Date**

City of Lorain
200 W. Erie Avenue – 7th Floor
Lorain, OH 44052

BY: _____
Approved as to Form

_____ **Date**

City of Lorain – Law Department
200 W. Erie Avenue – 3rd Floor
Lorain, OH 44052

DRAFT

APPENDIX A

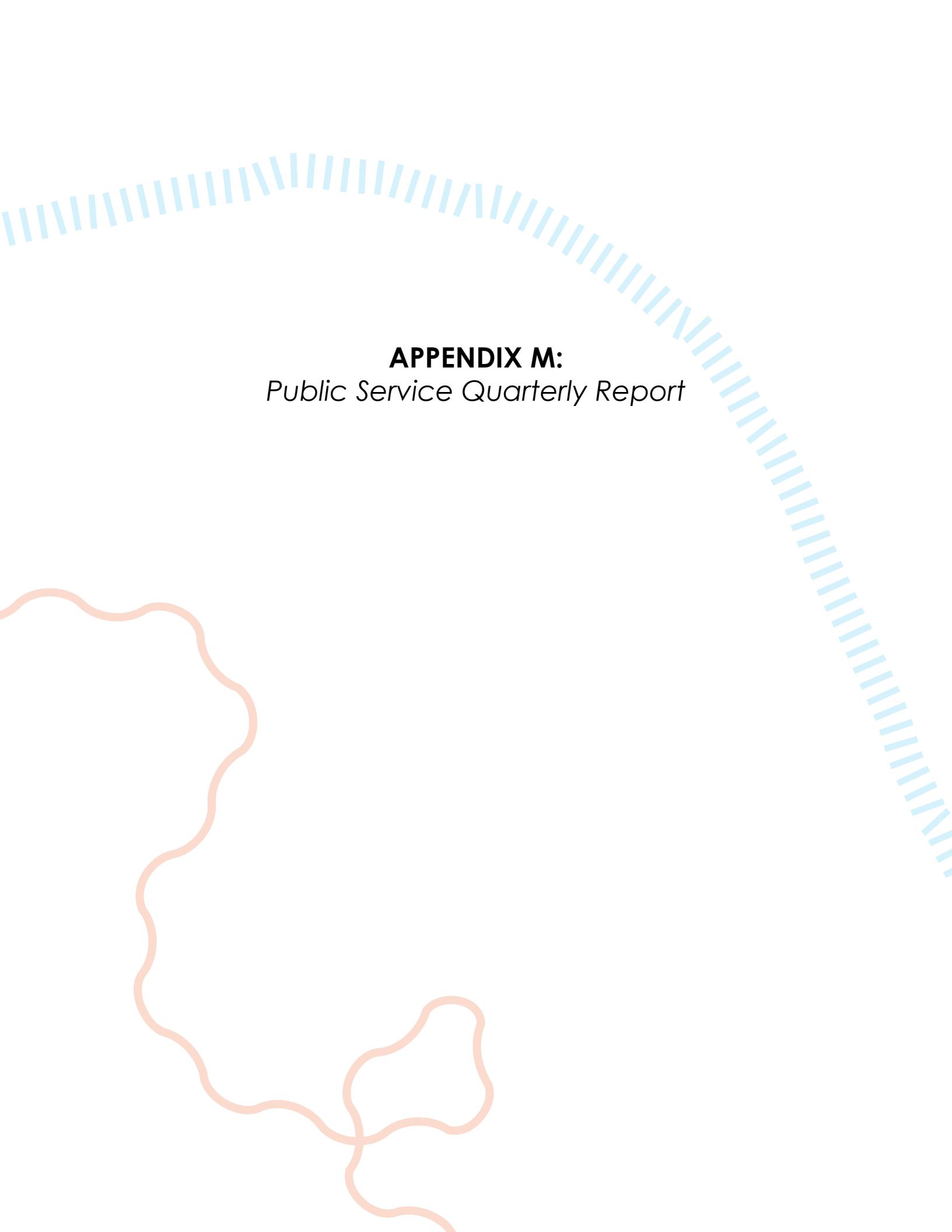
DACT

APPENDIX B

APPENDIX C

DRAFT

APPENDIX D



APPENDIX M:
Public Service Quarterly Report



THE CITY OF LORAIN
CDBG FY 2025 Public Service
Quarterly Reporting for:

SUBRECIPIENT
PROGRAM NAME

Subrecipient*CDBG FY 2025 Public Service Quarterly Reporting*

The City of Lorain must receive quarterly reports on the individuals served regarding this project.

The accomplishments sheet is utilized to compile the data that is collected utilizing the Public Service Income and Demographics Form. This includes name, gender, veteran status, ethnicity, race, homeless status, household size, and income level of every individual assisted.

The report sheet will provide a written report detailing the conclusion of each quarter's progress and an insight into the responses and needs in the community. This will ensure you are keeping track of your budget and accomplishment goals. Reports should address any programmatic updates, adjustments or progress. The reports also inform the City of any potential concerns, issues, and/or need for technical assistance.

The total accomplishments sheet should be completed each quarter. This sheet will accumulate the accomplishments data reported on the Accomplishments sheet. This will allow you and the City of Lorain to track the accomplishment data accumulatively for each quarter and the entire performance period. This should only be completed for Lorain residents served.

As a requirement of this funding, quarterly reports shall be submitted on a quarterly basis, no later than thirty (30) days after the end of the quarter subject to such reporting requirement until the funds are extinguished or the performance period is completed by the Subrecipient. If the date the report is due is a non-business day, the report will be due on the next business day.

Quarterly Report due dates:

- Q1: April 30, 2026
- Q2: July 31, 2026
- Q3: November 2, 2026
- Q4: February 1, 2027

Subrecipient

Program Name

Quarter One: January 1, 2026 - March 31, 2026

BUDGET

Funding Award:	\$	-
Funding Reimbursed	\$	-
Pending Reimbursement	\$	-
Remaining Funds	\$	-

LEVELS OF ACCOMPLISHMENT

1. Do you anticipate being able to serve **15** low-to-moderate income Lorain residents?

2. If not, please explain why and if there any plans to address this:

PROGRAM DELIVERY

1. Please provide a program update. This should detail how the program is currently operating; if any programmatic aspects had to be changed, altered, and/or adapted; if the program is being conducted in a timely manner; and/or how it is being received by the residents:

2. Are there any concerns or issues the City of Lorain should be aware of? Is there any other assistance the Subrecipient may need from the City of Lorain?

Subrecipient

Program Name

Quarter Two: April 1, 2026 - June 30, 2026

BUDGET

Funding Award:	\$	-
Funding Reimbursed	\$	-
Pending Reimbursement	\$	-
Remaining Funds	\$	-

LEVELS OF ACCOMPLISHMENT

1. Do you anticipate being able to serve **15** low-to-moderate income Lorain residents?

2. If not, please explain why and if there any plans to address this:

PROGRAM DELIVERY

1. Please provide a program update. This should detail how the program is currently operating; if any programmatic aspects had to be changed, altered, and/or adapted; if the program is being conducted in a timely manner; and/or how it is being received by the residents:

2. Are there any concerns or issues the City of Lorain should be aware of? Is there any other assistance the Subrecipient may need from the City of Lorain?

Subrecipient

Program Name

Quarter Three: July 1, 2026 - September 30, 2026

BUDGET

Funding Award:	\$	-
Funding Reimbursed	\$	-
Pending Reimbursement	\$	-
Remaining Funds	\$	-

LEVELS OF ACCOMPLISHMENT

1. Do you anticipate being able to serve **15** low-to-moderate income Lorain residents?

2. If not, please explain why and if there any plans to address this:

PROGRAM DELIVERY

1. Please provide a program update. This should detail how the program is currently operating; if any programmatic aspects had to be changed, altered, and/or adapted; if the program is being conducted in a timely manner; and/or how it is being received by the residents:

2. Are there any concerns or issues the City of Lorain should be aware of? Is there any other assistance the Subrecipient may need from the City of Lorain?

Subrecipient

Program Name

Quarter Three: October 1, 2026 - December 31, 2026

BUDGET

Funding Award:	\$	-
Funding Reimbursed	\$	-
Pending Reimbursement	\$	-
Remaining Funds	\$	-

PROGRAM REFLECTION

1. Have you met your accomplishment goal of serving **15** low-to-moderate income Lorain residents? If not, please explain why:

2. Have you utilized the entire grant balance of \$20,000? If not, please specify how you would like to utilize the remaining balance or if you are forfeiting it:

3. Was there any elements of the program that had to be changed during program delivery? Is there anything about the program that you would change if you were to administer the program again?

4. Please detail any program highlights, accomplishments or successes:

5. Are there any concerns, issues, or matters regarding the program and its use of CDBG funding that the City of Lorain should be aware of?

6. Any other comments, questions, or concerns?

WARDS		Q1	Q2	Q3	Q4
One					
Two					
Three					
Four					
Five					
Six					
Seven					
Eight					
<i>Quarterly Total</i>		0	0	0	0
<i>Grand Total</i>		0			

GENDER		Q1	Q2	Q3	Q4
Female					
Male					
Non-Binary					
No Answer					
Other					
<i>Quarterly Total</i>		0	0	0	0
<i>Grand Total</i>		0			

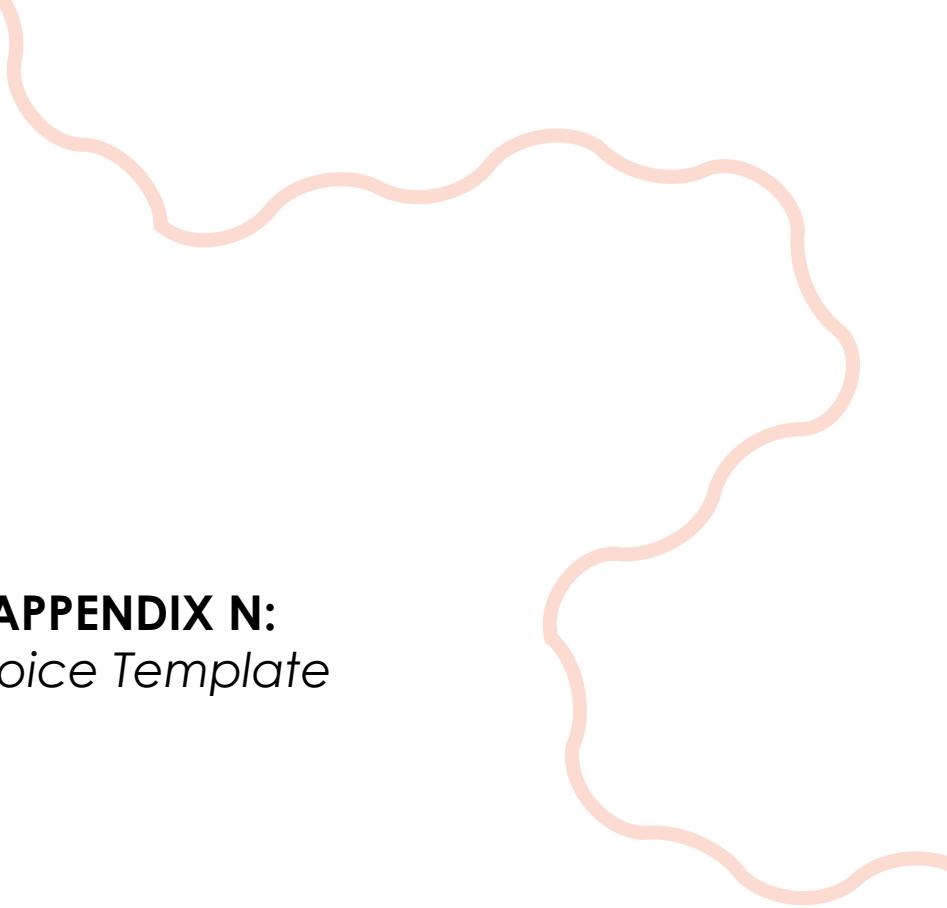
FEMALE HEAD OF HOUSEHOLD		Q1	Q2	Q3	Q4
Yes					
No					
No Answer					
<i>Quarterly Total</i>		0	0	0	0
<i>Grand Total</i>		0			

VETERAN		Q1	Q2	Q3	Q4
Yes					
No					
No Answer					
<i>Quarterly Total</i>		0	0	0	0
<i>Grand Total</i>		0			

Hispanic and/or Latino		Q1	Q2	Q3	Q4
Argentinian					
Bolivian					
Chilean					
Colombian					
Costa Rican					
Cuban					
Dominican					
Ecuadorian					
Guatemalan					
Honduran					
Mexican					
Nicaraguan					
Panamanian					
Peruvian					
Puerto Rican					
Salvadoran					
Spaniard					
Venezuelan					
Non-Hispanic/Latino					
<i>Quarterly Total</i>		0	0	0	0
<i>Grand Total</i>		0			

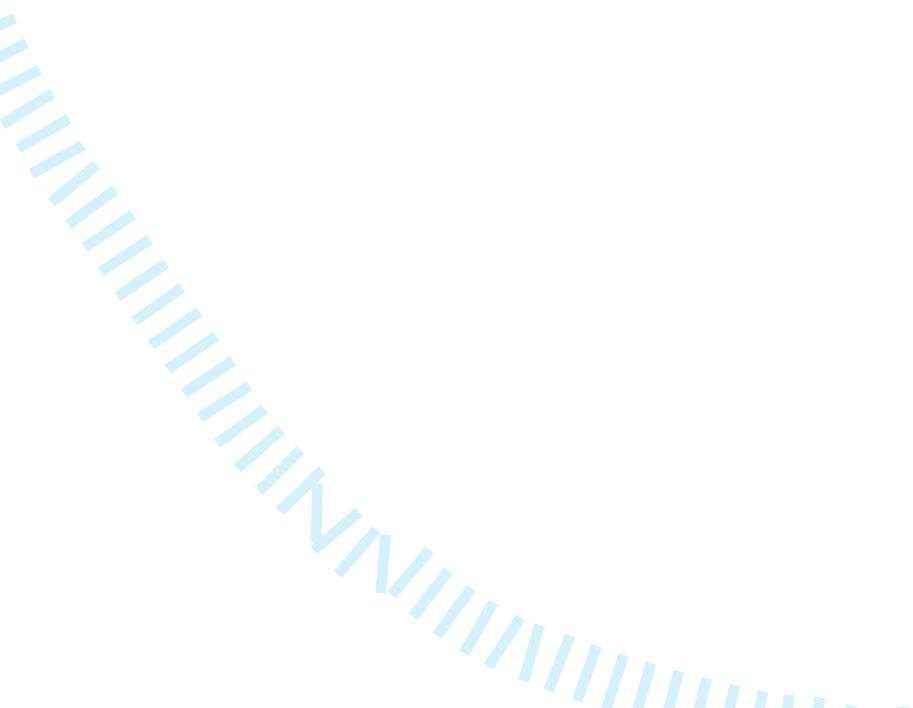
RACE		Q1	Q2	Q3	Q4
Asian					
American Indian or Alaskan Native					
Black/African American					
Native Hawaiian or Other Pacific Islander					
White					
Other/Multi-Racial					
<i>Quarterly Total</i>		0	0	0	0
<i>Grand Total</i>		0			

RACE AND ETHNICITY		Q1	Q2	Q3	Q4	Grand Total
Asian and Non-Hispanic/Latino						0
Asian and Hispanic/Latino						0
American Indian or Alaskan Native and Non-Hispanic/Latino						0
American Indian or Alaskan Native and Hispanic/Latino						0
Black/African American and Non-Hispanic/Latino						0
Black/African American and Hispanic/Latino						0
Native Hawaiian or Other Pacific Islander and Non-Hispanic/Latino						0
Native Hawaiian or Other Pacific Islander and Hispanic/Latino						0
White and Non-Hispanic/Latino						0
White and Hispanic/Latino						0
Other/Multi-Racial and Non-Hispanic/Latino						0
Other/Multi-Racial and Hispanic/Latino						0
<i>Quarterly Total</i>		0	0	0	0	0
<i>Grand Total</i>		0				



APPENDIX N:

Invoice Template



SUBRECIPIENT NAME

Address

City, State Zip

INVOICE #

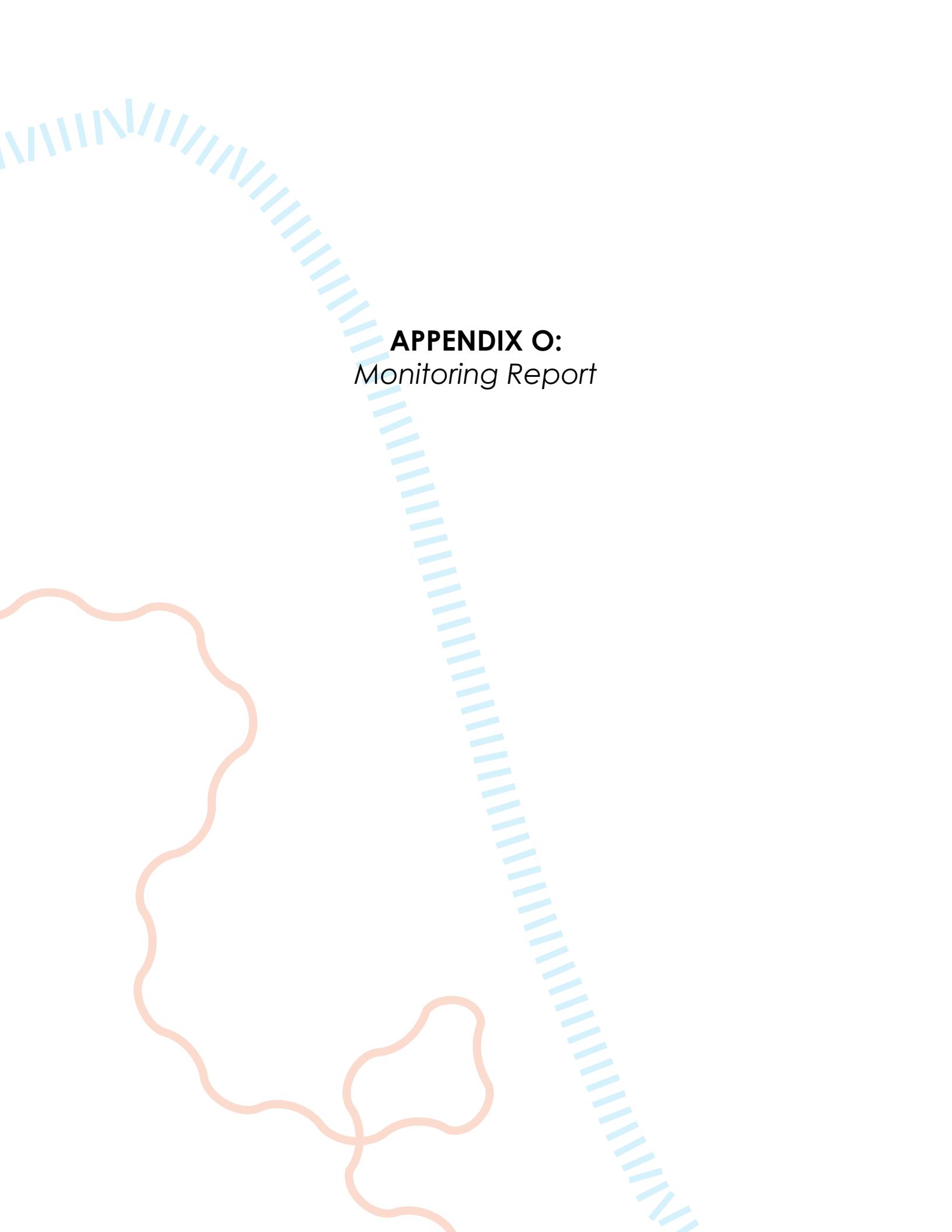
DATE:

TO:

CITY OF LORAIN
Department of Building, Housing, and Planning
200 W Erie Ave, Fl 5
Lorain, OH 44052

DESCRIPTION	AMOUNT
Description	\$
TOTAL	\$

COMMENTS OR SPECIAL INSTRUCTIONS:



APPENDIX O:

Monitoring Report

**CITY OF LORAIN BUILDING, HOUSING & PLANNING
CDBG PUBLIC SERVICE MONITORING REPORT**

Subrecipient			
Monitoring Type	<input type="checkbox"/> Desk <input type="checkbox"/> Virtual <input type="checkbox"/> On-Site		
Monitoring No.		Monitoring Date	

No.	Question	YES	NO
1.	Are the funds being spent according to the budget outlined in the Subrecipient Agreement?		
	<input type="checkbox"/> Concern <input type="checkbox"/> Finding <input type="checkbox"/> No Concerns or Findings		
2.	Is the full scope of services in the Subrecipient Agreement being undertaken?		
	<input type="checkbox"/> Concern <input type="checkbox"/> Finding <input type="checkbox"/> No Concerns or Findings		
3.	Is the Subrecipient on track to meet their accomplishment goals?		
	<input type="checkbox"/> Concern <input type="checkbox"/> Finding <input type="checkbox"/> No Concerns or Findings		
4.	Will all funds and the project be completed in a timely manner?		
	<input type="checkbox"/> Concern <input type="checkbox"/> Finding <input type="checkbox"/> No Concerns or Findings		
5.	Is the Subrecipient collecting and reporting all required information (demographics, reports, etc.)?		
	<input type="checkbox"/> Concern <input type="checkbox"/> Finding <input type="checkbox"/> No Concerns or Findings		
Notes:			

Monitoring Results	
Is an on-site monitoring required?	
Monitor Signature:	
Program Manager Signature:	

