

# 2017 CDBG GRANT ADMINISTRATOR & RECIPIENT TRAINING

Presented by the Iowa Economic Development Authority  
Community Development Division

**IOWA**  
economic development

# 2017 CDBG PROGRAM UPDATES

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# Community Investments Staff

Tim Waddell – Division Administrator

Leslie Leager – Division Coordinator

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## **CDBG Project Managers:**

Ed Basch, Joe Bohlke, Jeff Geerts, Dan Narber, Steven Benne

## **Contract Administration:**

Don Dursky – Data Operations/IowaGrants.gov administrator

Tim Metz – Budget/ contract management and amendments

Hayley Crozier – Claims processing

Khristy Smith – Closeouts/ audits & Claims

## **Specialists:**

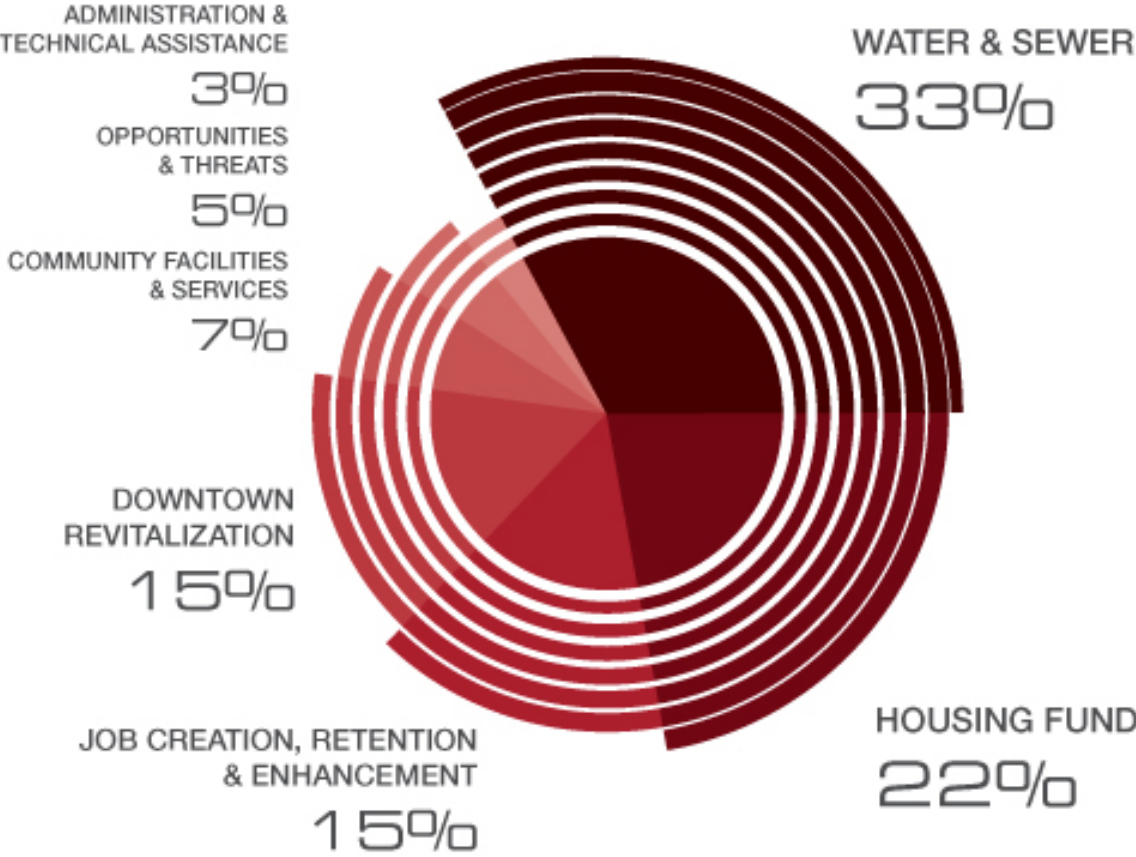
Ann Schmid – Historic Preservation Specialist/ Disaster housing project manager

# Community Development Block Grant

- » Main goal is to “develop viable communities by providing decent housing and suitable living environments and expanding economic opportunities, principally for persons of low- and moderate-income.”
- » Funded through the U.S. Department of Housing and Urban Development (HUD)
- » State’s program only for non-entitlement communities
- » National Objectives
  - Low- and Moderate-Income Benefit (70% of total funding)
  - Slum and Blight Elimination
  - Urgent Need

# 2017 Allocation Chart

## PROPOSED ALLOCATION OF CDBG FUNDS



# CDBG Funding Status

- » Iowa's CDBG allocation has declined by about 25% since 2010
  - 2017- \$21.5 million
  - 2010 - \$28.5 million
- » Congress has approved 2017 funding for CDBG Program.
- » We are unsure when our allocation agreement from HUD will arrive. Hopefully within 60 days.
- » Until then, awards remain conditional until notified in writing. Can proceed with environmental and engineering work.
- » *TIMELY EXPENDITURE OF FUNDS MORE CRITICAL THAN EVER*

# 2017 Water / Sewer Fund Requests and Awards

39 applications (to date)

21 awards (to date)

\$15.3 million requested

\$8.3 million awarded

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Next quarterly deadline is October 1 ,2017

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# 2017 Community Facilities Fund Requests and Awards

7 applications

4 awards

Over \$3.3 Million requested

\$1.5 Million awarded

1 Storm water project

3 Community Service Facilities



# 2017 Community Facilities- Project Assignments

Dan Narber will manage all 2017 Community Facilities projects:

Cerro Gordo County

Sioux County

Lenox

Fayette

# 2017 Housing Fund Requests and Awards

40 applications

20 awards

\$9 million requested

\$4.4 million awarded

115 units

# 2017 Housing Fund – Project Assignments

Ed Basch will manage all 2017 Housing projects:

Scranton

Menlo

Grafton

Iowa Falls

Brighton

Jefferson

Albert City

Auburn

Belmond

Lewis

Manly

Spencer

Olin

Keokuk

Oelwein

Toledo

Tama

Creston

Garavillo

Lohrville

# 2017 Downtown Revitalization Requests and Awards

4 applications

3 awards

Over \$1.7 million requested

\$1.5 million awarded

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53 building facades

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# 2017 Downtown Revitalization- Project Assignments

Ed Basch & Joe Bohkle will manage all 2017 DTR projects:

Clarinda (Ed)

Winterset (Joe)

Grundy Center (Ed)

# Lead based paint updates

- » Required lead based paint treatment is based on the total of hard construction costs, **regardless of funding sources.** (Not just CDBG funds)
- » If funds from another source (city, trust fund, etc.) increases total hard costs by more than \$24,999, then full abatement is required.
- » \$24,999 remains the limit for interim controls
- » Keep in mind that historically significant homes can go above the \$24,999 and do not have to conduct full abatement (historic pilot project)

# Lead based paint updates

- » Buildings participating in a CDBG Downtown Revitalization must comply with lead regulations if the building has a residential component (Not commercial only buildings!)
- » Applies to occupied or currently unoccupied residential space. Currently unoccupied residential space will be considered residential if the residential unit is ready or nearly ready for occupancy
- » Must assess each property and ask:
  - Is there a residential unit that is occupied or nearly ready/ ready for occupancy? (if NO, lead regulations do not apply)

# Lead based paint updates

- » If the lead regulations apply to a building, projects will be capped at \$24,999 per residential unit, for all construction hard costs attributed to the residential component of the building, unless the building has been determined eligible for or is listed in the National Register of Historic Places either individually or contributing to an historic district.
- » If historic, the property is still required to comply with lead safe work practices and interim controls, but is not limited to the \$24,999 per unit cap.
- » Refer to the Management Guide for on this issue
- » Go through an example at the DTR breakout session today



# Section 3 Overview/Changes

## » Overview

- Section 3 is HUD's legislative directive for providing preference to public housing residents and low-income residents of the local community (regardless of race or gender), and the businesses that substantially employ these persons, for new employment, training and contracting opportunities resulting from HUD-funded projects
- ensure that public housing residents and low- and very low-income persons, and the businesses that employ these individuals, are notified about the expenditure of HUD funds in their community and encouraged to seek opportunities, if created

# Section 3 Overview/Changes

## » A Section 3 resident is:

- a public housing resident OR
- a low- or very low income person residing in the metropolitan area or non-metropolitan county where the Section 3 covered assistance is expended

## » A Section 3 business is:

- That is 51 percent or more owned by section 3 residents; or
- Whose permanent, full-time employees include persons, at least 30 percent of whom are currently section 3 residents, or within three years of the date of first employment with the business concern were section 3 residents; or
- That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of “section 3 business concern.”

# Section 3 Overview/Changes

## » When Section 3 Applies

- Section 3 applies to projects/activities involving housing (construction, demolition, rehabilitation) or other public construction—i.e. roads, sewers, community centers, etc.

Section 3 applies to CDBG projects when:

- The recipient's CDBG contract with the State of Iowa exceeds \$200,000, and involves housing and/or public construction.
  - The recipient has contracted with subcontractors for services and the contract amount is over \$100,000.
- If no individual subcontract for activities exceeds \$100,000, responsibility for complying with Section 3 only applies to the recipient (City/County and the State)

# Section 3 Overview/Changes

- » Please note that while Section 3 applies to projects and contracts described above, the Section 3 requirements are only triggered when the normal completion of construction and rehabilitation projects creates the need for *new* employment, contracting or training opportunities.
- » **Compliance with Section 3**
  - Each recipient has the responsibility to comply with Section 3 in its own operations, and ensure compliance in the operations of its contractors/ subcontractors.

# Section 3 Overview/Changes

## » Procurement & Bid Documents

- CDBG recipients must include Section 3 language in all procurement and bid documents. The required language to be included in these documents can be found in the appendix to this chapter of the CDBG Management Guide. In addition to the required language, recipients must include the “Intent to Comply with Section 3” form with all RFPs.

# Section 3 Overview/Changes

## » Selecting Contractors with Section 3

- Section 3 requires recipients make an effort to the “greatest extent feasible” to facilitate contracts to Section 3 businesses
- recipients may give preference to Section 3 businesses as a means of evaluation criteria for professional services contracts where proposals are solicited
  - to give preference to Section 3 businesses during the contract awarding process, recipients must ask the contractor to certify whether or not they are a Section 3 business when soliciting for proposals
  - “Intent to Comply With Section 3” form that will be provided with procurement documents and submitted by bidders

# Section 3 Overview/Changes

## » Hiring & Training with Section 3

- Recipients and their contractors/subcontractors are required to give hiring and training preference to Section 3 residents, to the greatest extent feasible, when new employment opportunities result from a CDBG funded project.
- Notices of employment/training opportunities must be sent to the Iowa Chapter of the National Association of Housing and Redevelopment Officials (NAHRO)

## » Goals under Section 3

- Federal regulations establish numerical goals for employment/training for Section 3 residents and contracts to Section 3 businesses
- A recipient that has not met the numerical goals must explain why it was not feasible to meet the established numerical goals
- Note: It is important to document efforts made to comply with Section 3. Recipient files should contain any memos, correspondence, advertisements, etc. illustrating attempts to meet Section 3 goals

# Section 3 Overview/Changes

## » Penalties for Non-Compliance

- Communities and contractors found in violation of Section 3 requirements may result in:
  - Sanctions from HUD
  - Termination of contract for CDBG funds
  - Debarment or suspension from future HUD assisted (CDBG) contracts
- Non-compliance with Section 3 can impact a community's ability to receive CDBG funding in the future.



# Section 3 Overview/Changes

## » Reporting Requirements & Forms

- If the expenditure of CDBG funds does not result in new employment, contracting, or training opportunities, the requirements of Section 3 have not been triggered. However, even if the CDBG-funded/ Section 3 covered project did not create new employment opportunities, this information must be reported to IEDA.
- To report Section 3 data to IEDA, recipients will report annually to IEDA. This report will be submitted through [lowagrants.gov](http://lowagrants.gov) and will be due by December 31<sup>st</sup> of each year.
- Recipients will need to report Section 3 accomplishments and/or provide a detailed explanation of why Section 3 goals were not met.

## » Section 3 Business Registry

- HUDS' online database

# Section 106 & Tier II Reviews

- » All CDBG awarded projects must document compliance with Section 106 of the National Historic Preservation Act.
- » All 2017 Awards fall under the Programmatic Agreement for Section 106 Compliance:
  - All Water & Sewer and Community Facilities (projects completing an Environmental Assessment prior to Release of Funds) should complete a Section 106 form PRIOR to finalizing their EA.
  - All HSG & DTR awards (project that are categorically excluded subject to 58.5) should complete a full Tier II Review with Section 106 at the time specific properties are identified.

# Section 106 & Tier II Reviews

## » For projects completing an EA (typically WS and CF):

- As part of your Environmental Assessment, submit a Section 106 form in [iowagrants.gov](http://iowagrants.gov) with all applicable consultation documents or exempt information. It's a good idea to include documentation of Tribal Consultation on this form as well. **Unless Other Agency Took Lead.**
- IEDA Historic Preservation Specialist will review and ultimately "approve" your submittal. This may require some "negotiation" to get to an approved form.
- Print a copy of the "approval" from [iowagrants.gov](http://iowagrants.gov) and include that, along with copies of the information submitted and Tribal Consultation in the National Historic Preservation Act portion of your EA.
- Finalize EA and proceed with publications/requests as applicable.

# Section 106 & Tier II Reviews

## » For projects that are Categorically Excluded Subject to 58.5 (typically HSG & DTR)

- Complete your ERR paperwork as soon as possible, and obtain Release of Funds.
- Once you have selected a participating property, have completed an inspection, conducted necessary testing (such as radon and lead) and have an identified scope of work, complete a Section 106/Tier II form in [iowagrants.gov](http://iowagrants.gov). Be sure to complete all necessary fields.
- IEDA Historic Preservation Specialist will review and ultimately “approve” your submittal. This may require some “negotiation” to get to an approved form.
- Keep a copy of your signed Tier II form in your files.
- Proceed with project.

# Section 106 & Tier II Reviews

- » Live Demonstration of Section 106 / Tier II form in [iowagrants.gov](http://iowagrants.gov)

# 2 CFR PART 200 & PROCUREMENT REMINDERS

## 2 CFR 200 Changes

- » 2 CFR 200 replaced 8 previous Federal Circulars and consolidated guidance on federal requirements that apply to recipients of federal funds (including CDBG!)
- » Replaces HUD's 24 CFR Parts 85: federal procurement standards for States and Local Governments
- » Change included new language regarding procurement that impacts recipients (2016 & forward)

## 2 CFR 200 Changes

- » A/E firms can no longer design and bid on building construction (No design-build)
- » Preference to geographic location are not allowed in RFP/RFQ evaluation criteria (unless allowed under Section 3 or other federal requirement)
- » 2 CFR 200.320 establishes an additional procurement method allowed for “micro purchases” (under \$3,000)



## 2 CFR 200 Changes

### *§ 200.319 Competition.*

*(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals must be excluded from competing for such procurements.*

Agencies are NOT able to assist cities with preparing RFPs/ RFQs if they plan to bid on the work. Applies to grant administration, technical services (housing) and engineering/architectural work!

## 2 CFR 200 Changes

- » A template for communities to use & instructions for procurement is on the IEDA website. Includes sample RFPs/RFQs for grant administration, technical services and engineering architectural work.
- » COGs/ consultants should not provide instruction or examples to communities if they wish to respond to an RFP. Refer communities to IEDA's website.
- » Communities will sign off on a certification that 2 CFR 200.319 competition was followed properly.

## 2 CFR 200 Changes

- » NEW- Recipients must sign Certification of Compliance with CDBG procurement standards. This document certifies that 2 CFR 200 procurement standards were followed.
- » Form is in Appendix 2 of the Management Guide
- » Must be signed and submitted before the first draw request
- » Reminder of 2 CFR 200 Frequently Asked Questions- in Appendix 2 of Management Guide
- » IEDA staff available to answer questions at roundtables today.

# Administrator policy overview

- Administrator performance is directly related to the success of CDBG projects.
- Reminder that IEDA has implemented IEDA an administrator training and performance policy.
- Policy outlines IEDA's commitment to providing training and expectations from administrators.
- Available on the IEDA website. Handed out at previous workshops.

# Administrator policy overview

- IEDA will monitor administrator performance based on:
  - Overall knowledge of and compliance with CDBG requirements
  - Timeliness
  - Responsiveness
  - Project monitoring performance
- IEDA will notify administrators/ agencies with issues or concerns regarding performance
- Administrators must remain in good standing. If not in good standing, administrator will not be allowed to administer a CDBG award in the next funding round AND will be required to complete CDBG administrator training.

# CDBG Program Updates

- » Water & Sewer applications moved to a quarterly application process beginning in January 2017.
- » To date, we have received positive feedback on the new application cycle from our partners.
- » IEDA feels process is running smoothly
- » Reminder that quarterly due dates are January 1, April 1, July 1 & October 1

# CDBG Program Updates

**Reminder:** The following is required for water and sewer applications, beginning in January 2017:

- » If using SRF for match, must be on the approved IUP
- » If using USDA for match, must submit a USDA letter of conditions
- » Sewer projects must submit an approved facility plan
- » Water projects must submit an approved preliminary engineering plan

*If these items are not available, you should  
not submit the application!*

# CDBG Program Updates

- » The state of Iowa's 5-year consolidated plan will run from 2020-2025
- » IEDA works with IFA to develop this plan as all HUD CPD programs are to be covered
- » Outlines the state of Iowa's programs, priorities and allocations. IEDA reviews all of its programs.
- » We will start this process next year! (already...)
- » Lots of opportunity for public input
- » Very likely to be program changes as a result of that process



# CDBG Reminders

- » Every CDBG recipient must complete mandatory and one optional activity related to affirmatively furthering fair housing. Implemented with 2015 awards and included in contract with IEDA. (*Appendix 2 of Guide*)
- » Starting with 2016 projects, recipients to complete the status of funded activities (SOFA) hearing at 50% project completion. No draws will be processed until documentation of the hearing is uploaded to lowagrants.
- » Career Link program has been expanded to included employment related transportation for low to moderate income individuals.
- » Refer to CDBG Management Guide & check IEDA website for most recent forms and documents.

# Upcoming Events

September 6, 2017: Environmental Review training in Ankeny

September 7, 2017: 2018 CDBG Application workshop in Ankeny

*Registration is open for both of these workshops.*

# Agenda for Today's Workshop

## » CDBG Roundtables from 10:30 to 11:30 AM

- Will include IEDA staff covering a variety of CDBG topics (see agenda)
- Feel free to move around from table to table

## » Lunch from 11:45 to 12:30 PM

## » CDBG Program specific breakouts from 12:30 to 1:45 PM

- Breakout sessions for Housing, Water/Sewer & Downtown Revitalization (DTR)
- Program specific information and updates will be covered
- If you are administering a DTR and another grant, please attend the DTR session