

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**


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April 3, 2020

MEMORANDUM FOR: All Potential Applicants

FROM:


**Jennifer Seeger, Acting Deputy Director
Division of Financial Assistance**

SUBJECT:

**Community Development Block Grant
Notice of Funding Availability, Amendment #1**

On January 21, 2020, The California Department of Housing and Community Development (Department) announced the availability of approximately \$60 million in federal Community Development Block Grant (CDBG) funding allocated for funding years 2019 and 2020 to the state from the United States Department of Housing and Urban Development (HUD), pursuant to the Housing Community Development Act of 1974, as amended.

The Department is amending the previously issued January 2020 CDBG program Notice of Funding Availability (NOFA) to allow applicants additional time to complete their competitive applications and to provide clarifying instructions regarding housing element eligibility. The changes are as follows:

1. The submittal deadline for **2020 Competitive Program NOFA applications** (including the Community Development and the Economic Development (Round 1) competitive applications) and required attachments **has been extended** from 5:00 p.m. Pacific Standard Time (PST) on April 15, 2020, **to no later than 5:00 p.m. PST on June 1, 2020**. Applications must continue to be accessed through the eCivis portal – Programs Available for Solicitation page.
https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyx
2. The submittal deadline for the **2020 Economic Development (ED) (Round 2) Competitive Program NOFA applications** and required attachments **has been extended** from 5:00 p.m. PST on May 15, 2020, **to no later than 5:00 p.m. PST on July 15, 2020**. Applications must continue to be accessed through the eCivis portal – Programs Available for Solicitation page.
https://gn.ecivis.com/GO/gn_redir/T/vyjsqf2kekyx

3. Housing Element Compliance language provided in Section VII. Eligible Applicants, part D (page 10) has been modified to specify that Housing Elements must be adopted at the local level per HSC §50829 and submitted to the Department's Division of Housing Policy Development (HPD). This language replaces language that required Housing Element compliance as an eligible applicant prerequisite.

APPLICATION DEADLINES

Housing and Community Development Projects and Programs

Housing and Community Development Competitive Program	Application Due Date: June 1, 2020, 5:00 p.m. PST
Multifamily Housing, Housing Infrastructure, and Community Development OTC Project	Application Period Closing Date: September 30, 2020, 5:00 p.m. PST

ED Projects and Programs – Round 1

ED Competitive Program	Round 1 Due Date: June 1, 2020, 5:00 p.m. PST
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In the event that the ED Competitive funds are not fully awarded in the first deadline, the Department will use a rolling second deadline:

ED Projects and Programs – Round 2 (Pending availability of funds)

ED Competitive Program – Round 2	Round 2 Due Date: July 15, 2020, 5:00 p.m. PST
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In the event that the ED Competitive funds are not fully awarded in the second deadline, the Department will roll any unawarded funds into the ED OTC project allocation.

ED Projects and Programs – OTC project allocation (Pending availability of funds)

ED OTC project allocation	Application Period Closing Date: September 15, 2020, 5:00 p.m. PST
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In the event that the ED OTC funds are not fully awarded by the application closing date, the Department will roll any unawarded funds into the Multifamily Housing, Housing Infrastructure, and Community Development OTC allocation.

Applicants are encouraged to set-up their profiles in the eCivis portal located at <https://portal.ecivis.com/#/login> as early as possible. Profile set-up instructions can

be found on the CDBG webpage at <https://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml>. Applicants are encouraged to begin the application process early to ensure successful submission before application deadlines. If you have any trouble logging into the portal, or have questions on how to complete the online application, please contact the Department at cdbgnofa@hcd.ca.gov.

Information about setting up a profile, submitting an application, and managing awards through the eCivis portal is available under the Training and Technical Assistance tab on the Department's [website](https://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml) at <https://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml>.

To receive CDBG program NOFA FAQs and other information and updates, please subscribe to the Federal Programs listserv at http://www.hcd.ca.gov/HCD_SSI/subscribe-form.html.

If you have any questions, please submit them to cdbgnofa@hcd.ca.gov.

Attachment

**Community Development Block Grant Program
2020 Notice of Funding Availability**

Amendment #1



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramirez, Secretary
Business, Consumer Services and Housing Agency**

**Douglas R. McCauley, Acting Director
California Department of Housing and Community Development**

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Community Development Block Grant Program email: cdbgnofa@hcd.ca.gov

**January 21, 2020
Amended April 3, 2020**

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2019-2020 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE OF FUNDING AVAILABILITY - Amendment

I. Overview

A. Program Authority

The federal Small Cities Community Development Block Grant Program (CDBG or CDBG program) is authorized by the Housing and Community Development Act of 1974 (HCDA) as amended and codified at [Title 42 United States Code \(U.S.C.\) §5301 et. seq.](#), and Subpart 1 of the Federal CDBG Regulations, found at [Title 24 Code of Federal Regulations \(CFR\) §570.480 et. seq.](#) The requirements of the State of California CDBG program are in [California Health and Safety Code \(HSC\) §§50825-50834.](#)

The Federal Omnibus Budget Reconciliation Act of 1981 provides for state administration of the federal CDBG program. Pursuant to [HSC §50826.1](#), the California Department of Housing and Community Development's (Department) [CDBG Guidelines \(Guidelines\)](#), the Department's Consolidated Plan, and the Department's Annual Action Plan, set forth the policies and procedures governing the state's management and use of these funds. In addition to the Guidelines, CDBG program participants must comply with federal regulations contained in [24 CFR Part 570, Subpart I](#); [24 CFR Part 58](#); and [2 CFR Part 200](#). If Congress or the state Legislature add or amend any requirements concerning the use or management of these funds, Grantees shall comply with such requirements. [See 24 CFR §570.480](#) et seq. for additional general provisions.

Note: The HCDA was codified as Title 42 of the U.S.C., §5301, et. seq.: thus, those citations are interchangeable and cite the same statute language. For example, the citation of HCDA 105(a)(22) and 42 U.S.C. §5305(a)(22) are references to the same statute language. For the purposes of this NOFA, we will use the 42 U.S.C. §5301 citations for references to the federal statutes.

B. Program Eligibility

CDBG program funds are provided as grants to nonentitlement jurisdictions. Non-entitlement jurisdictions are jurisdictions that either do not have sufficient population to participate in the United States Department of Housing and Urban Development's (HUD) direct entitlement program, or that choose not to participate in HUD's direct entitlement program in favor of participating in the state CDBG program. Applications may only be submitted by jurisdictions (city, county, or town). Jurisdictions are encouraged to partner with districts, agencies, nonprofit service providers, and other community organizations whenever appropriate to prepare and submit applications for CDBG funding.

Grants can vary based on annual allocations and Activity limits. Grants must meet one of three national objectives:

1. Benefit low- to moderate-income (LMI) persons,
2. Aid in the prevention or elimination of slums or blight, or
3. To meet an urgent need.

For the purposes of this NOFA, no Urgent Need applications will be accepted through the NOFA application process without prior Department approval. If you have a program or a project that meets the criteria of Urgent Need, as established at [24 CFR 570.483\(d\)](#), and you believe your proposed project or program must use Urgent Need as a National Objective to be program eligible, please contact your Department representative for further instructions.

Please see Appendix A for a list of eligible jurisdictions.

C. Timeline

The timeline below identifies deadlines for the 2019-2020 program year application process.

NOFA Deadlines

NOFA Release	January 21, 2020
Application Submittal	Start Date: February 14, 2020, 9:00 a.m. Pacific Standard Time (PST)

Housing and Community Development Projects and Programs

Housing and Community Development Competitive Program	Application Due Date: June 1, 2020, 5:00 p.m. PST
Multifamily Housing, Housing Infrastructure, and Community Development OTC Project	Application Period Closing Date: September 30, 2020, 5:00 p.m. PST

Economic Development (ED) Projects and Programs – Round 1

ED Competitive Program	Round 1 Due Date: June 1, 2020, 5:00 p.m. PST
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In the event that the ED Competitive funds are not fully awarded in the first deadline, the Department will use a rolling second deadline:

Economic Development (ED) Projects and Programs – Round 2 (Pending availability of funds)

ED Competitive Program – Round 2	Round 2 Due Date: July 15, 2020, 5:00 p.m. PST
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In the event that the ED Competitive funds are not fully awarded in the second deadline, the Department will roll any unawarded funds into the ED OTC Project allocation.

**ED Projects and Programs – OTC Project allocation
(Pending availability of funds)**

ED OTC Project allocation	Application Period Closing Date: September 15, 2020, 5:00 p.m. PST
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In the event that the ED OTC funds are not fully awarded by the application closing date, the Department will roll any unawarded funds into the Multifamily Housing, Housing Infrastructure, and Community Development OTC allocation.

Applications submitted before the application start date or after the respective due date or closing date will not be accepted. There will be no exceptions. The Department recommends Applicants plan to submit prior to the final due or closing date to provide opportunity for troubleshooting if needed. Each application will be digitally time stamped upon submittal.

D. What is new in this NOFA

This NOFA is the result of a two-year redesign collaboration with the Department, CDBG stakeholders, and HUD. The goal of this redesign was to achieve the following objectives:

1. Align the state CDBG program in California with the federal regulations that govern the program
2. Increase local capacity to plan for and operate the program
3. Improve program communication and operations
4. Ensure activities are implemented, and funds expended, by grant recipients, in a timely manner
5. Address material findings in program operations as discovered by HUD

Additionally, the state CDBG program has been redesigned to comply with federal regulations. SB 106 (2017) gave the Department authority to develop state CDBG Guidelines to administer the state CDBG program. As per the state statute, [HSC §50826.1](#), the CDBG Guidelines, once adopted by the Department of Finance, would effectively replace the California State CDBG regulations at Title 25 California Code of Regulations (CCR) §§7050-7126. The CDBG Guidelines were adopted and became effective October 15, 2019. Such as, the California State CDBG regulations at Title 25 CCR §7050, et seq., have no regulatory authority over the CDBG program and are scheduled for removal.

This change to state CDBG Guidelines was made to remove any unnecessary barriers for Applicants to apply for, and expend, CDBG funds.

The two most significant redesign related changes to this NOFA cycle are:

1. The addition of an Over-the-Counter (OTC) application process for all capital construction projects. The intent of this process is to shorten the period between when a jurisdiction applies for project funding and when the funding is awarded. It will allow jurisdictions to apply for CDBG program funding when projects are ready for implementation, as opposed to a fixed competitive funding cycle. OTC means the first complete and eligible applications received will be the first to be reviewed and

awarded, provided the application is complete and meets all of the program eligibility criteria.

2. The implementation of the new eCivis Grants Management System (GMS) is called “Grants Network”. Grants Network will allow Applicants to apply for CDBG program funding online and will track the status of their application once submitted. This new system is easier to navigate and does not require Applicants to submit hard copies of the application to the Department. Grants Network will support programs and projects from application through to implementation and closeout and will connect with other digital accounting and reporting systems used by both the Department and HUD.

II. Definitions

Except as otherwise defined herein, all defined terms have the meaning set forth in [24 CFR §570.3 and in the CDBG Guidelines.](#)

III. Nondiscrimination

All applicants will be required to comply with the nondiscrimination clauses included in Appendix K Draft Standard Agreement Exhibit D Sections 10-12.

IV. Allocation

A. Funding

Funds will be allocated according to federal regulations found in [24 CFR §570](#) and state statute, as found in [HSC §50827](#) et seq. For more information, please reference the CDBG Guidelines located at <https://www.hcd.ca.gov/grants-funding/active-funding/cdbg/docs/Final-CDBG-Program-Guidelines-2019.pdf>. The tables below include the estimated percentage of funding available for set-asides and funding caps for the 2019 and 2020 allocations. The allocations will be set aside from each year’s funding. The limits apply to each year’s allocation.

1. State allocations

Economic Development (ED)

30 percent of each annual allocation. Approximately \$18 million is estimated to be available for ED activities.

ED Competitive Programs

Approximately \$5.4 million is estimated to be available for ED Competitive programs.

ED OTC projects

Approximately \$12.6 million is estimated to be available for ED OTC projects.

Housing and housing-related infrastructure

51 percent of each annual allocation. Approximately \$30.6 million is estimated to be available in a set-aside for housing assistance, housing services, housing-related facilities, and housing-related infrastructure.

Housing Assistance Competitive Programs

Approximately \$5.5 million is estimated to be available for housing assistance competitive programs.

Multifamily housing rehabilitation and infrastructure in support of housing OTC projects

- Approximately \$12.5 million is estimated to be available for multifamily housing rehabilitation and infrastructure in support of housing projects.
- An additional \$12.6 million will be available for housing-related planning, public services, and public facilities out of the Community Development allocation.

2. Special allocations

Colonias

5 percent of each annual allocation. Approximately \$3 million is estimated to be available to Colonias jurisdictions. The Colonias allocation is exempt from the \$3.5 million per jurisdiction limit.

Non-federally recognized tribes

1.25 percent of each annual allocation. Approximately \$750,000 is estimated to be available to non-federally recognized tribes. The non-federally recognized tribe allocation is exempt from the \$3.5 million per jurisdiction limit.

3. Federal limits

Public services

15 percent of each annual allocation. Approximately \$9 million will be available for public services, including public services in support of housing.

Planning and administration

HUD allows up to 20 percent of each annual allocation to be used for planning and administration. This includes the 3 percent allowed for state administration costs. All activities will be allowed a flat 7 percent administration allocation. The remaining 10 percent will be available for planning applications. Approximately \$6 million will be available for planning awards, including planning in support of housing and Economic Development activities.

Note: The above allocations and limits do not total the amount available. These allocations and limits overlap, and applications may be counted against multiple allocations and/or limits. Please see the application solicitation for the available funding for each application type.

B. Insufficient demand

If there is insufficient demand for an identified allocation, the Department may make awards to other qualifying activities to meet the timeliness of federal funds requirements.

C. Department rights

The Department reserves the right, at its sole discretion and at any time, to rescind, suspend or amend this NOFA and any or all of its provisions. If such an action occurs, the Department will notify interested parties via its listserv email tool and website.

D. Conditions

Applicants and awardees acknowledge that the funding opportunities referenced in this NOFA, and all obligations of the Department herein, are expressly subject to and conditioned upon the ongoing availability of funds, as well as the continued authority of the Department to operate the CDBG program. In the event that funds are not available to fund any, or all, activities offered herein, or if the Department's authority to operate the CDBG program or act under this NOFA is eliminated, or in any way restricted, the Department shall have the option, at its sole discretion, to amend, rescind, suspend, or terminate this NOFA and any associated funding pursuant to the provision set forth immediately above. **This NOFA is not a commitment of funds to any activity or applicant.**

E. Applicant responsibility

It is the Applicant's responsibility to ensure that the application submitted is clear, complete, and accurate. After the application submittal deadline, CDBG may request clarifying information, provided that such information does not affect the competitive ranking of the application. No information will be solicited or accepted if such information results in a competitive advantage to an applicant. No Applicant may appeal the Department's evaluation of another Applicant's application.

V. Eligible Activities

For a complete list of eligible activities allowed under the HCDA, go to [42 U.S.C. §5305](#). CDBG program activities should be located in predominantly residential areas or should serve predominantly residential areas to be eligible.

Pursuant to [24 CFR §570.482](#), eligible activities for funding the CDBG program include, but are not limited to:

A. Housing Assistance

1. Single Family (1-4 units) Homebuyer Assistance
2. Single Family (1-4 units) Housing Rehabilitation
3. Multifamily Single Family (1-4 units) Housing Acquisition and Rehabilitation
4. (5 or more units) Housing Rehabilitation
5. Infrastructure in Support of Housing

B. Public Facilities and Public Infrastructure

1. Acquisition
2. Rehabilitation
3. Construction

C. Public Services

1. Senior and Youth Services
2. Health, Nutrition, and Homeless Services
3. Job Training
4. Other eligible public services

D. Planning and Technical Assistance

E. Economic Development

1. Business Assistance
2. Microenterprise Assistance
3. Infrastructure in Support of Businesses

VI. National Objectives

Each Activity that receives CDBG program funding must meet all the benefit requirements detailed by [24 CFR 570.483-570.484](#).

At least 70 percent of the funds awarded shall benefit low- to moderate-income (LMI) individuals or households. No Activity or portion of a program assisted by these funds may exclude from its benefits the lowest income-eligible group. Individual activities shall meet one of the following national objectives:

A. Low- to moderate-income (LMI)

Persons, households, and/or neighborhoods benefiting from LMI activities must meet HUD's LMI requirements. Income limits are regularly updated. Applicants will be notified via a news blast email and information will be posted on the Department's website if the HUD Adjusted Median Family Income (HAMFI) limits or low- to moderate-income areas (LMA) are updated during the application period.

The LMI National Objective consists of the following categories:

1. Low- to moderate-income Limited Clientele (LMC), as defined by income limits or presumed benefit.
 - a. LMC refers to persons who earn 80 percent or less of HAMFI for the county of residence, as updated annually by HUD.
 - b. Presumed benefit LMC refers to persons who, as a category, are typically low income.
 - 1) Seniors
 - 2) Persons with a disability
 - 3) Homeless persons
 - 4) Abused children and battered spouses
 - 5) Illiterate adults
 - 6) Persons living with acquired immunodeficiency syndrome (AIDS)
 - 7) Migrant farmworkers

2. LMA are identified using census tracts and block groups. LMA may also be identified through an income survey. See Appendix H for additional information regarding income surveys, which:
 - a. Is based on the American Community Survey using Census Geographies
 - b. Contains at least 51 percent of households in the area earning at 80 percent or below HAMFI to meet LMA
 - c. Must be contiguous and the area should be mapped to show eligibility
 - d. Must be an Activity with public benefit for the area, such as streets and sidewalks, sewer/water infrastructure, community facilities, or park improvements
 - e. Should be determined to be LMA eligibility from the map application at HUD's [Low- and Moderate-Income Summary Data](#) Application page. [Instructions for HUD's mapping application](#) are available to assist in using the map application
 - 1) Low- to Moderate-Income Housing (LMH) defined by household income limits is a household earning 80 percent or less of HAMFI
 - 2) Low- to Moderate-Income Job Creation or Retention Activities (LMJ)
 - a) LMJ is based on the number of full-time equivalent jobs created or retained
 - b) Must create or retain jobs, and 51 percent of those jobs must be for LMI persons
 - c) To meet the public benefit requirements for LMJ activities, for every \$35,000 spent, one full-time equivalent job must be created/retained

B. Slums and Blight

1. Areas must be geographically defined and publicly identified as slums or blighted, typically by a council or board resolution, before the activity is considered.
2. Activities must aid in the prevention or elimination of slums or blight as described in [24 CFR §570.482](#).

C. Urgent Need

For the purposes of this NOFA, no Urgent Need applications will be accepted through the NOFA application process without prior Department approval. If you have a program or a project that meets the criteria of Urgent Need, as established at [24 CFR 570.483\(d\)](#) and you believe your proposed project or program must use Urgent Need as a National Objective to be program eligible, please contact your Department representative for further instructions.

VII. Eligible Applicants

Applicants must meet the following requirements when the application is submitted to be eligible to apply for funding under this NOFA:

A. Eligible jurisdictions

Any California city or county is eligible to apply for CDBG program funding except a city or county that participates in the HUD-administered CDBG Entitlement program. Incorporated cities located in an urban county as defined by [42 U.S.C. 5302\(a\)\(6\)](#) must formally elect to be excluded from participation in the urban county entitlement status.

HUD must be notified that the city has elected to be excluded from the urban county participation as per [24 CFR 570.307\(g\)](#) for it to be eligible for the state CDBG program. Eligible applicants may use the following approaches. Only eligible activities from eligible applicants will be scored and ranked.

1. An eligible Applicant may apply on its own behalf
2. An eligible Applicant may apply on behalf of one or more other eligible Applicants
3. Two or more eligible Applicants, which share a program, may submit a joint application
4. In addition to Activity and application limits identified in the NOFA, an eligible Applicant may apply for activities in service areas within or outside of the Applicant's jurisdiction when there are concentrations of Native Americans ([HSC §50831](#)) or where there is a designated Colonia as described by Section 916 of the National Affordable Housing Act of 1990, provided the concentration is within an eligible city or county

B. 50 Percent Rule

Any Applicant with one or more current and open CDBG Standard Agreements, for which the expenditure deadline established in the agreement(s) has not yet passed, shall be ineligible to apply for any additional CDBG funds for the same type of Activity(ies) included those in those open CDBG Standard Agreement(s) unless the Applicant has expended at least 50 percent of CDBG funds previously awarded (the "50 Percent Rule") for that Activity, or unless a waiver to the rule has been approved by the Director, as allowed at [HSC §50833\(f\)](#). The requirements of this subsection do not apply to OTC awards.

C. Financial management compliance, 2 CFR Part 200

The Applicant must demonstrate to the satisfaction of the Department that it is in compliance with the financial management requirements at [2 CFR §200](#), including the single audit requirements of [2 CFR §200.501](#). The Applicant must provide the Department with its most recent single audit, if applicable.

If the Applicant has open single audit findings and does not have a plan or agreement to remediate those findings, the Applicant will be deemed ineligible for funding through the state CDBG program until the findings are resolved or a remediation plan or agreement is established.

D. Housing Element compliance

As per [HSC §§50829](#), the Applicant must submit a draft and adopted Housing Element to the Department in accordance with the requirements listed in [Government Code §65580](#) et seq., most specifically Government Code Section 65585. Applicants must demonstrate compliance with [HSC §50829](#) with documented proof at application

submittal. Documented proof includes, at a minimum, correspondence with the Department that the draft and adopted Housing Element has been submitted and received. Failure to comply with the procedural requirements (i.e., GC §65585) Housing Element law will invalidate the application for this NOFA and the Applicant will be deemed ineligible for funding through the state CDBG program until the Applicant has met procedural requirements. Applicants triggering the provision of [HSC §50830](#), must meet and document all pertinent requirements.

E. Good standing

The Applicant, and any co-Applicant, together with the respective affiliates, must be in good standing with the Department (i.e., are current on all loan and/or grant obligations, have a satisfactory past performance history in all of their prior dealings with the Department, and are in full compliance with all Department contracts and reporting requirements.) Applicants not meeting the foregoing requirements shall be ineligible to apply for or receive funding under this NOFA.

F. Federal debarment

Pursuant to [24 CFR Part 5](#), all CDBG Applicants are required to verify they and their principals, or any/all persons, contractors, consultants, businesses, sub-recipients, etc., that are conducting business with the Applicant are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction.

The Department will not award any CDBG program funds to Applicants that are debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excluded from participation from federally assisted programs. Applicants are responsible for providing proof that all program partners, subrecipients, contractors, and any other program participants, current or future, are not debarred. Applicants must provide proof from the federal [System for Award Management](#) that the Applicant, all application partners, and any subrecipients, developers, consultants, and contractors participating in the application, the potential administration of the award, or the potential implementation of the Activity are not debarred.

G. Restrictions on multiple activities in the same political districts

Applications for eligible activities outside the Applicant's jurisdiction must include a legally binding agreement, acceptable to the Department, with the city or county in which the eligible Activity is located. Applicants may not apply to both the state CDBG program and to a CDBG program administered by an Urban County or other entitlement entity during the same program year.

VIII. Funding and Activity limits

IMPORTANT NOTE:

All applications must be submitted through the [eCivis Portal](#); no hard copies will be accepted. Jurisdictions will submit **one application per** Activity. Each jurisdiction **can submit up to six (6) applications** during this NOFA cycle. Each Activity must have a unique application with a complete budget, national objective, scope of work, and milestone timeline. There will be no “combo” activities or applications accepted in this NOFA. Each Activity, both projects and programs, is stand-alone with a discrete budget and scope of work. General Administration should be budgeted for each Activity up to the cap allowed for that Activity. Each Activity will have a stand-alone Standard Agreement for that Activity. Applicants are encouraged to review the attached draft Standard Agreement as a sample of the applicable terms and conditions.

A. Housing and Community Development Activities

The maximum total grant award for all activities for Community Development Activities is \$3.5 million per jurisdiction. This maximum does **not** include Program Income. Jurisdictions that commit Program Income to an Activity may exceed the maximum grant award total, including Program Income. In no event shall the new grant award exceed the maximum per jurisdiction limit of \$3.5 million. Per jurisdiction limits do not apply to Colonia and Native American set-asides.

The below limits are new grant awards limits per Activity. Program Income is **not** included in either Activity or jurisdiction award limits. Total Activity budgets may exceed the award limits when Program Income is budgeted to the Activity; however, the new grant award per Activity shall not exceed the maximums below. Per-Activity limits do not apply to Colonia and Native American set-asides.

1. Housing Activities
 - a. Single-Family Housing Rehabilitation Program, 1-4 units - up to \$1 million
 - b. Homeownership Assistance Program - up to \$1 million
 - c. Housing Project: Multifamily Rental (5 or more units), Rehabilitation with or without acquisition - up to \$3.5 million
 - d. Housing Project: Acquisition of Real Property for Multifamily housing projects – up to \$3.5 million
 - e. Public Improvements in Support of Housing: New Construction - up to \$3.5 million
2. Non-Housing Community Development Activities
 - a. Public Improvements (other than In Support of Housing or Businesses) - up to \$3.5 million
 - b. Public Facility - up to \$3.5 million
 - c. Project Predevelopment (limited to 2 grant awards this NOFA) - up to \$500,000
 - d. Public Services - up to \$500,000
 - e. Planning & Technical Assistance - up to \$250,000

B. Economic Development Activities

Maximum total grant award limit is \$6 million, including all Activities except ED OTC, Colonia, and Native American set-asides. ED OTC is a stand-alone application subject to the ED OTC limits noted below. This maximum does **not** include Program Income. Jurisdictions that commit Program Income to an Activity may exceed the maximum grant award total including Program Income. The new grant award shall not exceed the maximum per jurisdiction limit of \$6 million. ED limits do not apply to Colonia and Native American set-asides.

The below limits are new grant awards limits per Activity. Program Income is **not** included in either Activity or jurisdiction award limits. Total Activity budgets may exceed the award limits when Program Income is budgeted to the Activity; however, the new grant award per Activity shall not exceed the maximums below. Per Activity limits do not apply to Colonia and Native American set-asides. The maximums per application type are as follows:

1. Competitive applications
 - a. Business Assistance - up to \$750,000
 - b. Micro-Enterprise Assistance - up to \$500,000
2. OTC applications
 - a. Public Infrastructure In-Support of Businesses - up to \$6 million
 - b. Commercial/Industrial Building Acquisition, Construction, Rehabilitation, or other improvements - up to \$6 million

C. Colonias and Native American Communities Allocations

Applications for these allocations may be in addition to other applications submitted by an eligible jurisdiction. Applications submitted under this section will be independently evaluated and ranked against other applications for these respective special allocations, without regard to the ranking of an application submitted pursuant to another section of this NOFA. Applications for these allocations are not included in the per-jurisdiction grant award maximums.

D. Milestones

All CDBG program-funded activities must be implemented according to the milestones defined in the Standard Agreement. Applicants must include at least two milestones per Activity application – a milestone for Activity initiation and a milestone for Activity closeout. Additional milestones are optional, though encouraged for best practice Activity implementation.

IX. Program Administrative and Activity Delivery Costs

A. General Administration

Pursuant to state CDBG Guidelines §§208-209, Grantees may expend a portion of the grant amount for general administrative (GA) costs provided that such amounts are justified for the type and complexity of the program, and that there are records to satisfactorily document these charges.

GA costs may include, but are not limited to, the following categories:

1. Salaries, wages, and related costs of the Grantee's staff engaged in activities associated with the general administration of the CDBG program, including general management, general legal services, accounting, and auditing
2. Travel costs incurred in carrying out the general management of the program
3. Administrative services performed under third-party contracts, including contracts for such services as general legal services, accounting services, and audit services
4. Other costs for goods and services related to the general management of the program, including rental and maintenance of office space, insurance, utilities, office supplies, and rental or purchase of office equipment.
5. Costs incurred in providing information and resources to individuals, families, and households in the LMI group, and to citizen organizations participating in the planning, implementation, or assessment of the Grantee's program
6. Administrative funding can also be used for fair housing activities in compliance with the requirements of state CDBG Guidelines §103. If a cost cannot be associated with one of the above listed groups and cannot be associated with direct project costs, the Department will, upon the Grantee's request, decide whether it is an administrative cost, an Activity delivery cost, or an ineligible cost according to [24 CFR §§570.489](#) and [570.482](#).

The GA cap for grant awards is **7 percent** of the total award. Applicants may elect to assign more funds to Activity costs and take less than the 7 percent GA allocation. GA for Program Income funds is **17 percent**. For project budgets with both grant award and Program Income as funding sources, please identify how much GA will be from each source to ensure that GA stays within the program caps.

B. Activity Delivery

Activity Delivery (AD) costs are those costs directly related and necessary to successively complete a specific Activity, such as loan underwriting costs, architecture and engineering design costs, and labor compliance review costs.

In past NOFAs, the Department provided detailed restrictions on AD allocations to ensure as much funding as possible is attributed to assisting beneficiaries. The Department is re-evaluating AD limitations to improve overall budgeting and Activity performance. AD limits for all activities except housing Rehabilitation Administration have been eliminated. Applicants must include a budget line item for AD if there will be AD costs as part of the Activity. The AD limit for Housing Rehabilitation administration will be **20 percent** of the total grant award. AD for Rehabilitation Administration will be charged as a total of the award, not on a loan-by-loan or, in the case of emergency repair programs, grant-by-grant, basis.

X. Threshold requirements

The following threshold requirements must be met at the time of application:

- A.** City or county must be a non-entitlement jurisdiction and must not currently be party to an Urban County Agreement or participate in, or be eligible to participate in, the HUD administered CDBG Entitlement program
- B.** The Activity applied for must be an eligible Activity as defined by [42 U.S.C. §5305](#)
- C.** The Activity must meet a CDBG national objective as defined by [24 CFR §570.483](#)
- D.** The Applicant must demonstrate to the satisfaction of the Department that it is in compliance with the financial management requirements of [2 CFR §200](#)
- E.** Pursuant to [24 CFR §570.486](#), applications must follow CDBG Public Participation regulations
- F.** The Applicant must have complied with all the requirements listed in [HSC §§50829](#) and [50830](#) regarding Housing Element law. Pursuant to the law, CDBG will not reject an application based on either the content of the Housing Element or the Department's findings on the Element, except as may otherwise be provided in [HSC §50830](#). The determination of Housing Element compliance will be made by the Department's Division of Housing Policy Development (HPD)
- G.** The Applicant must demonstrate, to the satisfaction of the Department, that it is in compliance with the state and federal submission requirements of [2 CFR §200.512](#), and provide their most recent single audit as applicable
- H.** The Applicant must be in good standing with the Department as defined in Section VII of this NOFA
- I.** The applicant must demonstrate, to the satisfaction of the Department, that it is meeting the State Objectives as defined in Appendix I. (NOTE: State Objectives are a threshold requirement in the OTC application, but may be used to increase points in the Competitive applications)
- J.** The Applicant must demonstrate compliance with [Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970](#) relocation requirements as applicable
- K.** The Applicant must demonstrate compliance with [Article XXXIV](#), as applicable

XI. Contents of application

Applications must be electronically submitted through the [eCivis portal](#) and consist of the items identified in the application, as well as any other information deemed necessary by the Department to evaluate the applications. This information provides the basis for assessment and includes the assurances and agreements necessary for compliance with [HSC §50825](#), et seq., [24 CFR §570](#), and [24 CFR §200](#).

XII. Mandatory Department resolution

To reduce delays in the application review, award, and contracting processes, applicants are **required** to use the Department's *Sample Resolution of the Governing Body*. For reference, please see Appendix D.

XIII. Application submission

A. Application workshops

The Department will hold application workshops beginning in January 2020. Please visit the Department's website at <https://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml>.

Applicants are also strongly encouraged to review available webinars and training materials on the CDBG program, the CDBG Redesign, using Grants Network, and preparing a CDBG program application in Grants Network.

B. Application submission

Applicants **must** follow instructions in both this NOFA and the online application. Failure to follow instructions will result in disqualification.

The CDBG application and all required attachments must be submitted to the Department through the GMS Portal located at <https://portal.ecivis.com/#/login>. Applications must include all required information to be submitted. Applicants must certify that all information is true and complete to the best of their knowledge, on penalty of perjury.

Applicants that do not have an account with eCivis should log into the eCivis portal. Use the "Create an account" option to initiate a profile.

Applications must meet all threshold and eligibility requirements upon submission. It is the Applicant's responsibility to ensure that the submitted application is clear, complete, and accurate. Department staff may request clarifying information but are unable to accept any new documentation that would provide an unfair advantage over other applications.

C. Disclosure of application

Information provided in the application will become public record available for review by the public pursuant to the California Public Records Act (California [Government Code §6250 et. seq](#)). As such, the Department may disclose any materials provided by the Applicant to any person making a request under this Act. The Department cautions Applicants to use discretion in providing information not specifically requested, including, but not limited to, bank account numbers, personal phone numbers, home addresses, or other personally identify information. By providing this information to the Department, the Applicant is waiving any claims of confidentiality, and consents to the Department's disclosure of the Applicant's material upon receipt of a Public Records Act request.

XIV. Application review, approval, and commitment process

A. Application review

All applications are required to pass threshold requirements. Failure to meet threshold will result in immediate disqualification. Applications that do not meet threshold will not be reviewed.

All applications will be reviewed for Activity eligibility. Activities that do not meet program eligibility will be disqualified.

1. Competitive applications

Competitive applications that pass threshold and eligibility will be scored according to the evaluation criteria outlined in the application under the Readiness Section.

Scores include two components:

- a. Need Score – need scores are set scores for different Activity types that are based on public data sets that indicate the severity of community need for a specific Activity. The Department prepares the need scores and will provide the scores as Attachment A to this NOFA
- b. Activity Readiness – Activity readiness is an indicator of Applicant preparedness for Activity implementation. Applicants are strongly encouraged to complete as much preparation as possible prior to application submittal to shorten the time between award and expenditure. The scoring weight for each readiness criteria is included in the application instructions.

Each application will receive two reviews. Scores will be totaled for each reviewer and summed for the Activity along with the need score. Applications will be ranked based on highest score. Applicants may request a copy of their reviews at any time after the scoring and announcement of awards has been completed.

2. OTC applications

OTC applications that pass threshold and eligibility review will be reviewed on a first-come, first-served basis. Each application will be reviewed by two separate staff to ensure consistency and transparency. Applications that are eligible, complete, and that satisfy readiness requirements will be recommended for funding. Applicants may request a copy of their application reviews after the review has been completed and the Applicant has been notified of the results.

B. Recommendations

The Department will review applications and make award recommendations according to the above criteria. Applicants that are recommended for awards will be contacted and provided with an opportunity to update project schedules or other date-dependent data that may have aged during the Applicant review period. Applicants will officially be notified of awards through the eCivis Grants Network. The award notification will include instructions for accepting or declining the award, as well as an executable Standard Agreement. Applicants that are not recommended for awards will be officially notified via email that their application was not awarded.

C. Standard Agreements

Successful applicants (awardees will enter into a Standard Agreement with the Department. A draft sample is included as Attachment K of this NOFA. The Standard Agreement contains all the relevant state and federal requirements, Activity performance and management requirements, and disbursement requirements. A condition of award will be that a Standard Agreement must be executed by the awardee within 30 days (contracting period) of the awardee's receipt of the Standard Agreement(s). Failure to execute and return the Standard Agreement(s) to the Department within the contracting period will result in award cancellation. Award cancellations are final.

XV. Appeal criteria and process

A. Criteria

Upon receipt of the Department's notice that an application has been determined to be incomplete or fails threshold, Applicants under this NOFA may appeal such decision(s) to the Department pursuant to this section.

No Applicant shall have the right to appeal a decision from the Department relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto.

The appeal process provided herein applies solely to decisions the Department made in this program NOFA and does not apply to any decisions made with respect to any previously issued NOFAs, or decisions to be made pursuant to future program NOFAs.

B. Appeal process and deadlines

In order to lodge an appeal, Applicants must submit to the Department a written appeal by the filing deadline set forth below, which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area(s) of the application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter.

Appeals are to be submitted to the Department either via email at cdbgnofa@hcd.ca.gov, or at the following address:

California Department of Housing and Community Development
Attn: CDBG Program Appeals
2020 W. El Camino Avenue, Suite 500
Sacramento, California 95833

The Department will accept appeals through a carrier service that provide date stamp verification of delivery such as the U.S. Postal Service, UPS, FedEx, or other carrier services. Deliveries must be received during the Department's weekday (non-state

holiday) business hours of 9:00 a.m. to 5:00 p.m. PST. Emails to the email address listed above will be accepted so long as the email time stamp is prior to the appeal deadline.

Filing Deadline: Appeals must be received by the Department no later than five (5) business days from the date the Department notifies the Applicant that their application has failed to meet eligibility, threshold, or has failed to score high enough in readiness to qualify for award. Late appeals will not be reviewed.

C. Appeal Decisions

It is the Department's intent to render its decision in writing within fifteen (15) business days of receipt of the applicant's written appeal. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department with respect to the appeal.

D. Effectiveness

If the applicable statutes and/or Guidelines governing the CDBG program contain an existing process for appealing decisions of the Department with respect to NOFA awards, then this section shall be inapplicable, and such existing authority shall govern all appeals.

XVI. Awards announcement and grant implementation

Awards announcements

The Department anticipates awards will be announced within 90 days of the Competitive application deadlines. OTC awards will be announced as applications are approved for funding. Until awards are announced, the CDBG staff will not be able to discuss the status of applications.

Within 60 days from the award announcement date, unsuccessful Applicants will have the opportunity to request an interview with Department staff to discuss their application. Applications and agreements are public information and are available for review upon request.

XVII. Federal program requirements

A. Cross-cutting requirements

The CDBG program is administered under the rules and regulations promulgated primarily in [24 CFR §570.600 et seq.](#) These primary regulations are known as the federal cross-cutting requirements and form the basis of the programmatic requirements. The Department incorporates all federal cross-cutting requirements into the state CDBG program, and the regulations in Part 570 are translated into required actions on the part of all Grantees of the state CDBG program.

This following is a summary of the federal cross-cutting requirements:

1. Environmental Standards (based on National Environmental Policy Act of 1969 [NEPA])
2. Labor Standards (Davis-Bacon and related laws)
3. Achieving a HUD National Objective
4. Public participation requirements
5. Fair Housing and Affirmatively Furthering Fair Housing
6. Equal Opportunity and Non-Discrimination in federal Grant Programs
7. Federal Procurement Guidelines
8. National Flood Insurance Program compliance
9. Relocation and displacement requirements
10. Employment and Contracting Opportunities Section 3 Compliance
11. Lead-based paint requirements
12. No use of debarred, ineligible or suspended contractors or sub-recipients
13. Uniform Administrative Requirements and Cost Principles
14. Conflict of interest prohibitions
15. Compliance with the Architectural Barriers Act and the Americans with Disabilities Act
16. Compliance with Eligibility Restrictions for certain resident aliens
17. Federal reporting requirements
18. Grant and subrecipient monitoring requirements

B. Relocation Plan requirement

Applicants engaging in project-specific activities that may or will cause the temporary or permanent relocation and displacement of persons, property, or businesses must provide a project-specific relocation plan as part of the application. The plan must meet the standards established in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Applicants must successfully demonstrate that they have met URA requirements prior to the start of the project or displacement Activity. Applicants should include relocation costs in project budgets.

Applicants must provide General Information Notices to persons who may be displaced if the Activity in the grant application is funded. This plan must outline how the Grantee will enforce and manage the project's temporary relocation and displacement activities and estimate what relocation benefits will be required so those costs can be included in the project's development budget.

C. Article XXXIV Compliance

Applicants engaging in low-income housing project activities that are subject to Article XXXIV must show that the project approval process complies with Article XXXIV requirements. The state statutes implementing Article XXXIV can be found at [HSC §37000](#). Exceptions to Article XXXIV can be found at [HSC §37001](#).

D. Procurement

Pursuant to [24 CFR §570.489\(g\)](#), all Grantees must comply with federal procurement requirements. The Department will review the Grantee's procurement documents for services (i.e., administrative sub-contractor, Davis Bacon consultant, etc.) at time of monitoring.

Requirements for federal procurement can be found at [2 CFR §200.317-326](#). Applicants are responsible for meeting all federal procurement standards for goods and services funded through federal programs. Failure to meet procurement requirements may result in disqualification, recapture of federal funds, and debarment.

E. Certifications and Statement of Assurances

Applicants must sign and submit the Certifications and Statement of Assurances (Appendix J) with their application to meet threshold. Please review the Statement and confirm compliance with each requirement. Failure to comply with the certifications and assurances may result in disqualification, recapture of federal funds, and debarment.