

# CITY OF PLANO CONSOLIDATED GRANT ACTIVITY ELIGIBILITY RULES SUMMARY

## CLIENTS SERVED

Applicants are required to define how clients are counted. For the purposes of this grant, clients must be counted in ONLY ONE of the following three manners:

1. Individual reports each human being;
2. Family is defined as all persons living in the same household who are related by blood, marriage, or adoption, including adult children who continue to live at home with their parent(s) and a dependent child who is living outside of the home (e.g., students living in a dormitory). An individual living in a housing unit that contains no other person(s) related to him/her is considered to be a one person family for this purpose; or
3. A household includes all people living within a single housing unit, so four unrelated people sharing an apartment would still only count as one household.

## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

A. NATIONAL OBJECTIVES - All activities funded by the Community Development Block Grant (CDBG) must meet one of the following two National Objectives:

1. Objective 1: Activities that Benefit Low- and Moderate-Income Persons

Low and moderate income is defined by the Dallas Metropolitan Statistical Area guidelines established by HUD, and revised annually. These maximum limits currently are:

Number In Family	Maximum Income (\$)
1	43,250
2	49,400
3	55,600
4	61,750
5	66,700
6	71,650
7	76,600
8	81,550

- a. Limited Clientele Activities

Normally, each organization receiving CDBG funds must obtain written proof of income for each person or household assisted, to determine their eligibility. However, the following groups are **presumed by HUD to meet this criterion, and no proof of income is required: abused children, battered spouses, elderly persons, severely disabled persons, homeless persons, persons with HIV/AIDS, illiterate persons, and migrant farm workers.** These exemptions do not apply to projects funded by HOME.

To qualify for the above exemption, elderly are individuals age 62 or older. Persons are classified as having a severe disability if they: (a) used a wheelchair or had used another special aid for 6

months or longer; (b) were unable to perform one or more functional activities or needed assistance with an Activity of Daily Living or Instrumental Activity of Daily Living; (c) were prevented from working at a job or doing housework; or (d) had a condition including autism, cerebral palsy, Alzheimer's disease, senility, or mental retardation. Finally persons who are under 65 years of age and who are covered by Medicare or receive SSI are considered to have a disability (and a severe disability). Functional activities include seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs, and walking. Activities of daily living include getting around inside the house, getting in and out of bed or a chair, bathing, dressing, eating, and toileting. Instrumental Activities of Daily Living include going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

b. Area Benefit Activities

Additionally, HUD has designated geographic areas in Plano by Census Block Group that qualify for area benefit. In area benefit locations, residents may benefit from a service or public improvement without household or individual income qualification.

c. Housing Activities

Housing units qualify if occupied by income qualified households upon completion. Owner-occupied units must be income-qualified prior to receiving a benefit. Both rental and owner-occupied units are eligible for housing rehabilitation activities, depending on the type of funding made available.

2. Objective 2: Activities to Prevent or Eliminate Slums or Blight

Activities must aid in the prevention or elimination of slums or blight, either on an area basis or on a spot basis. The slum or blighted area must be so designated by the City.

B. ELIGIBLE ACTIVITIES - The following activities may be funded by CDBG, so long as they meet one or more of the National Objectives stated above:

1. Acquisition of real property by purchase, long-term (15+ years) lease, or otherwise. A minimum five-year lien for the amount of the purchase is required in order to ensure the property meets a national objective for five years. Acquisition which would result in the relocation of an existing business or resident will normally not be funded.
2. Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds, with the proceeds from such disposition to be returned to the City of Plano unless otherwise authorized in a written agreement consistent with CFR 570.504.
3. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, including homeless shelters, convalescent homes, hospitals, nursing homes, battered spouse shelters, halfway houses, and group homes for mentally disabled persons.
4. Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites.
5. Provision of public services (including labor, supplies, and materials) which are directed toward improving the community's public services and facilities, including but not limited to those

concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare, or recreational needs. In order to be eligible, a public service must be either a new service, or a quantifiable increase in the level of a service above that which has been funded by the City of Plano during the previous 12 months. The total amount of CDBG funds used for public services may not exceed 15 percent of the total CDBG grant.

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

C. INELIGIBLE ACTIVITIES - The following activities MAY NOT be assisted:

1. The use of CDBG funds to build new housing – either for purchase by homebuyers or as rental units – is generally ineligible.
2. Purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property which is not an integral structural fixture is ineligible if the purchase is the primary activity. The City of Plano strongly cautions funding moveable property purchases, even if in support of public services, using CDBG funds due to the long-term regulatory burden associated with tracking these items.
3. CDBG funds may not be used for political purposes or to engage in partisan political activities, or for lobbying of local, state, and federal legislators.
4. Long-term subsistence payments (longer than three months) for such needs as rent and utilities are ineligible.

5. Landscaping and tree trimming are generally ineligible expenses.
6. Motor vehicle repairs are not eligible expenses.
7. Mortgage payments for agency properties are not eligible, although rent payments may be eligible if the building is one in which services are provided directly to clients.
8. Administrative costs which do not provide services to clients. Examples: the salary of an administrative assistant who does not work directly with clients would not be an eligible expense; the rent for administrative office space would not be an eligible expense unless services are provided directly from that office space.
9. Site preparation for construction on property not publicly owned.

## **HOME INVESTMENT PARTNERSHIP GRANT (HOME)**

- A. **CHDO** - The HOME program requires the City to reserve a minimum 15% of their total grant amount for eligible Community Housing Development Organizations (CHDO's). The City may also make available additional HOME funds to non-profit agencies, whether or not they qualify as CHDO's. The City may also make available 5% of its grant for CHDO operating expenses. Organizations which are not CHDO's are not eligible for operating funds. CHDO's must be re-certified annually, even if the project is not completed within the year.
- B. **MATCH** - Funds provided to agencies must be matched at 25%. In other words, for each dollar of HOME funds spent on a project, an agency must provide 25 cents to the project from non-federal sources. Matching funds must be tied to the project, and will not count if they are merely an unspecified grant to the organization. HUD rules require that the matching funds must be documented before HOME funds can be spent. Agencies will be required to report at least annually on their sources of matching funds, and will have to provide documentation of the source of the funds and their use. CHDO operating funds are not subject to the match requirement.

- C. **REGULATIONS** – The following standards apply to the use of HOME funded activities:

Activities must benefit low- and moderate-income persons. Low- and moderate-income is defined by the Dallas Metropolitan Statistical Area guidelines established by HUD. These maximum limits are shown under CDBG Grant Rules.

Each organization receiving HOME funds must obtain written proof of income for each person or household assisted, to determine their eligibility. Unlike the CDBG program, there are no exceptions to this rule.

HOME funds are not intended for long-term projects. In general, an agency will have two years to complete the expenditure after the contract is signed. Funds expended on projects which are not completed within the required time frame must be repaid to the City in their entirety.

HOME requires a minimum investment of \$1,000 of HOME funds per unit assisted.

HOME also requires a "period of affordability" to ensure that the home remains affordable to low-income people. The period of time ranges from 5 to 15 years, depending on the amount of HOME subsidy in the house. A legal document will be recorded for each HOME-assisted property which will require any resale of the home to be made to a low-income buyer, or will require repayment of all or a portion of the HOME subsidy provided. Also, the City is required to inspect each assisted-dwelling unit to minimum property standard codes.

- D. **ELIGIBLE ACTIVITIES** - The following activities may be funded by the HOME program:

1. New construction of both rental and ownership housing is an eligible HOME costs. However, the City of Plano does not allow HOME funds to be utilized for rental projects due to the administrative burden. Any project that includes the addition of dwelling units outside the existing walls of a structure is considered new construction.
2. Housing rehabilitation. This includes the alteration, improvement or modification of an existing structure. This also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction. This may also include removal of lead-

based paint. Homeowner occupied rehabilitation may be carried out by a participating jurisdiction, but a nonprofit can only provide homeowner-occupied rehabilitation if managing a homeowner rehabilitation program as a subrecipient for a participating jurisdiction. A non-profit can provide rehabilitation on an acquired non-owner occupied property. The “after rehab” value of any HOME assisted property must not exceed 95% of the median purchase price for the area as published per HUD, and determined through market analysis.

3. Reconstruction. Reconstruction, a form of rehabilitation, occurs when a property being rehabilitated with HOME funds is determined to be economically infeasible for rehab. This refers to rebuilding a structure on the same lot where housing is standing at the time of project commitment. Reconstruction also includes replacing a substandard manufactured house with a new manufactured house.
4. Conversion. This is converting an existing structure from another use to affordable residential housing. This is normally classified as rehabilitation.
5. Site improvements. These include new onsite improvements such as sidewalks, utility connections, sewer and water lines, etc., where none are present. Building new, off-site utility connections is also eligible. Off-site infrastructure, such as streets and water and sewer lines, is not eligible.
6. Acquisition. Acquisition of existing standard property, or substandard property in need of rehabilitation, is eligible. Vacant land may be acquired, **only** if construction will begin on a project within 12 months of purchase. Land banking is prohibited.
7. Demolition. HOME funds may be used for demolishing an existing structure **only** if construction will begin on a replacement unit within 12 months.
8. Project-related soft costs. These must be reasonable and necessary, include finance-related costs, architectural and engineering services, tenant and homebuyer counseling, project audit costs (not an agency audit), and affirmative marketing (fair housing) services.
9. Tenant-based rental assistance. Rental assistance may be provided for a particular tenant.
10. Capitalization of project reserves. HOME funds may be used to fund an initial operating deficit reserve for new construction and rehabilitation projects for the initial rent-up period. The reserve may be used to pay for project operating expenses, scheduled payments to a replacement reserve, and debt service for a period of up to 18 months.
11. Staff and overhead costs. Costs directly related to carrying out the project, such as work specifications preparation, loan processing, inspections, and other services related to assisting potential owners, tenants, and homebuyers, may be charged to project costs only if the project is funded and the individual becomes the owner or tenant of the HOME-assisted project.
12. CHDO operating costs. The amount of funds provided by HOME cannot exceed 50% of the CHDO’s annual budget. These costs may include salaries and benefits, training and travel, rent, utilities, communication costs, taxes, insurance, equipment, materials and supplies.
13. Relocation costs. The cost of relocation payments and other relocation assistance to persons displaced by the project. In general, however, the City will not approve a project which results in the displacement of either residents or businesses.

INELIGIBLE ACTIVITIES: - The following activities MAY NOT be assisted with HOME funds:

1. Match for other programs. HOME funds may not be used as the “nonfederal” match for other federal programs.
2. Project-based rental assistance. HOME funds may not be used for rental assistance if receipt of the funds is tied to occupancy in a particular project.
3. Project reserve accounts, except as noted in No. 10 above, or operating subsidies.
4. Acquisition of City-owned property.
5. Payment of delinquent taxes, fees or charges on properties to be assisted with HOME funds.
6. Operating expenses for agencies which are not designated as CHDO’s.
7. HOME funds may not be used for political purposes or to engage in partisan political activities, or for lobbying of local, state, and federal legislators.

## **FEDERAL STANDARDS APPLICABLE TO BOTH CDBG AND HOME GRANTS**

- A. **RULES AND RECORD-KEEPING REQUIREMENTS** - Successful applicants will be required to sign a contract with the City which will state all the requirements to be placed on the applicant. In general, the following will apply to all applicants:
1. Written records to justify all expenditures and client eligibility must be maintained for a period of five years after the termination of the grant agreement. Records will be reviewed by the City, and may also be reviewed by HUD. Undocumented expenditures must be repaid to the City.
  2. The agency will be required to maintain the City's minimum insurance standards for the length of the contract. A copy of your ACORD Certificate of Liability Insurance form (not a Binder) must be provided to the City as evidence of insurance before any funds can be disbursed to you.
  3. The agency must agree to administer the CDBG/HOME program in accordance with OMB Circular A-122, "Cost Principles for Non-Profit Organizations," and 24 CFR Part 84 of the Federal regulations. In addition, if you are awarded \$750,000 or more, you will be required to comply with the Single Audit Act of 1984. Your accountant should be familiar with these requirements.
  4. All construction projects using over \$2,000 in Federal funds (other than rehabilitation of owner-occupied units, CDBG housing projects resulting in 8 or more units, or HOME housing projects resulting in 12 or more units) are subject to the enforcement of the labor standards provisions of the Davis-Bacon Act, the Copeland Act, and the Contract Work Hours and Safety Standards Act. As such, all construction projects will be required to comply with these provisions which include the payment of the applicable federal wage rate with benefits; compliance with overtime pay requirements, and contractor and subcontractor eligibility requirements. Section 3 hiring requirements may also be applicable. In addition, projects will also be subject to the bidding and procurement requirements of 24 CFR Part 85.
  5. The agency will be required to provide quarterly reports stating the total number of unduplicated persons served, including their income and ethnic origin, and whether they are female heads of household. These figures are required and reported to HUD.
  6. The agency will be required to obtain written proof of income for each person or household who is assisted, unless your clients are abused children, battered spouses, elderly persons, severely disabled persons, homeless persons, persons with HIV/AIDS, illiterate persons, or migrant farm workers. If the agency has a HOME grant, this exemption does not apply, and you must obtain proof of income for all clients.
  7. The agency must have a written policy in place designed to ensure that your facilities are free from the illegal use, possession, or distribution of drugs or alcohol.
  8. If any income is derived from the activities funded by CDBG or HOME, that income must be accounted for and returned to the City, or used according to requirements stated in your contract.
  9. In the event that HUD or the City should determine that CDBG or HOME funds were improperly spent, and that money should be reimbursed to the U. S. Treasury, the agency will be responsible for this reimbursement.

B. FAITH-BASED ORGANIZATIONS - Executive Order 13279 requires federal programs to treat all organizations fairly and without regard to religion. The following rules apply to these organizations:

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

## **ROBERT W. BUFFINGTON COMMUNITY SERVICES GRANT (BCSG)**

- A. **OBJECTIVES** - The City of Plano recognizes the need for community services within the City and, for this reason, makes funds available for social services. The Buffington Community Services Grant (BCSG) supplies funds for programs that provide public service activities directly to Plano residents, with special consideration given to those agencies offering short-term, urgent economic assistance or care services, offering immediate relief of crisis impacting the physical and/or mental health of Plano residents. General categories for such assistance and care include food, clothing, shelter, transportation, medical or crisis counseling care, or any other social services provided directly to individuals or households. All such services will contribute to one or more goals of the City's current, adopted Consolidated Plan of Housing and Community Development Goals.
- B. **REQUIREMENTS** - Grants are for expenses incurred within the City of Plano Fiscal Year, between October 1 and September 30. All funds must be spent no later than September 30. Bills remaining to be paid after that date may not be paid with BCSG funds. Unspent funds must be returned to the City of Plano. Records to justify expenditures must be maintained by the agency for a period of five years after termination of the grant agreement.
- C. Per the State of Texas, grants to a social service organization may not exceed 50% of the organization's annual budget. However, BCSG guidelines do not allow the grant to exceed 25% of the organization's annual budget.
- D. **INELIGIBLE ACTIVITIES** - Non-profit organizations MAY NOT utilize BCSG funds for any of the following:
1. Duplication of programs,
  2. Social functions, parties, receptions, fund-raising benefits, refreshments, or beverages,
  3. Licensing fees of any kind,
  4. Underwriting, investments, stocks, bonds, or any financial obligation, and
  5. Fines, penalties, or costs of litigation.