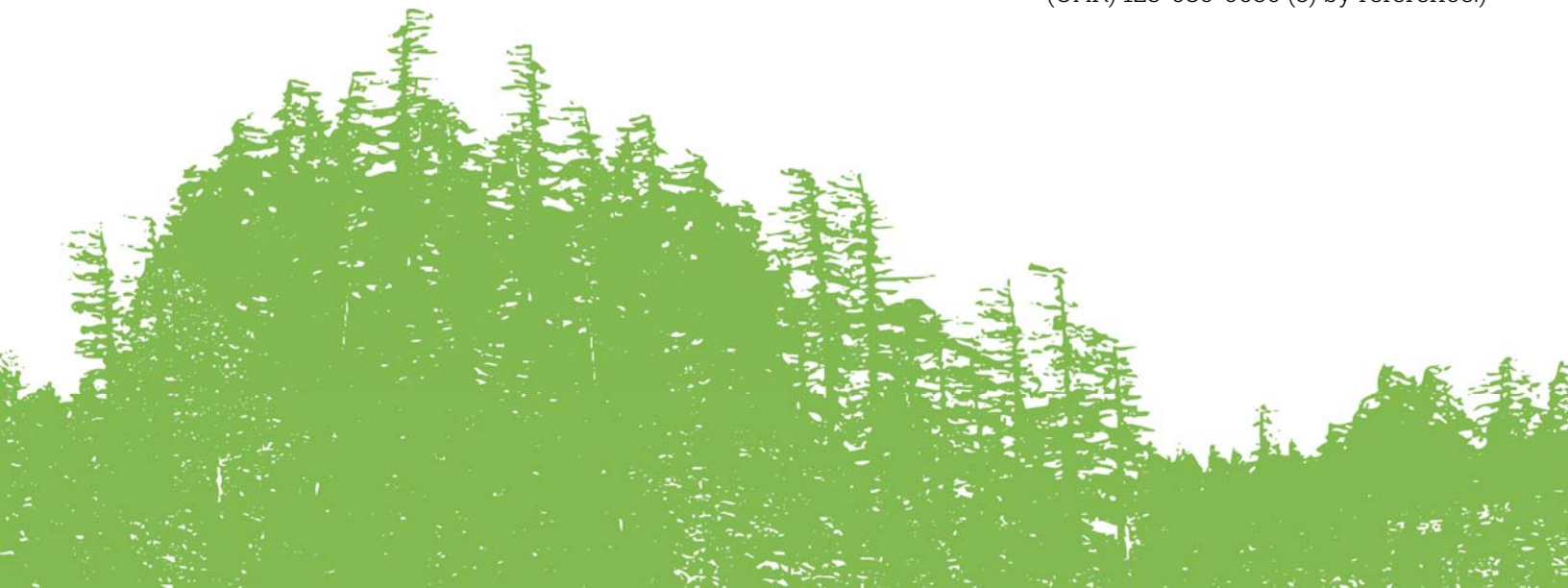




Community Development Block Grant 2019 Method of Distribution

(This Method of Distribution is adopted as part of Oregon Administrative Rule
(OAR) 123-080-0030 (3) by reference.)



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Approved by U.S. Department of Housing and Urban Development
September 3, 2019

Table E

Program provided at proposed facility: (e.g. Senior Center, Head Start)	Low- and Moderate-income (LMI) Limited Clientele National Objective to be met by each program/activity (Check only one for each program)	Current Clientele (Served in prior 12 months) Data collected (mm/dd/yy): to		Proposed Clientele (Estimated to be served during the first 12 months after project completion)	
		Total Number of Persons	Total Number of LMI Persons	Total Number of Persons	Total Number of LMI Persons
	___ Family size and income information are collected from all clientele and at least 51% are LMI. (2) ___ Clientele must be LMI to receive service. (2) ___ Clientele are presumed to be LMI. Classification _____. (3) ___ Clientele are LMI by Nature and Location of Facility.				
	___ Family size and income information are collected from all clientele and at least 51% are LMI. (2) ___ Clientele must be LMI to receive service. (2) ___ Clientele are presumed to be LMI. Classification _____. (3) ___ Clientele are LMI by Nature and Location of Facility.				
	___ Family size and income information are collected from all clientele and at least 51% are LMI. (2) ___ Clientele must be LMI to receive service. (2) ___ Clientele are presumed to be LMI. Classification _____. (3) ___ Clientele are LMI by Nature and Location of Facility.				
	___ Family size and income information are collected from all clientele and at least 51% are LMI. (2) ___ Clientele must be LMI to receive service. (2) ___ Clientele are presumed to be LMI. Classification _____. (3) ___ Clientele are LMI by Nature and Location of Facility.				
TOTALS					
PERCENTAGE (LMI users)/(total users) X 100 = %		% LMI		% LMI	

Community Facility User Certification Form

The information below is being requested because the ____ [recipient] _____ received an Oregon Community Development Block Grant (CDBG) and, as part of the operation of a CDBG funded community facility, must provide the family size and income and ethnicity/race of the persons who use the __ [insert name of facility] _____. Your answers will be treated confidentially.

FAMILY SIZE—The HUD definition of family is, all persons living in the same household who are related by blood, marriage or adoption, this includes any related dependent persons over 65 or working dependent children over 18.

NOTE: A family is not a household. A household is defined as all persons occupying the same housing unit regardless of **their** relationship to each other. If there is more than one family residing within the housing unit, each family must complete a separate Community Facility User Certification Form.

Check the appropriate box for your family size:

- | | |
|--|--|
| <input type="checkbox"/> Single individual | <input type="checkbox"/> Family of 5 |
| <input type="checkbox"/> Family of 2 | <input type="checkbox"/> Family of 6 |
| <input type="checkbox"/> Family of 3 | <input type="checkbox"/> Family of 7 |
| <input type="checkbox"/> Family of 4 | <input type="checkbox"/> Family of 8 or more |

Annual Family Income—Annual family income is defined as, the total income earned before taxes by all family members, including job earnings (wages, salary, tips, bonuses, commissions), interest, dividends, child support, alimony, welfare, social security, disability, unemployment, retirement payments, net income from business activities, farms, rents, royalties, trusts, estates, and any other income received regularly by all family members.

Check the appropriate box for your **family's annual total gross income before taxes for the most recent tax reporting year.**

	Annual Gross Income		Annual Gross Income
	\$0 to \$27,050		\$41,751 to \$44,800
	\$27,051 to \$30,900		\$44,801 to \$47,900
	\$30,901 to \$34,800		\$47,901 to \$51,000
	\$34,651 to \$41,750		\$51,000 or more
	\$44,801 to \$47,900		

Using Table D, the family income figures must be updated for the county in which the project is to occur.

Ethnicity and Race—As a person who uses a Community Facility funded by an Oregon Community Development Block Grant, you are asked to **voluntarily** respond to the Ethnicity and Race items below. If you do not provide responses, the operator of the community facility is **required** to supply responses based on their determination of your ethnicity and race.

Check the appropriate box of your **ethnicity**: () Hispanic () Not Hispanic.

Check the appropriate box of your **race**:

- () White
- () Black/African American
- () Asian
- () American Indian/Alaskan Native
- () Native Hawaiian/Other Pacific Islander
- () Two or more races
- () Other

Signatures and Certifications—This information is subject to verification by the grant recipient, Business Oregon or the U.S. Department of Housing and Urban Development officials.

- **Community Facility User** (Person that completed this form)—By my signature below on this Community Facility User Certification Form, I am certifying that the information provided is valid and accurate.

Signature

Date

- **Community Facility Organization** (Entity that collected the information from the user)—
The [**Insert the name of organization collecting family size and income information**]
has reviewed the supporting documentation provided by the community facility user
and has determined that the user:

___ **Meets** the HUD requirements contained in the most current Method of Distribution.

___ **Does Not** meet the HUD requirements contained in the most current Method of Distribution.

Signature

Date

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Chapter 4–Federal Requirements

Note: Refer to Chapter 7 for a description of the environmental and Uniform Relocation Act (URA) and Real Property Assistance trigger guidance.

The Community Development Block Grant (CDBG) Program is subject to many federal requirements that cover a wide range of activities. Some of the requirements are briefly summarized below. More detailed information can be found in the Grant/Project Management Handbook and other resources available from Business Oregon. The CDBG Grant Management Handbook (2017 Edition) or most current edition, can be found on the [department's website](#). Business Oregon encourages potential applicants to review the Grant Management Handbook prior to committing to submit an application in order to familiarize themselves with the wide array of program requirements.

Conflicts of Interest

Oregon Government Standards and Practices laws ORS Chapter 244 apply to procurement of supplies, equipment, construction and services to be paid for in whole or in part with CDBG funds. In addition, the provisions of the federal code of regulations (CFR), 24 CFR Subpart I, 570.489(h) also apply to the following activities assisted in whole or in part with CDBG funds: procurement of supplies, equipment, construction and services; acquisition and disposition of real property; and the provision of assistance to individuals, businesses, and other private entities.

- **Persons Covered by the Conflict of Interest Requirements**—The conflict of interest provisions in this section apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the unit of general local government or of any designated public agencies that are receiving CDBG funds.
- **Conflicts Prohibited**—Generally, except for eligible administrative and personnel costs, none of the persons covered by the Conflict of Interest Requirements 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 or benefit from the activity. Also, such persons may not have any interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties during their tenure or for one year thereafter.
- **Exceptions to the Conflict of Interest Requirements**—Business Oregon may grant an exception to the provisions of this section upon written request of the unit of general local government provided the state can fully document its determination in compliance with all federal requirements in 24 CFR Subpart I, 570.489 (h)(4) and (5).

Continued Use Requirement/Change of Use Requirements

Any change in use of a facility or disposition of property acquired or improved in whole or in part with CDBG funds within five years after closeout (**note:** Business Oregon's definition of closeout is administrative closeout) of the grant project must be made in accordance with the standards provided in 24 CFR 570.489 (j). If the facility or real property cannot meet a national objective during

the five-year continued-use period the grant must be repaid to the state. In the event of a possible change of use of the funded facility, the grant recipient must contact Business Oregon prior to taking any action. More specifically, the requirements are:

- All projects that have improved or acquired real property within the grant recipients' direct control (including activities undertaken by sub-grantees) that was improved or acquired in whole or in part with CDBG funds in excess of \$100,000 must comply with the continued use requirements of 24 CFR subpart I, Section 570.489 (j).
- The grant recipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that which the acquisition or improvement was made, unless they follow the requirements listed in Section 570.489 (j).
- **Direct Control**—Projects under the direct control of the grant recipient (publicly owned improvements) or eligible sub-grantee (nonprofit) must ensure the CDBG funded improvements remain in compliance with the federal national objective for which they originally qualified for funding.
- **Not Under the Direct Control**—Projects not under the direct control of the grant recipient or eligible sub recipient (private property owners for housing rehabilitation) do not have to comply with the continued use requirement. However, these projects must still meet the national objective requirements until the grant is closed out with the state.
- **Trust Deed**—In cases where the recipient is not and will not be the owner of the real property or facility being improved with CDBG funds, the recipient shall cause the owner of such real property or facility to duly execute and record a trust deed against the real property or facility in favor of the recipient. Said trust deed shall be in form and substance satisfactory to the state.

The state has prescribed language that must be included in any contract, which transfers the property from the recipient to another party. This language and more information regarding these requirements are contained in the Grant Management Handbook.

Environmental Review

Recipients are required to obtain appropriate environmental clearances for their project and to maintain an “environmental review record” for each project. More detail on how to comply with these requirements and the necessary forms are contained in the Grant Management Handbook.

The grant recipient shall not commit/obligate or expend funds on any project activity before completion of the appropriate level of environmental review and, when applicable, the approval by the state of a Request for Release of Funds (RROF). This restriction applies to all project funds, even non-CDBG funds in the project.

Excessive Force Policy

All city and county recipients must adopt and enforce a policy prohibiting excessive force by law enforcement agencies within their jurisdiction against any individuals engaged in non-violent civil

rights demonstrations. Enforcement of all applicable state and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction also is required.

The excessive force policy is in the federal law for the Community Development Block Grant program. The effect of the law is that the state cannot legally award a grant to a city or county that does not adopt the policy.

In-Kind Value of Volunteer Labor for the purpose of documenting local match, the department has established that volunteer labor is to be valued as follows:

- The time of a person who donates their professional skills shall be credited at their standard hourly fee. For example, an electrician that donates time to install wiring.
- The time of a person that provides labor for which they are not normally paid shall be credited at the state's current minimum wage. For example, a teacher that volunteers to perform carpentry work.

Minority, Women, and Emerging Small Businesses

The department encourages recipients to provide opportunities for minority, women, and emerging small businesses. The [Oregon Procurement Information Network](#) (ORPIN) or Business Oregon's [Certification Office for Business Inclusion and Diversity](#) (COBID) can be used for advertising procurement contracts.

Non-Discrimination Against Persons with Handicaps

Federal law prohibits discrimination against any otherwise qualified individual from participating in or benefiting from a federally funded program solely on the basis of handicap. Community Development Block Grant recipients must comply with U.S. Department of Housing and Urban Development regulations that implement this federal law (Section 504 of the Rehabilitation Act of 1973). Cities and counties who are working toward compliance with the federal Americans with Disabilities Act (ADA) will easily meet the requirements of Section 504.

Other Requirements

The recipient shall comply and cause its agents, contractors and sub grantees to comply with 30 F.R. 12319 (1965) as amended by Executive Order No. 11375, 32 F.R. 14303 (1967), reprinted in 42 U.S.C. 2000e (1994), and the regulations promulgated pursuant thereto, 41 C.F.R. 60-1.1 to 60-999.1 (1997).

Recipient shall conduct and administer the department financing in conformity with the Civil Rights Act of 1964, 42 U.S.C. 2000a-2000e (1994).

Many more federal requirements are contained within the recipient's contract with the state and the Grant Management Handbook.

Federal Prevailing Wages and Federal Labor Standards Provisions

Construction projects assisted in whole or in part with CDBG funds must be carried out in compliance with the federal Davis Bacon and Related Acts and the Oregon Bureau of Labor and Industries (BOLI) requirements. This means that both Oregon Prevailing Wage Rates and the federal prevailing wage rates and Federal Labor Standards provisions will apply, effective for all projects advertised for bid on or after January 1, 2006. Extensive labor standards requirements must be followed. More detailed information can be found in the current Grant Management Handbook.

Program Income

Program Income includes, but is not limited to, the following:

- Payments of principal and interest on loans made from CDBG funds;
- Proceeds from the lease or disposition of real property and equipment acquired with CDBG funds;
- Interest earned on CDBG funds held in a revolving fund account; and
- Interest earned on any program income-pending disposition of such income.

Funds derived from CDBG funded activities are considered Program Income except when:

- The total amount of funds, which does not exceed \$35,000 received in a single year from activities, other than revolving loan funds that is retained by a unit of general local government and its sub-grantees (all funds received from revolving loan funds are considered program income, regardless of amount);

Note: Oregon defines a single year as (July 1 to June 30).

All income received from any closed housing rehabilitation grant that is not utilizing the authority of 105(a)(15) of the HCDA and is still being tracked for program income by Business Oregon is considered program income. The miscellaneous income rule does not apply to these prior housing rehabilitation grants, effective May 23, 2012.

- The funds are generated by housing rehabilitation revolving loan fund activities eligible under Section 105(a)(15) of the Housing and Community Development Act and carried out by an entity under the authority of section 105(a)(15) of the Act. Such entities are limited to public nonprofit organizations that (1) meet the Internal Revenue Service requirements for nonprofit status; (2) are serving the development needs of non-entitlement areas; and (3) carry out community economic development, neighborhood revitalization and/or energy conservation projects. Such projects can include management of revolving funds for the purpose of housing rehabilitation and economic development.

The full definition of program income and federal rules governing its use are found in 24 CFR 570.489(e) and the preamble to the final rule and guidelines published by the U.S. Department of Housing and Urban Development in the Federal Register on May 23, 2012.

All requirements of 24 CFR 570 Subpart I apply to the use of program income retained by a unit of general local government. Failure to use program income as required may result in sanctions against the recipient.

Recipients shall not expend any income anticipated to be less than \$35,000 until after the end of the applicable annual period unless it is spent in compliance with CDBG rules.

Program income shall be paid to the state except where the income is to be used by the recipient to continue the activity from which such income is derived. For example, an older housing rehabilitation grant where the grant funds are loaned by the grantee to private property owners, the loans repaid to the grantee can be used to conduct more housing rehabilitation work.

Housing rehabilitation grants awarded under the authority of 105(a)(15) of the HCDA exemplify the exception to program income rules if all the following conditions exist: 1) the state's grant to the city or county must be subgranted to an eligible nonprofit, 2) the nonprofit must loan funds directly to income-eligible homeowners, and 3) loan repayments made by those homeowners must be dedicated to CDBG-eligible activities such as housing rehabilitation for subsequent eligible homeowners, community economic development, neighborhood revitalization and/or energy conservation projects.

Property Acquisition, Relocation, and Tenant Assistance Requirements

All temporary construction easements and real property acquisition, including the acquisition of permanent easements for construction projects assisted in whole or in part with CDBG funds, must be carried out in compliance with the requirements of the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA or Uniform Act) and Section 104(d) of the Housing and Community Development Act of 1974. The federal rules apply even if CDBG funds will not be used to pay for the acquisition.

If tenant displacement has occurred, the recipient must have documentation that the notices were received by the tenant when the grant application is submitted to the state, by means of certified mail return receipt or the tenant signed for the notice. Tenants who did not receive their notices at the project application stage may be entitled to relocation benefits under federal law. There are many notices, depending upon the details of the situation, therefore, rather than include all types of notification in the Method of Distribution, the applicant is encouraged to use the numerous examples of notices ("guide form notices") in *HUD Handbook 1378*. These are available for download from the [HUD website](#). A wide range of samples for different situations are found in the appendices.

If an owner or tenant did not receive their notice, a complaint can be filed either by contacting the HUD Region X office or by [filing a complaint online](#).

Due to the specialty calculations and detailed requirements for relocation activities, any applicant with a proposed project that involves relocation will be required by Business Oregon to hire a specialist acceptable to Business Oregon to complete the required URA relocation process.

Note: Refer to the “Note” in Chapter 7 for a brief description of the environmental and uniform relocation and real property assistance (URA) trigger guidance. More detailed information can be found in the current Grant Management Handbook.

Proportional Funding

Proportional funding for any project is not allowed.

Record Keeping

Recipients must maintain records that are complete and cover program and financial use of the CDBG funds for monitoring by the department. Records retention requirements for the CDBG program is three years from the date the state’s grant is closed with the U.S. Department of Housing and Urban Development (HUD) as required by 24 CFR Subpart I, 570.490. The department will provide technical assistance and a Grant Management Handbook, which contains detailed record keeping information and information covering other aspects of the program’s requirements.

Residential Anti-displacement and Relocation Plan

Recipients must comply with the State of Oregon’s “Residential Anti-displacement and Relocation Plan.”

Title I

These grants and any sub-grants of these federal grants are subject to Title I of the Housing and Community Development Act of 1974, and any regulations promulgated pursuant thereto and as may be amended from time to time.

Volunteers or Prison Inmates

Applicants planning to use volunteer or prison inmates for a project must consult with the department and receive department approval prior to submitting an application. Donated labor can help reduce the cost of the project. However, the use of volunteers also may result in coordination problems with contractors, quality of work issues, and potential local government liability for personal injury and property damage. Applicants should consider both the benefits and the drawbacks of volunteer labor before finalizing any project budget.

Volunteers

In general, the following rules apply to volunteers:

- A person cannot be a volunteer if the person is otherwise employed at any time on the project activity in the construction or maintenance work for which the person volunteers.
- Volunteers cannot be paid to provide materials or supplies unless the recipient has obtained the materials/supplies through a competitive process under the appropriate procurement rules.
- Persons providing work subject to the Davis-Bacon Act (laborers and mechanics in the construction trades) must be paid the applicable federal prevailing wage unless they meet the requirements for volunteers contained in 24 CFR Part 70.3 entitled “Use of

Volunteers on Projects Subject to Davis-Bacon and HUD-Determined Wage Rates." This rule is available, upon request, from the department.

Prison Inmates

There is no prohibition against the use of prison inmate labor on CDBG funded construction work. Prisoners are generally not considered volunteers because they have no choice in the matter, so they must be paid Davis-Bacon wage rates. In rare situations, prisoners may be participating in a voluntary program and they are truly volunteering their services to the local government.

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Chapter 5–Program Policies and Definitions

Note: Refer to Chapter 7 for a description of the environmental and Uniform Relocation Act (URA) and real property assistance trigger guidelines.

Policies

Eligible/Ineligible Costs

Activity Delivery Costs

Activity delivery costs are expenses directly related to carrying out eligible activities such as property acquisition. These costs are not considered CDBG grant/project administration expenses. Professional appraiser's fees and attorney charges necessary to complete the acquisition of property are eligible as part of the acquisition activity cost

Audit Cost

Community Development Block Grant (CDBG) funds can pay for A-133 audit costs in proportion to the federal CDBG funds received by the city or county. The eligible share of the A-133 audit cost cannot exceed the ratio of these federal grant funds received to the recipient's total annual expenditures and incurred obligations—times—the cost of the audit. For example:

CDBG receipts	\$100,000
Total Expenditures and Incurred Obligations	\$1,000,000

Ratio:

$$\frac{\text{(CDBG Receipts)}}{\text{(Total Expenditures and Incurred Obligations)}} \\ \frac{\text{(\$100,000)}}{\text{(\$1,000,000)}} = 0.1 \qquad 0.1$$

Total Cost of A-133 Audit	\$5,000
---------------------------	---------

Eligible CDBG reimbursable portion of the audit cost

$$\text{(Total Audit Cost) x (Ratio)} \\ \text{(\$5,000) x (0.1) = \$500} \qquad \$500$$

Equipment

Grant funds may be used to buy equipment for grant/project administration purposes. Examples include computers, file cabinets and other office equipment. These expenses are included in the maximum amount allowed for grant/project administration.

Entertainment/Refreshments

The cost of food, beverages, snacks, and any related expenses for utensils, etc., are not eligible for reimbursement under the program.

Program/Project Delivery Costs

For all categories that allow grant administration as an eligible activity, up to 10 percent of the grant award, but not more than \$35,000 (\$25,000 for housing rehabilitation projects) may be used to pay for grant/project administration costs, including overall project management, coordination, monitoring, and evaluation. Recipients may use some of the grant/project administration allowance to conduct activities to further Fair Housing in their communities. Grant administration is not an eligible activity under the Microenterprise Assistance category. In addition to the grant administration allowance the following limitations apply:

Federal Labor Standards Compliance—Up to a maximum of \$20,000 per project is allowed if needed. Any amount of funds in excess of the \$20,000 must be paid for with local or non-CDBG funds. The cost associated with Bureau of Labor and Industry (BOLI) labor standards compliance must be paid for with local or non-CDBG funds.

- **Environmental Review**—Up to a maximum of \$20,000 per project is allowed to prepare and complete a full environmental review record including any associated wetlands delineations, 8-step floodplain/wetlands processes, biological assessments, pedestrian survey's, SHPO/THPO communication etc., to meet all the requirements of the most current Grant Management Handbook and approved by Business Oregon, if needed. The complete record must be ready for public comment. Any amount of funds in excess of the \$20,000 must be paid for with local or non-CDBG funds.
- **Legal Fees**—There is no maximum limit on costs associated with attorney fees.
- **Audit**—See information at the beginning of this Chapter for details.
- **Property Appraisal Fees**—There is no maximum limit on costs associated with property appraisal fees related to property acquisition as long as the fee is reasonable and consistent with fees charged for projects with a similar scope of work in the local market.
- **Limited English Proficiency (LEP) Translation Services**—Up to a maximum of \$3,000 per project is allowed to translate documents into other language(s), to meet the LEP requirements. The documents that are translated must be directly needed for the successful completion of the CDBG funded project, such as procurement notices, CDBG public meeting notices, etc.
- **Cultural Resource Monitoring**—Cultural resource monitoring required by Tribes in the completion of the environmental review record and during construction is an allowable expense. There is no maximum limit on the cost associated with cultural resource monitoring to satisfy Tribal compliance as long as the fee is reasonable and consistent with fees charged for projects with a similar scope of work.
- **Funding Application Preparation**—Up to a maximum of \$7,500 per project is allowed under the Public Works, Public Water and Sewer System category to prepare funding applications to the department or other state and federal agency(s) for the next phase of the project.
- **Program Management Services** (Only applies to housing rehabilitation projects.)—Up to 20 percent of the grant award may be used for the combined costs associated with grant administration and program management. Of this amount, no more than \$25,000 may be used for grant administration costs. Program management costs are expenses directly related to carrying out eligible program activities such as working with low- and moderate-income eligible clients. These costs are not considered to be grant/project administration costs because they provide a direct service to clients eligible under the low- and moderate-income national objective.

Recipients that are subject to the 20 percent cap on grant administration and program management, will be allowed an additional \$20,000 on top of the 20 percent cap for grant administration and program management, allowing a maximum of \$25,000 for grant administration expenses.

Refer to Table F for identification of the eligible grant administration, environmental review, labor standards compliance review, attorney fees, appraisal costs, program management costs, and other costs.

Activity	Allowance
Grant Administration for Public Works and Community Facility projects only	10% up to a maximum of \$35,000
Grant Administration for Housing Rehabilitation projects only	10% up to a maximum of \$25,000
Federal Labor Standards Compliance	Up to a maximum of \$20,000 per project
Environmental Review	Up to a maximum of \$20,000 per project
Legal Fees	There is no maximum limit
Audit Costs	Refer to beginning of this Chapter for details
Limited English Proficiency Translation Services	Up to a maximum of \$3,000 per project
Cultural Resource Monitoring	There is no maximum limit
Funding Application Preparation (Public Works Water and Sewer only)	Up to a maximum of \$7,500 per project
Property Appraisal Fees	There is no maximum limit
Construction Contingency	Capped at 10% of the estimated construction cost
Architectural	12% of project construction and construction contingency costs combined
Engineering	20% of project construction and construction contingency costs combined
Program Management (Only applies to housing rehabilitation projects)	Up to 20% of the requested grant, plus \$20,000. This includes the \$25,000 allowance for grant administration.
Under rare circumstances, for projects involving biological assessments, archeological surveys or other required environmental studies, the department may allow the recipient to use a portion of the grant administration allowance to complete these activities. The costs must be required and reasonable, approved by Business Oregon and are limited by the amount of funds available in the recipient's grant award.	

Refer to Table F in this Chapter for more details.

Indirect Costs

Indirect costs are not allowed under the state program.

Ineligible Activities

CDBG funds cannot be used for any debt financing or takeout, fines, fees, or penalties. System development charges (including construction excise taxes), hook-up fees, and connection charges are also not eligible for reimbursement under the federal regulations for the CDBG

program. Bureau of Labor and Industry (BOLI) fees are ineligible under the program. The use of a Construction Manager/General Contractor (CMGC), also known as the design/build construction technique, is prohibited under the program.

Limitations on Architectural and Engineering Costs

The department will not approve, without explanation, grant awards that include budgets that contain more than the following percentages for architectural and engineering work regardless of whether the item is paid for with grant funds or other funding resources:

Architectural—12% of project construction and construction contingency costs; and

Engineering—20% of project construction and construction contingency costs.

Proposed amounts in excess of the above percentages are generally not allowed and must be fully explained in the application. Approval to exceed the percentages can be granted on a case-by-case basis by Business Oregon. The work included in these percentages generally includes: project design, surveying, preparation of bid and contract documents, review of bids, project/construction oversight, preparation of as-built drawings and operation and maintenance plans. Professional services contracted out by the engineering/architectural firm for project geotechnical evaluation, surveying, core samples, or other extra services are not generally included in the above stated limit for engineering and architectural costs. For further assistance contact the department's staff.

Preliminary engineering/planning documents, final design engineering documents and construction oversight in projects funded in full or in part with CDBG funds must be prepared and stamped or conducted by a registered professional engineer or architect licensed to do work within the state of Oregon.

Limits on Construction Contingencies

Construction contingencies are limited to a maximum of 10 percent of the projected construction line item cost.

Pre-Award Costs

Costs incurred prior to award of the grant are not eligible for reimbursement in any project assisted in whole or in part with CDBG funds.

Pre-Agreement Costs

In any project assisted in whole or in part with CDBG funds, costs incurred after a grant award has been made but prior to execution of a grant contract are not eligible for reimbursement unless there are provisions in the grant contract allowing for payment of specific pre-agreement costs. The activities must also be eligible and undertaken in accordance with the requirements of the Community Development Block Grant program/future contract requirements and the federal environmental review rules at 24 CFR Part 58. Consult with department staff during project development for pre-agreement cost activities.

If pre-agreement costs are to be requested, the applicant must provide a written letter with the application, requesting pre-agreement costs that clearly explains and identifies:

- The amount of funds needed, by budget line item.
- An explanation as to why pre-agreement costs are necessary for the completion of the project.
- The timeline in which the funds will be expended.
- Documentation the federal environmental review rules at 24 CFR Part 58 have been met.

The application must describe the pre-agreement costs within the project description and show the costs in the project budget.

Grant Contract Execution

Grant contracts must be signed by the highest elected official of the recipient and returned to the department.

Grant Contract Amendments

The department must approve and process a formal written grant contract amendment if any of the following changes occur on a project: change in cost, scope of work, location, objectives, time frame, budget, or budget line items of the approved activities, program beneficiaries or project completion dates. The recipient's failure to obtain an approved grant contract amendment from the department when necessary may result in sanctions. Failure to gain prior approval, when needed, could result in the recipient having to pay for the costs associated with the amendment. The grant recipient must request, in writing, an amendment from the department and the documentation must contain the reasons why the amendment is needed and identify the proposed revisions to the budget, timeframes, scope of work etc.

- **Project Completion Date**—Project completion date extension requests must be submitted, in writing, to the department by the recipient. The written request must contain:
 - 1) The reason(s) for the extension including identification and justification of the reasons beyond the recipients control that caused the delay;
 - 2) The actions taken by the recipient to overcome the reasons for the delay; and,
 - 3) Propose a date when all grant activities will be completed. (i.e., the extension request cannot be more than six months and must include a timeline/work plan showing that the grant can be administratively closed within the six months).
- **Budget**—A formal written grant contract amendment is required to draw funds differently than authorized in the approved CDBG grant contract budget. However, if at the time of the **last/final** disbursement request, the recipient needs to vary from the approved budget the following procedure can be used, only for the final disbursement request:
 1. The amounts being changed and a brief explanation justifying the need to change or move line item amounts must be documented, with notations on the final disbursement request. The documentation can either be filed under the grant contract amendment tab or with the disbursement request in the Business Oregon project file;

2. The final changes must be in conformance with the grant administration, engineering, environmental, program management etc. allowances identified in Chapter 5 of this MOD;
3. The costs are eligible under the CDBG program; and,
4. There is written communication from the Regional Project Manager to the grant recipient in the project file, attached to the final disbursement request that "Business Oregon agrees to waive the requirements in [insert precise sections in both the contract to follow the approved budget] in this instance." The documentation can either be filed under the grant contract amendment tab or with the disbursement request.

The department Director or Assistant Director has the authority to designate/assign grant contract amendment approval authority.

Mixed Use Facilities

A community/public facility that contains activities both eligible under the Method of Distribution and activities ineligible under the Method of Distribution is a mixed-use facility. These types of facilities are not eligible for funding under the program.

"Pass Through" Grants

The city or county grant recipient is fully responsible for the grant-funded project and compliance with all applicable federal and state requirements. Recipients may not "pass through" any of the grant funds to another entity to undertake the project activities, **except** for regional housing rehabilitation revolving loan fund activities where the department has reviewed and/or approved a sub-grant agreement. **However, the original grant recipient remains responsible for compliance with the federal and state program requirements.**

Procurement

When procuring property or services to be paid for in whole or in part with CDBG funds, city and county recipients shall comply with the requirements of Oregon Revised Statutes (ORS) Chapter 279 and Oregon Administrative Rules (OAR) Chapter 137, as applicable. If the grant recipient has professional engineers, architects or other consultants already under contract, the recipient must provide documentation from their legal counsel showing that the procurement met state law and the procurement requirements for each grant. If necessary, all such contracts must be amended to include the required federal clauses.

Project Period (Project Completion Date)

All grants must be administratively closed within the timeframe specified in Table 8-1 found in Chapter 8, unless formally amended. The project completion period begins the date the grant contract is fully executed. Projects that are not completed within the specified project period may be terminated and any unexpended grant funds may be recaptured by the state.

Publicly Owned Improvements/Facilities

All categories:

When a project requires public ownership, the improvements/facility to be constructed must be owned by the applicant or the applicant has a minimum 50-year long-term lease on the improvements/facility. **Note:** The eligible applicant must have no intention of turning over/selling the improvements or facility to another entity within 50 years.

Public infrastructure improvements must be constructed on land owned by or where proper long-term easements have been obtained by the applicant.

Public/Community facilities can be owned or operated by a non-profit if there is a trust deed or recorded agreement covering the five-year restriction on change of use/continued use requirements.

Note: All temporary construction easements and real property acquisition, (including long-term leases of 50 years or more) including the acquisition of permanent easements for construction projects assisted in whole or in part with CDBG funds, must be carried out in compliance with the requirements of the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA or Uniform Act) and Section 104(d) of the Housing and Community Development Act of 1974. The federal rules apply even if CDBG funds will not be used to pay for the acquisition.

Readiness to Proceed

All projects must meet the following readiness to proceed criteria:

Financial Assessment:

- All other funds needed to complete the project are available and committed to the proposed project at the time of application for CDBG funds. Applications must contain clear and convincing documentation that funds are secured and readily available for the project (i.e., Commitment letter or, for Business Oregon internal funding programs, a signed staff recommendation).
- If any necessary other funds are not committed, but the applicant has received a conditional commitment from a funder, the applicant must request a waiver to Business Oregon prior to submitting an application. The following process should be followed when submitting a request for a waiver:
 - Applicant must submit a written request and submit it to the CDBG RPM. The request should include source of funds, status of funding request and circumstances surrounding the inability to obtain a commitment from the funder.
 - Upon receipt of the request, the CDBG Regional Project Manager (RPM) will work with the Regional Development Officer (RDO), CDBG Program and Policy Coordinator (PPC) and Finance Officer to review the request. Within 10-days of receipt of the request, Business Oregon will determine if a waiver will be granted.
 - If granted, written waiver documentation will be provided to the applicant.
 - The applicant must include the written waiver documentation with the application.

(Note: The expected date of funding determination is not considered a “commitment” as there is no guarantee that a project will be funded.) If all project funds are not committed, and the funds are anticipated to come from a private funding source, the applicant must provide a back-up financing plan.

Project Readiness to Proceed:

- Business Oregon expects all awarded projects will start drawing funds in accordance to the Business Oregon approved Project Management Plan.
- If the project overlaps municipal boundaries, attach a draft of an intergovernmental cooperation agreement that lays out the duties and obligations of each entity.
- If the project benefits a region such as a Housing Rehabilitation, Micro-Enterprise or Regionalized food-bank facility projects, attach an executed participation agreement between the jurisdictions that are benefitting from the project.
- If the applicant will own the facility and another nonprofit or other entity will operate the facility, attach a draft of the operating agreement between the parties.
- If applicable, all land use approvals needed for the project have been secured; documentation must be included with the application.

Sanctions

The state may bar a recipient from applying for CDBG funds, withhold unallocated funds, require return of unexpended funds or require return of program income, if during the grant period, the state finds that:

- The recipient has not signed the grant contract and returned it to the department within 120 days of receipt of contract from Business Oregon.
- None of the grant activities have commenced within 4 months after execution of the grant contract and no funds have been drawn down on the project.
- Federal or state regulations have not been met.
- There is significant deviation from the grant contract-funded activities.
- There has been a monitoring finding that significant corrective actions are necessary to protect the integrity of the project funds, and those corrective actions are not, or will not be implemented within 30 days.

No sanction will be issued by the state until the recipient has been notified in writing and has been given 30 days to appeal the decision and to correct the deficiencies. Only the local government (grant recipient) has standing to submit an appeal. During this 30-day period, the grant recipient can submit documentation to Business Oregon disputing the appropriateness of the proposed sanction determination by the state. After the 30-day period is concluded and assuming Business Oregon is not persuaded to rescind the potential sanction, Business Oregon will issue a letter to the grant recipient formally issuing the sanction. Once the formal sanction letter is issued, it will not be rescinded by Business Oregon.

Unexpended Grant Funds

Grant funds not used for activities as shown in the approved contract budget will be recaptured by the state and made available to other communities in accordance with the rules contained within this Method of Distribution.

Use of CDBG Funds for Facilities Owned and/or Maintained by a State or Federal Agency

Grants will not be awarded for facilities owned and maintained by another state or federal agency. CDBG funds cannot be used to offset locally budgeted funds or to replace state or federal funds. All CDBG projects must comply with OMB Circular A-87 "Cost Principles for State and Local Governments." In addition, 24 CFR 570.489(d) requires that CDBG funds are not used for general expenses required to carry out other responsibilities of state and local governments. Maintenance and upgrades to roadways or property of the Oregon Department of Transportation (ODOT) and federally owned property (or maintenance agreements) is not eligible under the CDBG program.

Waivers

The director of Business Oregon, or his or her designee, may waive non-statutory program requirements. A request for a waiver will be approved only when it is determined necessary to further the objectives of the Community Development Block Grant (CDBG) program and the mission of the department.

The director of Business Oregon cannot waive an Oregon CDBG program requirement if the requested waiver conflicts with the Housing and Community Development Act statutes, the HUD regulations, or the state's community development objectives.

Waivers requested by the grant recipient or applicant must be requested in writing. The written request must contain: 1) the reason(s) for the waiver including justification of the reasons beyond the recipients control to warrant a waiver; 2) the actions taken by the recipient to overcome the problem(s); 3) the specific CDBG requirements that are proposed to be waived; and, 4) identification of the plan to complete the project. The written request must be submitted to the department's Regional Project Manager. Waivers must be prepared by the CDBG Program and Policy Coordinator and approved by Business Oregon management prior to the action needing the waiver is completed.

Waivers initiated by Business Oregon must contain written supporting documentation identifying: the reason(s) that warrant a waiver; 2) the actions taken to overcome the problem(s); 3) the specific CDBG requirements that are proposed to be waived; and, 4) identification of the plan to complete the project/activity. Waivers must be prepared by the CDBG Program and Policy Coordinator and approved by Business Oregon management prior to the action needing the waiver is completed.

Work Performed by Staff of the City or County Recipient (Force Account)

Applicants should be aware that federal law governing the program states, "It is the intent of Congress that the Federal assistance made available under this title may not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance" (Public Law 93-383.101(c)).

This means that if the applicant intends to use existing budgeted staff to administer the grant or to work on other grant activities (such as construction), Community Development Block Grant funds

cannot be used to pay for that staff. Grant funds should only be used to increase local community development activities.

Note: Cities and counties planning to pay their own staff with grant funds for administration and/or force account work including, but not limited to, engineering, design and inspection services, construction labor, and operation of locally owned equipment must consult with department staff and receive department approval **prior** to submitting an application.

Definitions

Combination Facility

A combination facility is a building in which all activities offered are eligible under the CDBG Method of Distribution. Please refer to Chapter 11 for more information on combination facilities.

Family

All persons living in the same household who are related by blood, marriage or adoption, this includes any related dependent persons over 65 or working dependent children over 18.

Financial Review

When required by the specific funding category applicable to each project type, applications will undergo a financial review to determine that the grant, if awarded, is the minimum amount necessary, when combined with other resources, to ensure the completion of the project. Refer to the specific project type chapters for more details of the financial review required for each type of project.

Household

All persons occupying the same housing unit regardless of their relationship to each other.

Income

Annual Family Income—The total income earned before taxes by all family members, including job earnings (wages, salary, tips, bonuses, commissions), interest, dividends, child support, alimony, welfare, social security, disability, unemployment, retirement payments, net income from business activities, farms, rents, royalties, trusts, estates and any other income received regularly by all family members.

Annual Household Income—The total income earned before taxes for everyone that lives within the residence whether they are related or not including job earnings (wages, salary, tips, bonuses, commissions), interest, dividends, child support, alimony, welfare, social security, disability, unemployment, retirement payments, net income from business activities, farms, rents, royalties, trusts, estates and any other income received regularly by all household members.

Low and Moderate Income

"Low income" means income equal to or less than 50 percent of the area median (adjusted by family size). "Moderate income" means income equal to or less than 80 percent of the area median (adjusted by family size). Applicable income limits are determined by HUD on an annual basis for all Oregon counties and metropolitan statistical areas.

Permanent Resident

A person that resides within a residential dwelling unit for six months or more out of the year.

Table F—Guide for Activity Delivery Costs

Activity	Grant Administration Cost (yes/no)	Activity Delivery Cost (yes/no)	Program Management Cost (yes/no)	Maximum amount allowed
Preparing budgets, schedules, contract amendments	Yes	No	No	10% of the grant award but not more than \$35,000. For Housing Rehabilitation Projects Only: 10% of the grant award but not more than \$25,000.
Drafting Requests for Proposals and agreements with consultants for grant administration or other consulting work (Architect and Engineer)	Yes	No	No	
Setting up systems to assure compliance with state and federal program requirements. For example, labor standards files and a grant accounting system.	Yes	No	No	
Monitoring project progress against the grant contract scope of work and budget and reporting to elected officials.	Yes	No	No	
Preparing disbursements/cash requests, reports, and other documents for submission to the department.	Yes	No	No	
Participating in department monitoring visits and responding to monitoring findings and concerns.	Yes	No	No	
Preparing a project completion report, assisting an auditor with required grant information.	Yes	No	No	
Costs of publishing the Fair Housing Resolution.	Yes	No	No	
Purchase of capital equipment, such as computers and file cabinets for grant administration.	Yes	No	No	
Training on CDBG grant administration requirements.	Yes	No	No	
Limited English Proficiency translation services to translate documents directly needed for the CDBG project.	No	Yes	No	Maximum \$3,000 per project.
Cultural Resource Monitoring	No	Yes	No	No maximum—reasonable and necessary to complete the activity.
Preparation of the environmental assessment or other environmental documents and publishing required notices.	No	Yes	No	Maximum \$20,000 per project.
Federal Labor Standards Compliance work related to conducting on-site employee interviews, verifying payroll data, reviewing payrolls, attending pre-construction conferences, and obtaining compliance with these requirements.	No	Yes	No	Maximum \$20,000 per project.

Attorney fees for preparing or reviewing contract documents or property acquisition activities.	No	Yes	No	No maximum—reasonable and necessary to complete the activity.
Audit Costs.	No	Yes	No	Refer to Chapter 5 for details
Funding application preparation to ensure the planned Public Water or Wastewater project is designed and constructed.	No	Yes	No	Maximum \$7,500 per project
Professional appraiser fees related to property acquisition.	No	Yes	No	No maximum—reasonable and necessary to complete the activity.
Construction Contingency	No	Yes	No	10% of the estimated construction cost
Architectural	No	Yes	No	12% of project construction and construction contingency costs combined
Engineering	No	Yes	No	20% of project construction and construction contingency costs combined
Marketing Grant Activities to clients.	No	No	Yes	Up to 20% of the grant award, plus \$20,000 for the combined costs associated with grant administration and program management. Grant administration is limited to \$25,000. Refer to Chapter 5 for more information.
Collecting client applications, verifying application to determine eligibility.	No	No	Yes	
Making referrals for products or services.	No	No	Yes	
Providing education or counseling to clients.	No	No	Yes	
Site-specific environmental review, on-site inspections, bid preparation, contracting, client/contractor troubleshooting, compiling cost data on individual rehabilitation homes.	No	No	Yes	

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Chapter 6–Citizen Participation Plan

Every applicant and recipient of state of Oregon Community Development Block Grant (CDBG) funds must comply with the citizen participation requirements provided in federal law and described in this Chapter. Some of the requirements will be checked by the Business Oregon during application review; others will be verified when grant projects are monitored.

Applications from jurisdictions that fail to comply with the citizen participation requirements will not be accepted. **Applicants must use the required first public notice included in this Chapter. The first public hearing notice must be advertised or posted at least 7 full days in advance of the time the public hearing is to be held by the local government.**

Requirements

Every applicant must provide evidence and certify in the application and, if funded, in the grant agreement that it is following a citizen participation plan which includes at least the seven elements required in 24 CFR Part 570.486. These seven elements are presented below. Each is followed by the state standard that will be used to determine if the applicant is complying with federal requirements.

1. Low- and Moderate-Income Citizen Participation

The local government must provide for and encourage citizen participation, particularly by low- and moderate-income persons who reside within the city or county in which the grant funds are proposed to be used.

State standard: Applicants must inform low- and moderate-income residents, and/or groups that represent them, of the opportunity to apply for CDBG funds. The purpose of this effort is to involve the residents in the identification of community development and housing needs including the needs of low-income and moderate-income families. The information shall include the following, at a minimum:

- a. The amount of funds available for proposed community development and housing activities;
- b. The range of activities that may be undertaken; and
- c. The location of additional information about the Oregon Community Development Block Grant program.

The department encourages the grant recipient to invite at least one organization that represents low- and moderate-income persons to the public hearing. Department staff should be contacted for suggestions if a city or county cannot identify an appropriate organization for its area.

2. Access to Information

The local government must ensure that citizens will be given reasonable and timely access to local meetings, information and records relating to the local government's proposed and actual use of CDBG funds.

State standard: The Oregon Public Meetings law (ORS 192.610 to 192.690) will be used by the state and local governments to assure that citizens have reasonable notice of public meetings and access to records of those meetings. The grant application must include copies of public notices

and minutes from meetings about the local community development program. Local governments must provide citizens with access to information and records about their community development program and any proposed application in accordance with the Oregon Public Records law (ORS 192.001 to 192.505).

3. Required Information

The local government must furnish citizens information, including, but not limited to:

- a. The amount of CDBG funds expected to be made available for the current fiscal year (including the grant and anticipated program income);
- b. The range of activities that may be undertaken with the grant funds;
- c. The estimated amount of grant funds proposed to be used for activities that will meet the national objective of benefit to low- and moderate-income persons; and
- d. The proposed activities likely to result in displacement and the local government's anti-displacement and relocation plans required under 24 CFR Part 570.488, Part 570.606, and Part 42.

State Standard: The "Public Notice and Notice of Public Hearing" included within this Chapter must be used for this first hearing and for meeting this federal regulation. **The first public hearing notice must be advertised or posted at least 7 full days in advance of the time the public hearing is to be held by the local government.**

Note: Applications must provide documentation that items a-d, referenced above, were included in the public hearing notice and articulated to the citizens attending the public hearing. Failure to include this information will result in the application not moving forward in the scoring process.

Some detail in the required notice will need to be inserted by the applicant (e.g., amount of grant funds proposed to be used). Information in the notice about the amount of CDBG funds available and the range of activities that may be undertaken may vary during the program year.

The final approved meeting minutes must record/document that items a-d above were addressed during the public meeting. Final approved meeting minutes may be submitted in an audio recording format. If submitting final approved meeting minutes in this manner, the applicant must provide documentation certifying the meeting minutes were approved and the location or counter information on the audio recording of the CDBG portion of the public hearing. This will allow staff to efficiently review the minutes. The audio recording format should be in a format that can be easily retrieved and does not require any unusual or additional technological equipment. Otherwise the final approved meeting minutes must be submitted in writing.

4. Technical Assistance

The local government must provide technical assistance to groups representing persons of low and moderate income that request assistance in developing proposals in accordance with the procedures developed by the department. Such assistance need not include providing funds to such groups. The level and type of assistance can be determined by the jurisdiction.

State standard: The applicant must also describe in the application how it has responded to requests for technical assistance from groups representing low- and moderate-income persons, such as community action agencies. The level of assistance provided can be determined based on the applicant's staff and budget limitations.

5. Public Hearings

The local government must provide for a minimum of two public hearings, each at a different stage of the project, for the purpose of obtaining citizen's views and responding to proposals and questions. Together, the hearings must cover community development and housing needs, development of proposed activities and a review of program performance.

The public hearing to cover community development and housing needs must be held before submission of an application to the state. There must be reasonable notice of hearings and they must be held at times and locations convenient to potential and actual beneficiaries, with accommodations for the handicapped. To meet the reasonable notice requirement **the first public hearing notice must be advertised or posted at least 7 full days in advance of the time the public hearing is to be held by the local government.** Public notices and hearings shall be presented and conducted in a manner to meet the needs of non-English speaking residents who can reasonably be expected to participate.

State standard: The governing body of the applicant (city council or county board of commissioners) must provide for a minimum of two public hearings at different stages of the grant project. Together, the hearings must cover community development and housing needs, development of proposed activities and a review of program performance.

Hearing #1—The purpose of the first hearing is for the city council or county board of commissioners to take comments from citizens about **both** community development needs and the project proposed for grant funding prior to submitting an application to the department.

The final approved meeting minutes along with the public hearing notice documentation must be submitted with the Project notification form (Intake). An invitation to apply will not be extended until it is determined that the citizen participation requirements were properly met.

The notice form included in this Chapter must be used for the first hearing. **The first public hearing notice must be advertised or posted at least 7 full days in advance of the time the public hearing is to be held by the local government.** The first public hearing must be no more than 12-months old and preferably conducted during the same program year using the appropriate notice contained within this Method of Distribution. Meeting minutes may be submitted in audio recording format. If submitting final approved meeting minutes in this manner, the applicant must provide documentation certifying the meeting minutes were approved and the location or counter information on the audio recording of the CDBG portion of the public hearing. The audio recording format should be in a format that can be easily retrieved and does not require any unusual or additional technological equipment. Otherwise the final approved meeting minutes must be submitted in writing.

Hearing #2—The purpose of the second hearing is for the city council or county board of commissioners to review the results of the project with citizens and to take comments about the local government's performance as part of the grant closeout process. A model notice for the second hearing is included in the Grant Management handbook.

Each hearing must be held with enough advance notice to ensure adequate opportunity for interested citizens and groups to participate. Public hearing notices must be **advertised or posted at least 7 full days in advance of the time the public hearing is to be held by the local government.** Applicants must provide copies of the public notice, affidavit of publication or certification of posting, and final approved copy of the hearing minutes from the first public hearing with the grant application and the second hearing prior to project completion. The final draft of the application must be made available to the public once it is submitted, if not before.

Note: Meeting minutes may be submitted in audio recording format. If submitting final approved meeting minutes in this manner, the applicant must provide documentation certifying the meeting minutes were approved and the location or counter information on the audio recording of the CDBG portion of the public hearing. The audio recording format should be in a format that can be easily retrieved and does not require any unusual or additional technological equipment. Otherwise the final approved meeting minutes must be submitted in writing.

In the grant application, the city or county must describe how it determined whether or not non-English speaking residents were expected to participate. This information can be accessed on the American Fact Finder website. The information includes statistics about the languages spoken at home, ability to speak English, and linguistic isolation of persons living in each city and county. If any non-English language population constitutes five percent (5%) or more of the population, then the public hearing notices are required to be published or posted in those languages.

The Spanish language version of the first required public hearing notice is included in this Chapter. Applicants needing assistance in reaching other language groups should contact department staff for advice.

Note: Refer to the “Note” in Chapter 7 for a description of the environmental and uniform relocation and real property assistance (URA) trigger guidance. More detailed information can be found in the current Grant Management Handbook.

6. Opportunity to Comment on Proposed and Actual Activities

The local government shall provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the state and, for grants already made, activities which are proposed to be added, deleted or substantially changed from the local government’s application to the state. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the state.

State standard: The public must be provided the opportunity to comment on a proposed application at the public hearing held for that purpose (“first” hearing) and/or to submit written comments in accordance with instructions provided in the hearing notice.

Recipients must provide a similar opportunity for the public to comment on significant changes in an approved project. Generally, this means that if the grant recipient seeks to move grant funds to an activity that was not part of the approved project budget in the grant contract, a public hearing must be held with appropriate notice. Department staff will help the recipient determine when a proposed change is significant enough to require a hearing.

7. Timely Response to Complaints

The local government shall provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within fifteen (15) working days when practical.

State standard: If awarded a grant, the local government will be monitored by department staff for compliance with all applicable federal and state regulations. Part of this monitoring will include checking to see that the grant recipient provides a prompt, written response to all written complaints concerning the community development program and grant project.

Required Notice for Public Hearing #1

Note: The notice on the next page is for the first required public hearing. The purpose of the hearing is to take comments from citizens on **both** the community development and housing needs in the city or county and the project proposed for grant funding. The final approved meeting minutes must record/document that this requirement was met.

Meeting minutes may be submitted in audio recording format. If submitting final approved meeting minutes in this manner, the applicant must provide documentation certifying the meeting minutes were approved and the location or counter information on the audio recording of the CDBG portion of the public hearing. The audio recording format should be in a format that can be easily retrieved and does not require any unusual or additional technological equipment. Otherwise the final approved meeting minutes must be submitted in writing.

The notice must be published or posted by the applicant at least 7 full days in advance of the time the public hearing is to be held by the local government.

Public Notice and Notice of Public Hearing

The **(city/county)** is eligible to apply for a 2019 Community Development Block Grant from the Business Oregon. Community Development Block Grant funds come from the U.S. Department of Housing and Urban Development. The grants can be used for public facilities and housing improvements, primarily for persons with low and moderate incomes.

Approximately \$12 million will be awarded to Oregon non-metropolitan cities and counties in 2019. The maximum grant that a city or county can receive is **(maximum grant allowed for the project type)**

The **(city/county)** is preparing an application for a 2019 Community Development Block Grant from the Business Oregon for **(name of project, location, and purpose)**. It is estimated that the proposed project will benefit at least **(number)** persons, of whom **(percentage)** will be low or moderate income.

A public hearing will be held by the **(city council/board of commissioners)** at **(time)** on **(day)** at the **(location)**. The purpose of this hearing is for the **(city council/board of commissioners)** to obtain citizen views and to respond to questions and comments about: community development and housing needs, especially the needs of low- and moderate-income persons, as well as other needs in the community that might be assisted with a Community Development Block Grant project; and the proposed project.

Written comments are also welcome and must be received by **(date)** at **(address)**. Both oral and written comments will be considered by the **(city council/board of commissioners)** in deciding whether to apply.

The location of the hearing is accessible to persons with disabilities. Please contact **(name of contact person/office)** at **(telephone number)** if you will need any special accommodations to attend or participate in the meeting.

More information about Oregon Community Development Block Grants, the proposed project, and records about the **(city/county's)** past use of Community Development Block Grant funds is available for public review at **(location)** during regular office hours. Advance notice is requested. If special accommodations are needed, please notify **(name of contact person/office)** at **(telephone number)** so that appropriate assistance can be provided.

Permanent involuntary displacement of persons or businesses is not anticipated as a result from the proposed project. If displacement becomes necessary, alternatives will be examined to minimize the displacement and provide required/reasonable benefits to those displaced. Any low- and moderate-income housing that is demolished or converted to another use will be replaced.

Aviso Público y Noticia de Audiencia Pública

La **(ciudad/condado)** es elegible para aplicar a un Subsidio en 2019 del Community Development Block Grant que a su vez viene del Business Oregon.

Los Subsidios del Community Development Block Grant (Bloque Subsidiario para el Desarrollo Comunitario) vienen desde el U.S. Department of Housing and Urban Development (Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos). Los subsidios pueden ser usados para instalaciones públicas y remodelación de casas, primariamente por personas con ingresos moderados o bajos.

Aproximadamente \$12 millones serán otorgados en 2019 a ciudades y condados no-metropolitanos de Oregon. El máximo de subsidios que la ciudad o el condado puede recibir es \$2,500,000.

La **(ciudad/condado)** está preparando una aplicación en 2019 para el subsidio del Community Development Block Grant que viene del Business Oregon para **(nombre del proyecto, ubicación y propósito)**. Está estimado que el proyecto propuesto beneficiará a por lo menos **(número)** personas, de los cuales **(porcentaje)** serán de ingresos moderados o bajos.

Una audiencia pública se llevará a cabo por el **(consejo de la ciudad/junta de comisionados)** a las **(tiempo)** del **(día)** en la **(ubicación)**.

El propósito de esta audiencia es para que el **(consejo de la ciudad/junta de comisionados)** obtenga puntos de vista de los ciudadanos y para responder preguntas acerca de:

Desarrollo comunitario y necesidades de vivienda, especialmente las necesidades de personas con ingresos moderados y bajos, así como también otras necesidades en la comunidad que podrían ser asistidas con un subsidio del proyecto Community Development Block Grant; and El proyecto propuesto.

Los comentarios escritos son también bienvenidos y deben ser recibidos el **(día)** en la **(dirección)**. Ambos comentarios, escritos y orales serán considerados por el **(consejo de la ciudad/junta de comisionados)** en decidir si aplican.

La ubicación de la audiencia es accesible para personas con incapacidades. Por favor dejar **(nombre de la persona de contacto/oficina)** el **(número de teléfono)** para saber si usted necesitará cualquier tipo de acomodaciones especiales para asistir o participar en la reunión.

Más información sobre el Oregon Community Development Block Grants, el proyecto propuesto y los pasados registros sobre la **(ciudad/condados)** en el uso de los subsidios del Community Development Block Grant están disponibles para la revisión pública en la **(ubicación)** durante las horas regulares de oficina. Se requiere del aviso anticipado. Si las acomodaciones especiales son necesitadas, por favor notifíquelo **(nombre de la persona de contacto/oficina)** el **(número de teléfono)** de modo que la asistencia apropiada pueda proveerse.

La desalojamiento involuntaria permanente de personas o negocios no es esperada como un resultado del proyecto propuesto. Si la desalojamiento llegara a ser necesaria, serán examinadas alternativas para minimizar la desalojamiento y proveer beneficios requeridos/razonables para aquellos removidos. Calquier casa de ingreso moderado y bajo la cual sea demolida o convertida en otro uso será reemplazada.

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Chapter 7–CDBG Application Procedures

These procedures apply to CDBG applications submitted to Business Oregon. These procedures do not apply to the following types of CDBG projects:

- Community Capacity/Technical Assistance Projects (see Chapter 13); and
- Emergency Grant Projects (see Chapter 14).

Deadline(s): Applications will be accepted as outlined below.

For 2019, the application round will open on July 1, 2019 and applications will be accepted up to close of Business on September 30, 2019. Applications will be rated and ranked and awards announced on or about November 30, 2019. If sufficient funds remain from an application round, another application round *may* be opened. If an additional competitive application round will be held, notice will be provided to all known eligible applicants via website postings, e-newsletters, and listserv distributions.

In general, the application and award process for CDBG funding consideration shall follow the established application policies and practices established by Business Oregon, for its funding programs, as modified for the CDBG program.

Summary of CDBG Application Process

Step #	Step–Title	Timeline	Lead
Step 1	Initial Business Oregon Contact/Pre-Project Development	No defined timeline	Project Proponent and RDO/CDBG RPM are the lead, Project Development Team meeting lead by RDO/RPM.
Step 2	Project Notification and Intake Form	No defined timeline	RDO/CDBG RPM and project proponent
Step 3	Invitation to Apply for CDBG Funding	No defined timeline	RDO/CDBG RPM–Sends invitation to apply and application forms to project proponent
Step 4	Application :Preparation and Technical Assistance	Electronic submission due by close of business on application deadline.	Applicant seeks guidance and technical assistance from RDO and CDBG RPM as needed. Guidance, questions, draft application review can be requested by the applicant prior to application submission.
Step 5	Application Submission and Ranking	30-45 days	Application Ranking Team (ART), consulting as needed with PSM and assistant director
Step 6	Funding Recommendations Developed and Approved		Application Ranking Team, assistant director, PSM, AOC, and LOC
STEP 7	Notice of Decision	Awards announced within 60 days after application is received in Step 4 above.	RDO/CDBG RPM

Step 1–Initial Business Oregon Contact/Pre-Project Development

The project proponent contacts the department prior to being invited to submit an application. The project proponent contacts the respective Regional Development Officer (RDO) serving their region to review the proposed project concept and to obtain pre-project development assistance. Contact information for the RDO's can be found on the [department's website](#).

The RDO, the Community Development Block Grant Regional Project Manager (CDBG RPM), and the CDBG Program and Policy Coordinator (CDBG PPC) will work with the proponent to provide pre-project development information, including the following:

- There is every reasonable likelihood that the proposed project will meet a federal national objective;
- The applicant is not otherwise ineligible to apply under the program, refer to Chapter 2 for more information;
- The proposed sub-grantee's for housing rehabilitation and microenterprise assistance grants are a certified non-profit meeting the requirements found in the respective chapters of this 2019 Method of Distribution;
- The proposed matching funds, if any, will be secured and readily available at time of application; and
- A preliminary financial review of any proposed water and wastewater final design and/or construction project show that the project is eligible for funding and the monthly user rates are at or will exceed the Threshold Rate Criteria at construction completion of the proposed project. Refer to Chapter 10 for more details.

The proposed project will go through an initial preliminary review by the Project Development Team (PDT) for program eligibility, financial feasibility and readiness to proceed. Once the PDT provides written determination that the project appears ready to proceed, the project can proceed to Step 2, Project Notification and Intake Form (PNIF). The Project Development Team will be comprised of, at a minimum, the RDO, the CDBG RPM, CDBG PPC, and Finance Officer. Projects may be reviewed before or after a "One Stop" meeting.

A "One Stop" meeting may be scheduled, if warranted, or upon request by the proponent. The "One Stop" meeting will provide broad funding perspective and multiple program eligibility considerations and may include several federal and state agencies. "One Stop" meetings are generally held after the project proponent has completed a master plan or facilities plan and/or has estimated costs for final design and construction of the desired improvements.

STEP 2–Online Project Notification and Intake Form (PNIF)

Once the project has been reviewed by the PDT and appears ready to proceed and complies with the CDBG program eligibility requirements, the RDO/RPM and potential applicant will prepare an Online Project Notification and Intake Form (PNIF).

Citizen Participation Requirements:

(Please refer to chapter 6 for specific information)

The 1st public hearing final approved meeting minutes along with the public hearing notice documentation must be submitted with the Project notification form (Intake). An invitation to apply will not be extended until it is determined that the citizen participation requirements were properly met.

Note: Contact the CDBG RPM for assistance. Refer to the current Grant Management Handbook for more detailed information. An abbreviated summary of the requirements is identified below:

Environmental: According to the NEPA (40 CFR 1500-1508) and Part 58, the responsible entity (RE) (grant recipient) is required to ensure that environmental information is available before decisions are made and before actions are taken. In order to achieve this objective, Part 58 prohibits the commitment or expenditure of CDBG funds until the environmental review process has been completed and if required, receives a Release of Funds from Business Oregon.

The RE is advised to begin the environmental review process as soon as they determine the projected use of HUD assistance (58.30(b)). Therefore, the date on which a project becomes subject to the environmental review requirements is the date the potential applicant commences with STEP 2 of the required application process identified within the Method of Distribution or: 1) the initial indication of the Recipient's approval of a specific site for assistance under the program. For other actions that will trigger the environmental review requirements, please refer to the Grant Management Handbook.

Uniform Relocation Assistance and Real Property Acquisition Requirements (URA): In accordance with 49 CFR 24.2(a)(22) URA requirements apply to any project where federal financial assistance is received or anticipated in any phase. Therefore, the date on which a project becomes subject to the environmental review requirements is the date the potential applicant commences with STEP 2 of the required application process identified within the Method of Distribution. From this point forward all the federal and state CDBG program requirements apply to the project.

In accordance with HUD Handbook 1378, Chapter 1-4-I-2, please note that other actions will also trigger the URA requirements and the need for General Information Notices (GIN), which are explained in more detail in the Grant Management Handbook.

STEP 3–Invitation to Apply for Funding Consideration

The RDO/RPM will route the PNIF form for internal agency review and comment. After internal comment, if the proposed project is determined to qualify for CDBG funding, the proposed eligible applicant will be invited, in writing, by the RDO/RPM to submit a complete application for CDBG funding consideration. All applicants must have been invited to apply for CDBG funding at **least 4 weeks prior** to the application deadline.

If the PNIF is not approved, the project proponent may be asked to improve the project information, or be considered for other Business Oregon programs or referred to other agencies' programs for potential funding consideration.

The 1st public hearing final approved meeting minutes along with the public hearing notice documentation must be submitted with the Project notification and Intake form. An invitation to apply will not be extended until it is determined that the citizen participation requirements were properly met. Please carefully refer to chapter 6 on the required steps for the public hearings.

STEP 4–Application Preparation and Technical Assistance (ART)

At the request of the applicant, the RDO and the RPM will provide technical assistance on the proposed project and clarification on questions related to the application along with application completeness review prior to application submission. Technical assistance on application completeness review will be provided up to two weeks before the application deadline, please allow up to 10 business days to complete the review.

The ART will review the application to determine if the application contains all the required information, and that the proposed project meets the CDBG threshold requirements, including but not limited to:

- All parts of the application have been properly completed and all attachments were provided;
- Requested amounts are within the program limits i.e., max grant limit, grant administration, engineering/architectural, environmental review, labor standards, construction contingency etc.;
- Applicant is eligible;
- Outcome and performance data was provided;
- National objective
- Readiness to proceed data was provided;
- Financial viability of the project, and
- All activities are eligible under the CDBG program.

NOTE: Applications will be submitted electronically. Therefore, once an application is submitted, no additional changes, questions, amendments will be possible. Applicants are strongly encouraged to work with the RDO and RPM to ensure the project is well developed and the application adequately reflects the required information along with all supporting documentation.

If, at any point during the application development process, it is determined the project does not meet the requirements or that it needs further development (e.g., to meet the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act or the Federal Environmental Review requirements), a recommendation will be made to the applicant to continue to develop the project but consider submitting the application in a future funding round. The RDO, RPM and/or CDBG PPC will provide project development and technical assistance to the applicant and work with the potential applicant on possible submission in a future competitive application round.

During the review process, the state will determine that the applicant is an eligible recipient in accordance with 2 CFR 200, OMB circular A-133 and Section 0.102 of Oregon Accounting Manual 04 03 00.P0 (effective June 1, 1998) and any relevant superseding regulation. If a recipient accepts a CDBG award from the state they agree to monitor any local government or nonprofit organization sub-grantee to whom it may pass the funds to.

STEP 5–Application Submission and Ranking

The application must be submitted electronically through Business Oregon E-application portal on the application deadline date, September 30, 2019. Applications transmitted by any other means would not be accepted

Submitted applications will go through a preliminary review process. Applications deemed complete will be provided to the Application Ranking Team (ART). The Application Ranking Team (ART) will rank (score) all complete applications in accordance with the criteria contained in the 2019 Method of Distribution. The ART will include at least one CDBG PPC, and at least two other internal staff and/or management personnel.

In the event, that demand exceeds available funding, the ranking recommendation may include a backup funding list and may include, for each category, a recommended award “cutoff” line, below which the staff recommends that awards not be made. The “cutoff” line for a particular category will be accompanied by written findings prepared by the committee to support the recommendation.

NOTE: Once submitted, applications cannot be changed, amended, added to or revised. Please ensure all required documentation and information is included with the application upon electronic submission.

STEP 6—Final Review and Recommendations

Funding recommendations prepared by the Application Ranking Team (ART) will be forwarded to the program services manager and assistant director for review. Once the recommendations are finalized, the ART will forward the recommendations to representatives of the League of Oregon Cities (LOC), Association of Oregon Counties (AOC) and Senior Management for concurrence.

- A summary of the approved funding awards will be presented to the Infrastructure Finance Authority (IFA) Board for their information. The IFA Board has delegated their decision-making authority to the Assistant Director, AOC and LOC representatives, and senior management review process described in this step.
- All funding decisions made through the board delegated process are final. The department reserves the right to not fund any application that it deems not eligible, properly developed, ready to proceed or supported by the available program resources.
- Business Oregon may award a CDBG grant amount that is different from the amount requested by the applicant. Applicants are not penalized for requesting the maximum grant amount but the department reserves the right to award a grant amount it deems appropriate to complete the project.

STEP 7—Notice of Decision

The department will notify applicants in writing of their funding status approximately 45 days after the deadline for applications. The award letter for each project will be signed by the CDBG RPM or RDO.

Summary of Maximum Rating and Ranking Points

Scoring Category	PW-Design	PW-Const.	CF	Micro-E	HR
Project Need – Core Points	45	45	40	55	80
Project Feasibility	30	30	30	20	25
Financial Match	20	20	20	0	0
Financial Review	30	30	30	20	20
Project Readiness	62	82	80	45	20
Percent LMI population to be served (non-housing rehab)	25	25	25	0	0
Number of units to be rehabilitated (Housing Rehab Only)					25
CDBG Administration Capacity	20	20	20	20	20
Sub-grantee Capacity (Housing Rehabilitation & Micro Enterprise Only)	N/A	N/A	N/A	10	10
Points for no recent CDBG awards	10	10	10	10	10
Total Points Possible	242	262	255	180	210
80% Minimum Point Requirement	194	210	204	144	168

Note: Priority for funding will be given to applications reaching 80% of the minimum total points possible. Based on funding availability Business Oregon reserves the right to award application below the 80% minimum points requirement. Such award may be in the form of conditional award.

Ranking/Scoring Criteria

Scoring criteria will be used at Step 5 by the ART. Scores will be used to rank applications for funding.

Carefully read scoring criteria and provide full and complete answers. Applications from one category will not compete with applications from another category. For example, public works applications will only compete against other public works applications not against housing rehabilitation applications.

Maximum point scores will be determined in part by 1) the severity of the identified problem compared to those of other applications received within that funding category; and 2) the severity of the identified impact of the problem and the efficacy of the proposed solution. A strong application will show how the proposed use of funds will address the identified need(s) and that the applicant has anticipated and planned for the many factors that can affect successful completion of the project. To view maximum points possible, please refer to the respective detailed tables on the pages to follow. Applicants should clearly and fully address the items requested within the application.

Project Need and Solution Part 1–Project Type

Public Works Core Points (Design or Construction)

Project Category	Project Type	Maximum Points Possible
Addresses Water and Wastewater Non-compliance	Projects necessary to bring the system into compliance with the Safe Drinking Water Act (SDWA) or Clean Water Act (CWA) requirements and to provide safe, healthy drinking water and wastewater services to the entire community	45
Water System Expansion	Waters system planning, design and construction projects necessary to eliminate water rationing. The applicant must demonstrate past (within the last 2 years) and/or consistent water rationing events due to insufficient drinking water quality or supply.	35
Other Water and Wastewater Improvements	Projects necessary for the provision of safe, healthy, reliable drinking water and proper sanitary wastewater service to the entire community	25

Public/Community Facilities Core Points

Project Category	Project Type	Maximum Points Possible
Projects that reduce homelessness and hunger or pertain to life threatening situations	Homeless Shelters, Food Banks, Shelters for victims of domestic violence. Senior Centers will be included in this category if the primary purpose of the facility (verified through documentation) is to provide meals through its Meals on Wheels type program.	40
Essential community services	Shelters/workshops for people with disabilities, Health Clinics, Mental Health treatment centers, Drug and Alcohol treatment facilities, , Head Start facilities	30
Other community services	Fire Stations, Senior Centers	20
Other community projects	Libraries, Community Centers, Family Resource Centers	5
Note:	Combination facility will not be considered two separate projects and the applicant will only be eligible for the maximum grant associated with the highest use of the facility. Applications will be rated and ranked based upon the highest use of the facility. Use is defined as “clients served.” If the number of clients served by each type of facility included in the combination facility are equal, the highest use will be determined by the facility type that most closely meets HUD’s priority of ending chronic homelessness and hunger.	

	For a combination Senior Center/Food Bank facility, up to 10 additional points may be granted, based on the ratio of use of the facility, for a maximum of 50 points. Financial need will remain at 20 points.
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Microenterprise Assistance Public Services Core Points

Project Category	Project Type	Maximum Points Possible
Microenterprise Assistance	3 communities participating in microenterprise assistance project	55
Microenterprise Assistance	2 communities participating in microenterprise assistance project	30
Microenterprise Assistance	1 community participating in microenterprise assistance project	5

Housing Rehabilitation Core Points

Project Category	Project Type	Maximum Points Possible
Housing Rehabilitation – Priority #1	Eligible health and safety activities including lead-based paint abatement/removal, septic tanks, private sewer lines and drainfields, private water lines and wells and asbestos tests, inspections and assessments. Improvements necessary to fulfill reasonable accommodation requests.	56-80
Housing Rehabilitation – Priority #2	Construction, rehabilitation, reconstruction, or the installation of improvements to upgrade substandard electrical, plumbing, roofing, siding, insulation, weatherization, heating systems; hot water heaters, and dry rot repairs	31-55
Housing Rehabilitation – Priority #3	Purchase and installation of equipment that is an integral structural fixture. (Items not normally removed from the home, such as installed light fixtures, and built-in appliances).	0-30

NOTE: Applications with a combination of priority projects reflected on the wait list will be scored on a percentage basis. For example: Based on a 25-person wait list, 10 projects fall under Priority #1 representing 40% of the total list and the remaining fall under Priority #2, representing 60%. Therefore 40% of the maximum 80 points allowable under Priority #1 would equal 32; 60% of 55 points possible would be 33 for a combined total of 65.

Project Feasibility

Project Feasibility	Public Works	Community Facilities	Micro-Enterprise
Best Solution: Application must list the alternatives presented to the governing body and discussion of the factors that support the proposed project.	5	5	5
Adequate Budget: The Applicant must provide a detailed project budget that includes contingencies and breakout of project costs in accordance with the Program Policies and Definitions in Chapter 5 of the Method of Distribution.	5	5	5
Community Support: Describe, in detail, the level of community support or buy-in, investment of money, time and resources or various studies the applicant has put into the development of the project. Provide supporting documentation.	5	5	5
Cost Effective Solution: Provide evidence the applicant has analyzed the project cost (or completed value engineering) to ensure the proposed project is a cost effective solution.	5	5	
<p>Operational Feasibility:</p> <p>PW Projects: Provide justification and documentation on how the applicant will sustain operations and adequately budget for future Operations, Maintenance and Replacement (OM&R) costs upon completion of the project.</p> <p>Note: Analysis will, at a minimum, consist of cost of project construction estimate, expected cost of maintenance and costs expected for annual operations (breakdown of specific estimates; utilities, chemicals, hours of personnel, etc.)</p> <p>CF Projects: Provide justification and documentation on how the applicant or nonprofit, if applicable, will sustain operations and adequately budget for maintenance costs upon completion of the project for the 5-year continued use period.</p> <p>Note: Analysis will, at a minimum, consist of project construction activities, expected cost of maintenance and costs expected for annual operations (breakdown of specific estimates; utilities, hours of personnel, etc.)</p>	5	5	
<p>Revenue Source Ongoing:</p> <p>PW Projects: Revenue source for repayment of loan (if applicable) and future OM&R has been reviewed and updated (rate schedule is updated and ready for adoption or revised rate schedule has been adopted). Provide supporting documentation.</p> <p>CF Projects: Revenue source for loan repayment (if applicable), operations, and maintenance have been reviewed and updated. Provide supporting documentation.</p>	5	5	
Total Possible Score	30	30	15

Project Feasibility	Housing Rehabilitation
Best Solution: Application must list the alternatives presented to the governing body and discussion of the alternatives that support the proposed project.	5
Adequate Budget: The Applicant provide a detailed project budget that includes contingencies and breakout of project cost in accordance with the Program Policies and Definitions in Chapter 5 of the Method of Distribution.	5
Community Support: Describe, in detail, the level of community support or buy-in, investment of money, time and resources or various studies the applicant has put into the development of the project. Provide supporting documentation.	5
Manufactured Park Incentive: Additional \$100,000 in home repair assistance to homeowners in manufactured parks: Provide evidence the applicant has determined the need for the additional funds, no additional funding is available to fill the gap and how the funds will be tracked separately within the project. Documentation should include implementation process and deliverables/milestones.	10
Total Possible Score	25

Financial Match–20 points

Applicants will receive points based upon the percentage of the committed/secured match funds in the project, compared to the CDBG grant requested. (Does not apply to housing rehabilitation projects).

For example:

Total Project Cost:	\$1,200,000
Less Requested CDBG Grant:	\$800,000
Committed Matching Funds:	\$400,000

$\$400,000/\$800,000 \times 100 = 50\%$ This project would be assigned 15 points.

Percent Match Funds in the Project	Maximum Possible Points
51 – 100%	20 points
26–50%	15 points
1–25%	10 points
0%	0 points

Financial Review–30 Points:

To document financial review, refer to the applicable chapter of this MOD for details: Chapter 9 Microenterprise; Chapter 10 Public Works; Chapter 11 Community Facilities; and Chapter 12 Housing Rehabilitation. The ART and the public finance officer complete this review. Below is some general guidance on the documents needed, and review requirements:

- If direct and clear evidence is obtained by the department that the grant funds are not needed and that the project can or will be carried out by the applicant whether or not the grant is awarded, **the application will not be recommended for funding.**
- If an applicant is the owner and operator of the facility, the applicant’s financial records will be analyzed for ability to service debt.
- If an applicant is applying on behalf of a nonprofit or other public entity and the nonprofit or other public entity will be the owner and operator of the facility and the applicant has no responsibility for providing said service, then that nonprofit’s or other public entity’s financial records will be analyzed for the ability to service debt.

- If an applicant is responsible for providing said service (such as mental health), whether or not the applicant is contracting out the operation of the facility to a nonprofit or another public entity, the applicant’s financial records will be analyzed for the ability to service debt.
- Water and wastewater final design and construction grant applicants undergo a financial review to ensure that the monthly user rate at construction completion of the proposed project meets the threshold rate criteria.
- Housing rehabilitation projects will be evaluated by the gap identified between the grant request and the non-profit’s balance of available funds consisting of cash on-hand (including any prior open CDBG grants) and any other funds readily available to carry-out the proposed owner occupied housing rehabilitation program to meet the identified need.
- The regional housing rehabilitation programs will also be evaluated by the number of open CDBG grants the sub-grantee (non-profit) is currently managing and the total unexpended balance. Applications for regions with unexpended CDBG funds will not compete as well as applications for regions with no unexpended CDBG funds.

Financial Review Matrix–PW

Financial Assessment

Assessment	Maximum point that can be earned
Applicant MHI vs State MHI	6
Current rate against affordability rate	6
Project cost burden to user rate if funded by loan only	6
Total	18

Financial Health Assessment

Assessment	Maximum point that can be earned
Operate at (Loss, Even or Positive) cash flow and reserve	4
Unrestricted Reserve review	2
User Rate management	3
Total	9

Return on Investment Analysis

Assessment	Maximum point that can be earned
CDBG investment per connection	3

Total Financial Review for Public Works	30
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Financial Review Matrix–CF

Financial Assessment

Assessment	Maximum point that can be earned
Applicant MHI vs State MHI	7
Operating revenue assessment	7
Total	14

Financial Health Assessment

Assessment	Maximum point that can be earned
Number of year in operation	7
Condition of Operation Cash Flow	5
Reserves	4
Total	16

Return on Investment Analysis

Assessment	Maximum point that can be earned
CDBG investment per Beneficiary	3
Total Financial Review for Community Facilities	30

Project Readiness to Proceed—Core points by project type

Application must clearly show the following information:	PW- Design	PW- Const.	CF	Micro	HR
<p>Provide workplan with achievable quarterly milestones which will be incorporated contractually into monitoring requirements and shows funds will start to be drawn within 4 months after award and project will be completed within allotted project completion time. Workplan must include, but is not limited to, target timeline that would address CDBG programmatic requirements as identified within the most recent CDBG Grant Management Handbook Chapter 2 (Checklist); government/ regulatory agency decision making and review time; and specific project implementation time. (Final design/ construction public water/sewer or public/community facility grants must be administratively closed within 24 months of grant execution. Design only projects and Housing Rehabilitation projects must be administratively closed within 24 months of grant execution. Microenterprise assistance projects must be administratively closed within 12 months of grant execution.)</p> <ul style="list-style-type: none"> ▪ Note: <ul style="list-style-type: none"> ○ Failure to provide sufficient detail will negatively impact the application score. Timeline should be realistic. ○ If selected, an applicant's failure to complete and meet targeted milestones identified in the timeline will hold consequences up to and including withdrawal of funding. 	20	20	20	20	20
Proposed project sites is free and clear of any restrictions that impede the ability to start the project in a timely fashion (i.e. Liens, deed restrictions, homestead limitations or conditions for which a waiver(s) need to be obtained)		5	5		
Proper land use entitlements and other attainable permits (obtainable before construction) have been obtained for the project type and will run for the duration of the proposed project (land use approvals, zoning, removal of structures, allowable uses, etc.). Documentation listing all permits along with the status of and projected timeline to secure permits must be included with the application.	5	5	5		
Total Core Points:	25	30	30	20	20

Additional Project Readiness to Proceed per Project Type

Project Readiness Criteria	Points	PW-Design Only	PW-Const. Only	CF	Micro-E	HR
Applicant or the related governing body attended either an asset management training or effective utility management training in the past 12 months	2 points	✓	✓			
Complete Business Oregon reviewed Section 3 Plan	2 points	✓	✓	✓	✓	✓
Complete Business Oregon reviewed Limited English Proficiency Plan	2 points	✓	✓	✓	✓	✓
Adopted a Fair Housing Resolution	2 points	✓	✓	✓	✓	✓
Completed/Updated Section 504 Checklist	2 points	✓	✓	✓	✓	✓
Environmental Review Record level is correctly identified	2 points	✓		✓	✓	✓
Regulatory agency approved planning document/feasibility study (PW)	15 points	✓				
Architectural design(CF) or System improvement design work done and approved by regulatory agency (PW)	15 points		✓	✓		
ERR is completed per CDBG requirements (ready to publish)	15 points		✓	✓	✓	✓
Property/easements acquired (site control)	10 points	✓	✓	✓		
Total		37	52	50	25	25

To receive credit for any or all points, clear documentation must be included in the application.

Percent of Low- and Moderate-Income (LMI) population to be served–25 points

Non-Housing Rehab Projects	
% LMI of Target Population	Max Points
90%–100%	25
80%–89%	20
70%–79%	15
60%–69%	10
51%–59%	5

Low- to Moderate-Income Persons to be served by the Facility/Project

Points will be assigned for the number of unduplicated individuals the proposed facility can reasonably be expected to serve during the first year after project completion. Projects that are available to all the residents of a particular area (area wide benefit projects) will be ranked separately from projects that serve a limited clientele.

Existing Limited Clientele Facilities

Projects that involve expansion or improvement of an existing facility will provide actual use records for a

period of no less than 12 months. A justified number of new users may then be added to the actual number of users based on additional services or capacity resulting from the project. The numbers cannot include family members of individual clients or counts of repeated visits or use by the same person.

New Facilities

For projects that will create a new facility, the estimate must be based upon available and verifiable data that documents the need for, and capacity of, the facility, such as the number of persons on waiting lists for existing services or referrals of potential clients to facilities in other locations. The numbers cannot include family members of individual clients or counts of repeated visits or use by the same person.

Senior Centers

The measurement of use will be the number of meals served per week to unduplicated individuals. In other words, the applicant must provide information that shows how many persons per week will eat at least one meal at the facility. Individuals receiving home-delivered meals prepared at the facility may also be counted (once each).

Housing Rehabilitation—Number of units to be rehabilitated—25 Points

Housing rehabilitation projects will be scored by the total number of proposed owner-occupied housing rehabilitation units, which are reasonably expected to be rehabilitated as follows:

Housing Rehabilitation Projects	
# Units	Maximum Points
40 or more	25
30-39	20
20-29	15
10-19	10
0-9	5

CDBG Administration Capacity—20 points

Capacity	Maximum points
Applicant's staff has CDBG program administration experience in the past five to seven (5-7) years.	5 points
Applicant's staff has other federally funded project administration experience in the past five to seven (5-7) years.	5 points
Applicant procured an experienced Grant Administrator with a successful CDBG track record, OR	10 points
Applicant is intending to procure an experienced Grant Administrator with a successful CDBG track record	5 points

A maximum of 20 points is available to applicants with a grant administration plan and history that demonstrates that the grant award and project will be managed effectively. The application should document and/or clearly show:

- Applicant is currently administering other CDBG grant(s) within the allotted timeframes.
- Applicant has demonstrated successful completion and closeout procedures with prior CDBG projects. This includes an analysis of the applicants CDBG program history and past programmatic performance.
- Experience in handling other federally funded project and the depth of administration responsibilities
- Applicant has experienced staff in grant administration or will secure a grant administrator with successful grant administration experience of CDBG projects.

Sub-Grantee (non-profit) Capacity–10 points–Housing Rehabilitation Only

In addition to applicant capacity, each housing rehabilitation applicant must provide a list of all the open CDBG funded housing rehabilitation CDBG grants within the non-profit's region where the non-profit is the sub-grantee responsible for carrying out the grant activities. This list must include the following for each open grant: the name of the grant recipient, the project number and the total award amount.

Total Number of open grants	Maximum Points
2	4
1	6
0	10

Points for no recent CDBG awards–10 points

The applications are reviewed for geographic distribution and the number of awards the applicant has received from the program. Ten points will be received by any applicant that has not had a grant from the CDBG program since 2011 or earlier. For housing rehabilitation projects, the points will be based on applicant or geographic location.

Recent CDBG Awards	Maximum Points
No awards from Business Oregon in the past 4 or more years	10 points
No awards from Business Oregon in the past 3-4 years	7 points
No awards from Business Oregon in the past 2-3 years	4 points

Chapter 8

Table 8-1

Requirement/Summary Table Maximum Grant/Project Completion/Financial Review/Allowed National Objective

Grant Category	Project Type	Maximum Grant	Project Completion Period (from date of execution of contract with the state)	Financial Review Required	Applications Accepted	Allowed National Objective
Microenterprise Assistance	N/A	\$100,000	12 months	No	QAP	LMI-Limited Clientele
Public Works	Water/Wastewater preliminary engineering/planning-Phase 1	Total all three phases over a five-year period cannot exceed \$2,500,000. There is a cap on the preliminary/engineering planning grant of \$150,000.	24 months	No	QAP	LMI-Area Wide
	Water/Wastewater final design-Phase 2		24 months	Yes	QAP	LMI-Area Wide
	Water/Wastewater construction-Phase 3		24 months	Yes	QAP	LMI-Area Wide
	Water/Wastewater (Combined design & construction award)		36 months	Yes	QAP	LMI-Area Wide
Public/Community Facilities	Combined design & construction award	\$1,500,000	36 months	Yes	QAP	LMI-Area wide LMI-Limited Clientele
Housing Rehabilitation	Regional Rehabilitation Revolving Loan Funds	\$400,000	24 months (original grant must be loaned/granted within 24 months or unused funds will be recaptured by the state.)	No	QAP	LMI-Housing-direct benefit
	Emergency Home Repair Grant Program					
Community Capacity/Technical Assistance	Community Technical Assistance	No Limit	12 months	No	Year round	Dependent upon project type.
Emergency Grants	N/A	\$500,000	24 months	Yes	Year round- Must be received within 12 months of the event that created the emergency	Urgent Need

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Chapter 9–Microenterprise Assistance (Public Services)

Oregon Community Development Block Grant funds are used by non-entitlement cities and counties to implement the Microenterprise Assistance Services Program to provide recruitment, screening and classroom training to microenterprise owners and persons developing microenterprises. This program enables low- and moderate-income owners of microenterprises and persons developing microenterprises access to information and resources for their individual circumstances.

The non-entitlement city or county grant recipient will secure the services of a statewide or local microenterprise support organization to provide microenterprise assistance within the grant recipient's jurisdiction by either subgranting the funds to a nonprofit or by procuring a for-profit entity.

Maximum Grant

The maximum grant in this category is \$100,000.

Definition

Microenterprise means a commercial enterprise that has five (5) or fewer FTE, including one (1) or more who owns the enterprise.

Work Plan

Each application must contain a work plan that provides for a minimum performance measure of assisting at least one (1) microenterprise for every \$2,500 awarded to the applicant. If at project completion, this performance measure is not attained, the department will recapture a sufficient amount of the grant awarded in order for the project to meet the minimum performance measure.

National Objective

Public services for microenterprise assistance must meet the federal national objective of benefiting low- to moderate-income persons based on family size and income, 24 CFR 570.483(b)(2)(ii)(B). National objective compliance is based on the actual number of persons served by the microenterprise assistance provider. Each grant must serve at least 51 percent or more low- to moderate-income persons who are owners of, or are developing, a qualifying microenterprise consisting of 5 or fewer employees including one or more persons who own the microenterprise. Refer to Chapter 3 for details.

Statewide Microenterprise Support Organization

A statewide microenterprise support organization is a community development corporation, a nonprofit development organization, a nonprofit social services organization or another nonprofit entity that serves as an intermediary between the department and local microenterprise support organizations.

Local Microenterprise Support Organization

A local microenterprise support organization is a community development corporation, a nonprofit development organization, a nonprofit social services organization or another locally operated nonprofit entity or a for profit entity that provides services to disadvantaged entrepreneurs.

Area of Use

The services provided by the microenterprise grant are restricted in use within the grant recipient's jurisdiction or with the jurisdictions participating in the regional microenterprise assistance project. The residential address for each potential microenterprise owner or person developing a microenterprise must be used for this determination and documented in the recipient's file(s).

Eligible Projects

- Provide general classroom training in business strategy, planning a business, marketing plans, business plans, needs assessments, financial education and access to markets to owners of microenterprises and persons developing microenterprises.

Eligible Activities

The permitted activities of providing general classroom training and support to microenterprises, as allowed under Section 105(a)(8) of the HCDA, includes:

- Limited one-on-one assistance directly associated with the initial recruitment and screening to evaluate entrepreneurial readiness and to determine degree of business feasibility or if a student has questions for the instructor immediately following the general classroom training session.
- The **direct** costs associated with the provision of general classroom training to microenterprise (5 or fewer employees, including one or more who own the microenterprise) of which 51% must be documented to be low and moderate income, as allowed under Section 105(a) of the HCDA.
- Limited English Proficiency Translation Services—Refer to Chapter 5 for details.

Classroom Training:

- **Business Strategy Training**—Core trainings and assistance focused on developing and refining business feasibility and the creation of a business plan (strategy) that will guide the business venture. Develop demand based trainings and technical assistance including group trainings, based upon participant needs.
- **Planning a Business Training**—Developing a marketing plan, understanding financial statements and customer service.
- **Specific Training**—Developing a business plan, access to capital, access to markets and financing. Technical assistance shall also help micro-entrepreneurs develop specific information needed to implement their business plan and better understand their business, including the following:
 - Needs Assessment—Provide training that includes Financial Fitness, Introduction to Entrepreneurship, Internet marketing and specific training in their specific industry.
 - Provide business and financial education classes to groups of low-/mod-income rural high school students.
 - Provide business and financial education classes to adults.
- **Market Research Training**—Conduct market research to determine target markets and identify ways to penetrate each market, to assist microentrepreneurs in shaping their unique “message” and determine most effective means to deliver their message.

Ineligible Costs

- Indirect costs. Refer to Chapter 5 for details.
- Assistance to small businesses that do not meet the definition of a microenterprise on page 9-1.
- Assistance to microenterprises that are relocating or who have relocated. To maintain compliance with the federal anti-pirating rule, the state's CDBG program will not allow or assist with any business/microenterprise relocation.
- Assistance to microenterprise owners or persons developing a microenterprise that reside within an Entitlement area.
- Direct one-on-one assistance/mentoring in excess of the initial recruitment and screening, or if a student has questions for the instructor immediately following the general classroom training session.
- Pre-award costs. Refer to Chapter 5 for details.
- Unauthorized pre-agreement costs. Refer to Chapter 5 for details.
- The use of CDBG funds to replace any already budgeted federal, state, local, or community college funds. Refer to Chapter 5 for details.
- The use of CDBG funds to pay for already budgeted full-time staff of the Small Business Development Centers or community colleges. Refer to Chapter 5 for details.
- The cost of food, beverages, snacks, or related equipment and eating utensils.
- Grant administration and/or program management costs. Refer to Chapter 5 for details.

Entitlement Area Review

State Community Development Block Grant resources cannot be used to benefit entitlement counties and cities. If the service area of the Microenterprise Assistance Support Organization contains an entitlement area, screening policies and procedures along with documentation of percent of the entitlement versus non-entitlement residents/beneficiaries that will be served is required. The 2019 CDBG Method of Distribution lists the entitlement areas in Chapter 2.

Matching Funds Requirement

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project must be available and committed at the time the application is received by the department. Funds necessary to complete the project must be in the form of cash. No in-kind services or costs are allowed as match.

Financial Review

Microenterprise assistance project applications are not subject to financial review.

Outcome and Performance Measures

Each applicant must address how their project meets the objective(s), outcome(s), indicators and performance measures identified below:

Objective	Outcome	Indicators	Performance Measures	State Measurement
Creating Economic Opportunities	Sustainability/ Promoting Livable or Viable Communities	Number of persons assisted: <ul style="list-style-type: none"> • With new access to a service. • With improved access to a service. • Where the project is used to meet a quality standard or measurably improve quality, report the number of households that no longer only have access to a substandard facility or infrastructure (as defined by the local community). 	Amount of money leveraged from other federal, state, local and private resources.	The amount of money leveraged from all other funding sources.
			Number of persons assisted.	Number of persons having access to more microenterprise assistance services including the percentage of low- and moderate-income persons who benefit.
			Number of communities assisted.	Number of persons benefiting from new
			Race, ethnicity, disability (current categories for beneficiary reporting still apply).	microenterprise services including the percentage of low- and moderate-income persons who benefit.

Minimum Information needed with application:

- A draft sub-grantee agreement between the city/county grant recipient and the microenterprise service provider.
- A copy of the written agreement between all participating communities, signed by all parties involved.
- A clear and concise description of the items to be paid for in whole or in part with CDBG funds, and the amount of CDBG funds budgeted for each activity.
- The written procedures identifying how the low- and moderate-income national objective will be complied with, monitored and maintained throughout the project, which must include procedures for identifying how each potential microenterprise owner or person developing a microenterprise will be screened for:
 - a. Meeting the definition of a microenterprise contained on page 9-1;
 - b. Residing within the defined service area;
 - c. Are not residing within an Entitlement area; and
 - d. Are not relocating or have not relocated their microenterprise.
- A draft of the family size and income forms that include the data collection necessary to meet the requirements of a-d listed above.

Chapter 10–Public Works

Public Works Projects

Business Oregon will finance, or help finance, publicly owned, public works projects using Community Development Block Grants (CDBG) and other sources of funds. Publicly owned water and wastewater system improvement projects are necessary for the health and economic well-being of every community. Federal laws, the Clean Water and Safe Drinking Water Acts in particular, require municipalities to make extensive improvements to existing systems to comply with the national standards. The funding sources and grant amounts for each project will depend on the type of facility and other circumstances of the project.

The CDBG program will only fund the planning, design and or construction of comprehensive system wide improvements addressing a 20 year time frame. All design and construction projects must be in accordance with a regulatory agency approved water master plan or wastewater facilities plan and be comprehensive system improvement projects meeting the needs of the community for the next 20 years.

Public Water and Sewer Systems–necessary for the health and economic well-being of every community. Maximum grant amount \$2,500,000.

Business Oregon Water Meter and User Rate Policy

Business Oregon encourages water utilities to conserve water. It is our policy to require the installation of water meters within the project area as part of an infrastructure improvement project funded by our agency. Once the project is completed, the utility must routinely read the meters installed with the project and bill those customers, in part, according to their water consumption. Business Oregon encourages the water utility to adopt an ascending rate water fee structure.

Matching Funds Requirement

There is no minimum match requirement. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by the department. Refer to the “Readiness to Proceed” definition in Chapter 5 for more details.

Financial Review

All applications for public works projects will undergo a financial review. The grant, if awarded must be the minimum necessary, in combination with other resources, to ensure the completion of the project. Any project determined by the department to not be financially feasible will not be funded.

- **If an applicant (city or county) is the owner and operator** of the facility, the applicant’s financial records will be analyzed for ability to service debt.
- **If an applicant (city or county) is applying on behalf of a nonprofit or other public entity (water or wastewater district)** and the nonprofit or other public entity will be the owner and operator of the facility and the applicant has no responsibility for providing said service, then the nonprofit’s or other public entity’s financial records will be analyzed for the ability to service debt, if any is a part of the project.
- The financial review must determine that the operating entity of the proposed facility, whether it be a non-profit, other government entity or the city/county applicant has adequate and consistent

annual revenue projections to cover the annual operation and maintenance expenses associated with the facility, throughout the five year continued use period.

- **If, during staff review of the application, direct and clear evidence is obtained by the department that the grant funds are not needed and that the project can or will be carried out by the applicant whether or not the grant is awarded, the application will not be processed.**
- All financial information in the application must be prepared for the proposed activity, unless another funding source (e.g., USDA Rural Utilities Service) has already reviewed similar financial information and made a funding commitment based upon their review. In such cases, the financial feasibility analysis of the other funding source shall be submitted with the application in lieu of the requested documentation.

Water and wastewater final design

In addition to the financial review described above, ALL, water and sewer applications for final design or construction will undergo a financial review to ensure that the monthly user rate at construction completion of the proposed project meets the threshold rate criteria.

Threshold Rate Criteria

The projected annual utility rate for the respective system (water or wastewater), with the requested CDBG assistance, at construction completion of the proposed project must be at or exceed the current percentage (1.25%) of the current Median Household Income (MHI) as defined by the most recent American Community Survey 5 year estimate. The user rate must provide adequate operations, maintenance and debt service. If the proposed project annual utility rate meets this figure, the project will be eligible for funding.

The annual (water/sewer) rate is 12 times the monthly fee that the system would need to charge its residential service connections, on average per connection for usage up to 7,500 gallons of water consumption and similar wastewater disposal per month, as calculated by the applicant and verified by the department after taking into account the projected operations, maintenance, debt repayment and capital outlay for 10 years or less assets, and all other reasonable system expenses, including the funded project.

As applicable, this annual user rate will incorporate fee-equivalents derived from other local funding sources that are or will be used to pay specifically for the system/facility that is being upgraded/constructed with this project. This could include special levies on taxable property within the system's service area being used to pay for the system. The figure does not include system development charges.

The median household income is based on the most recent American Community Survey (ACS) 5 year estimate corresponding for the city or a more appropriate census statistical unit (e.g., census tract) that contains and is representative of the system's residential users, as approved by the department. The recipient should consult with the department if the ACS figure significantly overstates the relative level of current household income in the local area. In such cases, a special survey that either exists already or is newly commissioned, consistent with the department's usual procedures may be used to establish a comparable, up-to-date median household income figure, which is then not inflated by the department's customary practice.

NOTE: If the user rate actually needed, and projected by the project proponent, to adequately cover operation, maintenance and replacement (OM&R) at construction completion is higher than the department's threshold rate, the higher rate shall apply to the project and will be required within any grant contract issued for this project.

Public Water and Sewer Systems

Business Oregon is committed to helping Oregon communities make the necessary improvements to their water and sewer systems by providing state and federal funds according to financial need.

Land Use Information

Construction of new water and sewer facilities in areas outside urban growth boundaries is subject to the State Planning Goal 11: Public Facilities and Services, as amended on July 16, 1998, and the Department of Land Conservation and Development requirements in the Oregon Administrative Rules Chapter 660, Division 11 (Public Facilities Planning), Chapter 660, Division 4 (Interpretation of Goal 2 Exception Process) and Chapter 660, Division 22 (Unincorporated Communities). Projects outside urban growth boundaries must access funding through a city or county and must include verification from the appropriate county that the proposed activities are allowed under current state law.

Maximum Grant

Grants can be made for each of the two phases (final design and construction) of an applicant's single water system or sewer system project. The maximum grant available for a single water or sewer system project is \$2,500,000. The \$2,500,000 per project limitation covers all aspects of the single project for a period of five years.

\$20,000 Maximum Grant Amount Per Residential Connection

The maximum grant per project also is subject to an additional limit of not more than \$20,000 per permanent residential connection to be served by the water or sewer improvement project. This means that at construction completion there must be a minimum of 125 residential connections served by the water or sewer system project in order for the applicant to be considered for the maximum grant of \$2,500,000. Water or sewer systems currently serving, or at construction completion will be serving less than 125 residential connections may only be awarded a maximum of \$20,000 per available residential connection, subject to the other program requirements.

Maximum Award During a Five-Year Period

The \$2,500,000 per project limitation covers all components of a major capital improvement project for a period of five years. The five-year period is commensurate with a current regulatory agency approved/accepted water system planning document or wastewater facilities plan. A city or county may not separate a project into phases, such as collection system improvements in one phase and treatment system improvements in another, in order to apply for more than \$2,500,000 in grant funds within a five-year period. The department's financing goal is to award the minimum amount of grant funds necessary to complete the project activity successfully.

For example: Greentree applied for a \$500,000 (amount used as an example, only) design grant for their Phase I water system design improvements on March 31, 2016. Greentree is not eligible for an additional \$2,500,000 grant because they have already received \$500,000 in prior grants for their water system design improvements (Phase I) over the last five years. They would not be eligible for another \$2,500,000 for their water system improvements until 2021. However, after March 31, 2016, they could apply for \$2,000,000 from the program for the construction of the water system improvements. This would assume they have a project meeting the eligibility requirements for construction phase of the project.

Example Schedule of Events

2016	2017	2018	2019	2020	2021	2022
Phase I Design		Phase II Construction				
Design		Construction		Final Design or Construction		
Awarded 3-31-2016 \$500,000		Awarded 8-8-2017 \$2,000,000		Application received 3-31-2020 \$2,500,000 NOT ELIGIBLE But would be eligible for \$500,000		Eligible for another \$2,000,000 (in 2022)

National Objective

All projects must meet a national objective of the Community Development Block Grant Program regardless if CDBG funds will or will not be used in the future phases of the same project. The low- and moderate-income area benefit national objective is the only one that is available to applicants for public water and sewer system improvements.

In order to document that the area served by the system is providing area wide LMI national objective benefit everyone served by the system must be physically connected to the water or wastewater system and being served by the system that was assisted in whole or in part with CDBG funds to meet the national objective, by construction completion.

Capacity

Federal Community Development Block Grant rules limit program assistance to activities that are necessary to benefit current residents in a primarily residential area. This means that if the main reason for doing the project is to provide capacity for population and economic growth, other funding sources must be sought. Community Development Block Grant funds are intended to solve problems faced by current residents, such as poor drinking water quality or inadequate sewage treatment. Community Development Block Grant funds may be used for projects needed to benefit current residents (e.g., water treatment improvements to comply with Safe Drinking Water Act requirements) but which will be built with capacity for future development. In these cases, the Community Development Block Grant participation will be limited to that portion of the project cost that is necessary to serve the current population.

Applicants must complete and submit the following tables to the department for a project eligibility/capacity review determination. It is recommended that this eligibility/capacity review determination be made prior to the submission of a PNIF or prior to conducting a one stop during project development.

Population projections must be consistent with the local County Planning Department’s allocated population projections that have been approved by the Department of Land Conservation and Development for the service area within the defined boundary of the project.

Equivalent Dwelling Unit (EDU)

USE	Current		Future (20-year projected capacity)	
	EDU's	Flow	EDU's	Flow
Residential Permanent				
Commercial & Business				
Industrial				
Other				
Total				
Percent Residential	%	%	%	%

These numbers can be found in the water system master plan or wastewater facilities plan.

Capacity Building–Total Current (EDU's x 2):

Is it more than the Total Future EDU's? Yes or No

Capacity Building–Total Current (Flow x 2):

Is it more than the Total Future Flow? Yes or No

Percent Residential–(Residential / Total) x 100%:

Is the residential component more than 51% Yes or No

	Population at date of income qualification (2000 census or other approved survey)	Current Population Estimate	Future Population Estimate
Total Persons			

Funding Criteria

After completing the tables above the project will be eligible for funding if it meets the following four criteria:

- The project must serve an area that is comprised of more than 51 percent permanent residents (both currently and in the future) i.e., permanent residents must reside within their residence 6 months or more out of the year;
- The permanent residents must be comprised of more than 51 percent low- and moderate-income persons;
- The facility must serve primarily permanent residential needs as determined by flow (both currently and in the future); and
- The facility is **not** needed primarily for capacity building purposes (over 100 percent growth as determined by population or flow over the 20-year planning period).

Eligible projects include:

- Projects necessary to bring municipal water and sewer systems into compliance with the requirements of the Safe Drinking Water Act or the Clean Water Act administered by the Oregon Health Authority–Drinking Water Program (OHA-DWP) and the Oregon Department of Environmental Quality (DEQ);

- Projects where the municipal system has not been issued a notice of non-compliance from the Oregon Health Authority-Drinking Water Program, Safe Drinking Water Program or the Department of Environmental Quality, but the department determines that a project is eligible for assistance upon finding that; a recent letter, within the previous twelve months, from the appropriate regulatory authority (OHA-DWP, DEQ) or their contracted agent, indicating a high probability that within two years the system will be notified of non-compliance, and department staff deems it reasonable and prudent that program funding will assist in bringing the water or sewer system into compliance with current regulations or requirements proposed to take effect within the next two years.
- Water system design and planning activities that are directly necessary for the construction project or construction projects necessary to eliminate water rationing. The applicant must demonstrate past (within last 2 years) and/or consistent water rationing events due to insufficient drinking water quality or supply.
- Design and planning activities that are directly necessary for the construction project or construction projects necessary for the provision of dependable and efficient water storage, treatment and/or transmission to meet domestic drinking water needs;
- Design and planning activities that are directly necessary for the construction project or construction projects necessary for the provision of dependable and efficient wastewater collection, treatment and disposal/re-use, and
- The preparation of water management and conservation plans as required by the Oregon Water Resources Department through permitting processes. These may be combined with projects for the preparation of Water System Master plans required by Oregon Health Authority – Drinking Water Program, Safe Drinking Water Program.

Ineligible Projects

- Projects primarily needed for capacity building purposes. (Explained in more detail on Page 10-4);
- Projects that are needed solely to drill/develop wells. However, projects where well drilling/development is only a component of a much larger project and not the primary purpose will be eligible for funding. For example, a project that consists of distribution, treatment and well drilling improvements all in one phase would be eligible for funding;
- Deferred maintenance and/or and operational expenses.
- Work on private property.
- Projects primarily needed for fire suppression.

Eligible Activities

- Wastewater treatment facilities including all facilities necessary for collecting, pumping, treating and disposing of sanitary sewage. Included is correction of infiltration and inflow (I&I) through replacement of lines or slip lining;
- Separation of storm drainage from sanitary sewers, if necessary to meet federal or state water quality statutes, rules, orders or permits;
- Domestic water systems including all facilities necessary for supply development, storage, filtration, treatment, transmission and metering;
- Equipment that is an integral and permanent part of a water or wastewater facility. Purchase or lease of other equipment, including vehicles is not eligible;
- The acquisition of real property, including permanent easements, necessary for the proposed water or wastewater project;
- Television inspection and internal grouting of wastewater collection lines if approved in advance by the department. Since this work also can be a method of maintaining the lines, case-by-case determinations must be made because operation and maintenance expenses are

