

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG): GUIDELINES**



Community, Housing and Human Services Department (CHHS)

**Effective Date: March 1, 2024**



## Table of Contents

Program Overview .....	3
Financial Management.....	3
National Objectives.....	3
Eligible Activities .....	3
Consolidated Planning Process .....	4
Citizen Participation Plan (CPP).....	4
Analysis of Impediments to Fair Housing.....	5
Annual Action Plan.....	5
Consolidated Annual Performance and Evaluation Report (CAPER) .....	5
Pre-Award .....	5
Post-Award Administration.....	6
Record Keeping .....	6
Public Service Projects .....	7
Capital Program Projects .....	7
Environmental Review .....	8
Award .....	9
Pre-Bid.....	9
Bidding .....	9
Contracting/Construction .....	9
Retainage and Performance Bonding .....	10
Project Closeout.....	10
Monitoring Guidelines .....	11
Appendices.....	12

## Program Overview

The Department of Housing and Urban Development (HUD) allocates funding to the City of Spokane as part of the Entitlement Program. Administered by the City of Spokane's Community, Housing and Human Services Department (CHHS), the Entitlement Program consists of the Community Development Block Grant (CDBG), HOME Investment Partners (HOME) and Emergency Solutions Grant (ESG) Programs. Allocations to support these programs are based on a formula allocation established by HUD. Allocations vary from year to year ([https://www.hud.gov/program\\_offices/comm\\_planning/about/budget/budget17](https://www.hud.gov/program_offices/comm_planning/about/budget/budget17)).

## Financial Management

CDBG funds are separated into three separate fund categories: Entitlement (EN), Program Income (PI), and Revolving Loan (RL). Entitlement funds represent the total amount of CDBG funds allocated by HUD to CHHS on an annual basis. The total amount of entitlement funds allocated to CHHS varies from year-to-year (approximately \$3 million). Program Income funds are the result of funds repaid to CHHS from prior CDBG investments. Project activities and funds vary from year-to-year. Per CDBG regulations, CHHS must receipt and expend all Program Income prior to drawing from Entitlement funds ([24 CFR 570.504](#)). Revolving Loan funds are the result of investments made through the CHHS Single Family Rehab Program. Homeowners are able to access favorable loans to make necessary home repairs through the Single-Family Rehab Program. Repayment of loans are recorded as Revolving Loan funds and used to sustain the Single-Family Rehab Program without the need for Entitlement funds. CHHS has capped the amount of Revolving Loan Funds maintained at \$600,000.00. Any receipts in excess of \$600,000.00 will be recorded as Program Income and expended in accordance with 24 CFR 570.504. CHHS will not allow the Revolving Loan account to be drawn down below \$350,000.00 to ensure there is sufficient funding to support the Single-Family Rehab Program. Annual receipts for the Revolving Loan account vary from year-to-year between \$1,200,000.00 and \$1,600,000.00.

## National Objectives

The CDBG Program is designed for the benefit of low- and moderate-income individuals. Each activity supported by CDBG funds must meet one of three national objectives as outlined in [24 CFR 570.208](#). The most commonly used national objective is for activities **1) benefiting low- and moderate-income persons** (earning less than 80% area median income). Other ways to qualify projects include **2) activities which aid in the prevention or elimination of slums or blight** and **3) activities designed to meet community development needs having particular urgency**.

## Eligible Activities

Once a project has met the appropriate national objective criteria, the City of Spokane must ensure the activity is an eligible project. HUD affords flexibility in program design through the CDBG program, so long as the national objective has been met. HUD provides a list of eligible activities in [24 CFR 570.201](#). In general, the following activity types are considered eligible; questions relating to project eligibility should be directed to the City of Spokane's Community, Housing and Human Services Department (CHHS).

- Acquisition
- Disposition
- Public facilities and Improvements
- Clearance and remediation activities
- Public services
- Interim assistance
- Relocation
- Housing services
- Construction of housing
- Homeownership assistance

The City of Spokane reserves the right to determine which eligible activity will be funded in accordance with community-based needs and goals.

The City of Spokane is prohibited from using CDBG funds to support capital improvements located at Riverfront Park due to a finding for noncompliance issued by HUD's Office of Community Planning and Development.

## Consolidated Planning Process

The City of Spokane is required to assemble a Consolidated Plan every 5 years as outlined in 24 CFR Part 91. The overall goal of the Consolidated Planning Process is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for low- and moderate-income persons. The primary means towards this end is to extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing ([24 CFR 91.1\(a\)\(1\)](#)).



## Citizen Participation Plan (CPP)

Through the Consolidated Plan (often called the “Con Plan”), grantee jurisdictions engage the community, both in the process of developing and reviewing the proposed plan, and as partners and stakeholders in the implementation of CPD programs. By consulting and collaborating with other public and private entities, grantees can align and coordinate community development programs with a range of other plans, programs, and resources to achieve greater impact.

## **Analysis of Impediments to Fair Housing**

Under the Affirmatively Furthering Fair Housing (AFFH) rule, local jurisdictions are required to complete an Analysis of Impediments to Fair Housing (AI) and Fair Housing Plan. The goal of the AI is to take meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant's activities and programs relating to housing and urban development. Fair Housing Plans must be updated every five years.

## **Annual Action Plan**

The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.

## **Consolidated Annual Performance and Evaluation Report (CAPER)**

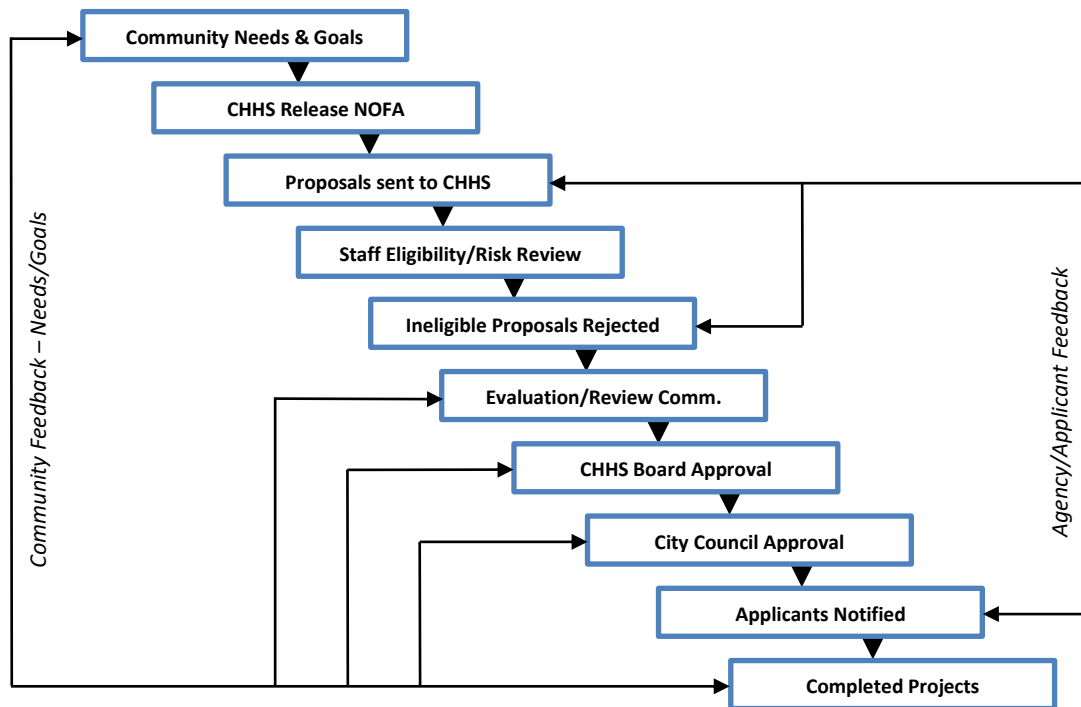
In the CAPER, CHHS reports on accomplishments and progress toward Consolidated Plan goals in the prior year.

## **Pre-Award**

Prior to awarding funds, the Community, Housing and Human Services Department (CHHS) develops a Request for Proposals (RFP). The RFP lists priority needs and goals as outlined in the Consolidated Plan. Applicants are encouraged to become familiar with the priority needs and goals for each funding cycle. Successful applicants will be able to demonstrate how their project(s) aligns with specific community needs and goals.

As part of the RFP process, CHHS will provide applications for interested parties to complete. Applications will be reviewed by staff for eligibility and risk review. Not all applications will pass the initial staff review. Applications that fail to pass initial staff review will be contacted with an explanation of why the application will not be considered for funding.

Applications that pass initial staff review will be forwarded to members of the CHHS Board Evaluation and Review Committee. The Committee will review each request for funding, score and rank the applications, and suggest funding levels. Once complete, the Evaluation and Review Committee will forward their recommendations to the CHHS Board for approval to advance funding recommendations to City Council for final approval. The figure below is intended to illustrate this process.



## Post-Award Administration

Once funding becomes available from HUD, CHHS will work with successful applicants to draft and execute subrecipient agreements in accordance with [24 CFR 570.503](#). The City of Spokane is on a July 1 through June 30 program year cycle. HUD does not typically issue a line of credit to CHHS until after July 1<sup>st</sup>.



CHHS funds multiple project types with CDBG funds. Typical project types fall into public service, micro enterprise assistance, single family rehab, minor home repairs, and public facility categories. The following section will provide a more aggregate description of activities that fall into each category.

## Record Keeping

The City of Spokane shall establish and maintain sufficient records to ensure determination requirements have been met. Accurate recordkeeping is vital to ensure that the documentation for the CDBG program is compliant with federal, state, local and program requirements. Files must be complete, organized and should be able to show the projects life from award to completion. Complete recordkeeping may ensure a success during monitoring and audits. Regulations set forth by [24 CFR 570.506](#) establish the main recordkeeping requirements.

The following items must be included in each project file:

- Application
- National objective documentation
- Subrecipient Agreement/Contract
- Statement of Work (includes location, clients served, budget)

- Activity Reports (Monthly, Quarterly, and Project Completion)
  - Lead-Safe Housing Rule Checklist – Appendix A
  - Contracts with vendors
  - Up to date budget (including copies budget revisions)
  - Expenditure and requests for payments, including supporting documentation
  - Environmental Reviews
  - Monitoring reports
  - Correspondence
  - Audits
  - Record Keeping Checklist - Appendix B
- Additionally, subrecipients of CDBG are required to keep client files for each beneficiary as well as a contract file with the above listed documentation (with the exception of the Environmental Review) for a minimum of three years.

## Public Service Projects

The City of Spokane is prohibited from allocating an amount greater than 15% of the total CDBG allocation, plus prior year program income, to eligible public service activities ([24 CFR 570.201\(e\)\(1\)](#)). Public services funds may be used to support any of the following eligible activities:

- Employment services (e.g., job training)
- Childcare
- Health services
- Substance abuse services (e.g., counseling and treatment)
- Fair housing counseling
- Education programs
- Services for senior citizens
- Recreational services
- Direct Client Services (maximum 3 consecutive months)
- Food Security Programs

CDBG funds may be used to pay for labor, supplies, and material as well as to operate and/or maintain the portion of a facility in which the public service is located. This includes the lease of a facility, needed for the public service. CDBG funds may not be used for ineligible activities as outlined in [24 CFR 570.207](#).

## Public Facility and Capital Projects

Capital projects include a host of activities that include construction-related activities. Examples of public facility and capital projects include:

- Acquisition of property
- Public facilities and improvements
- Low- income housing rehabilitation
- Building acquisition and rehabilitation
- Public infrastructure improvements

All public facility, capital and public service projects are subject to all the requirements listed in [Subpart K](#) of 24 CFR 570 (Other Program Requirements). Capital projects must comply with state and federal prevailing wage rates, environmental standards ([24 CFR Part 58](#)) and federal procurement standards. CHHS staff will provide technical assistance to help subrecipients meet all program requirements listed in Subpart K.

### **CDBG Affordable Housing Projects**

Affordable Housing projects which utilize CDBG Funds, for a low/mod housing benefit, include single family rehabilitation, minor home repairs, and rehabilitation of multifamily low-income housing. CHHS staff will document the following, with the help of subrecipients, who administer these projects and maintain the following records for HUD:

- Determination of the number of low- and moderate-income households the activity will house.
- Documentation of initial lease up, showing whether the activity met the target number.
- Documentation that the activity is eligible, reports on family size and income to determine MFI, uses rent reasonableness, applies the correct income limits, and addresses cross cutting regulations.

The diagram below is intended to illustrate the cycle of a typical CDBG capital project starting with the project award, through project closeout. Additional narrative is provided to assist subrecipients with the administration of public facility and capital projects.



### **Environmental Review**

All CDBG funded projects are subject to environmental review procedures as outlined in [24 CFR Part 58](#). CHHS staff assumes primary responsibility for conducting the appropriate level of environmental review as defined in [Subpart D](#). No project will be allowed to proceed without an appropriate environmental review being completed. Doing so without an appropriate (completed) environmental review may make the project ineligible for reimbursement. CHHS staff will advise when a project may proceed. See CHHS Guidelines for Conducting Environmental Reviews for more procedural information.



## Award

Projects selected for funding will be given notice that award has been made to support the proposal in part or in full. CHHS will send a letter to the appropriate contact representative notifying them of award from CHHS. Sometime following the notice of award, CHHS will draft a subrecipient agreement between the City of Spokane and funded organization. Subrecipient agreements are not typically released for signature and execution until after the City of Spokane has received a line of credit for the program year from HUD. HUD does not typically issue a line of credit to CHHS until after July 1<sup>st</sup>.

Subrecipients must not incur costs related directly to their award until after the subrecipient agreement has been fully executed by the City Clerk's Office. This is particularly important for public facility and capital projects. In the event that subrecipient contracts are not ready at the beginning of the Program Year, July 1, Subrecipients are cautioned to understand that no billing will be paid prior to execution of the contract by the Clerk's Office, however subrecipients may request reimbursement back to the start of the Program Year.

## Pre-Bid

All public facility and capital projects must allow for fair and transparent competition before work can be initiated. Prior to bidding a project, CHHS staff will coordinate with the project representative to clarify the scope of work and bidding schedule. Once the scope and schedule have been finalized, the subrecipient will schedule a pre-bid meeting and/or walkthrough to ensure equitable information is provided to perspective bidders.

## Bidding

Once the final bidding documents have been compiled, the subrecipient will release an invitation to bid per the appropriate method of procurement as stated in [24 CFR Part 85.36](#). The bid packet will include an overview of the scope of work to be performed and date for bid submission, as well as general requirements and federal labor standards (<https://www.hudexchange.info/resources/documents/HUD-Form-4010-Federal-Labor-Standards-Provisions.pdf>). The correct Federal Wage Determination will be selected for the project and included in the bid packet. For information on prevailing wage requirements for federally-assisted construction projects using CDBG, see [https://sam.gov/search/?index=dbra&page=1&pageSize=25&sort=-modifiedDate&sfm%5BsimpleSearch%5D%5BkeywordRadio%5D=ALL&sfm%5BsimpleSearch%5D%5BkeywordEditorTextArea%5D=&sfm%5Bstatus%5D%5Bis\\_active%5D=true](https://sam.gov/search/?index=dbra&page=1&pageSize=25&sort=-modifiedDate&sfm%5BsimpleSearch%5D%5BkeywordRadio%5D=ALL&sfm%5BsimpleSearch%5D%5BkeywordEditorTextArea%5D=&sfm%5Bstatus%5D%5Bis_active%5D=true)

In certain instances, three bids will be difficult to receive depending on market conditions, project specialty and timing. Subrecipients must work closely with CHHS program administrator to determine if a project that does not receive three bids, still meets competitive thresholds.

## Contracting/Construction

Once the bidding process comes to a close, the subrecipient is responsible for selecting the lowest responsive bidder. In certain instances, the grantee may wish to award the contract to a bidder that is not the lowest responsive bidder. The grantee is responsible for communicating to CHHS why they wish to award the contract to someone other than the lowest responsive bidder. CHHS will consider the grantee's reasoning, while maintaining the right to deny the request.

During construction, subrecipients will receive certified payrolls from the contractor for all labor completed on the project each week. On-site employee interviews will be performed by the CHHS, in order to capture information that will then be compared to the certified payroll received for the project. The combination of site visits, interviews and certified payroll will allow for a more thorough review of compliance.

### **Retainage and Performance Bonding**

Subrecipients are responsible for retaining up to 5% of the contract price as retainage for all public facility and capital projects until receipt of all releases and settlement of liens, whichever is later, in accord with RCW 39.08.010 for projects less than \$150,000. For projects over \$150,000, a 100% performance bond is required in lieu of retainage.

Subrecipients may choose to have a contractor secure a Payment/Performance Bond for their project.

### **Project Closeout**

At the conclusion of each project, CHHS will coordinate with the subrecipient to ensure all billing and activity reports are complete. CHHS will not issue full reimbursement or project closeout without completed activity reports and final approved billings. Once CHHS has all required documentation, the project will be marked “completed” in the Integrated Disbursement and Information System (IDIS).

## **Prevailing Wage Resources:**

- L&I Intent & Affidavit Lookup  
<https://fortress.wa.gov/lni/wagelookup/searchforms.aspx>
- L&I Wage Rate Lookup  
<https://fortress.wa.gov/lni/wagelookup/prvWagelookup.aspx>
- Apprentice Rate Lookup  
<https://fortress.wa.gov/lni/wagelookup/ApprenticeWageLookup.aspx>
- DOL Wage Determination  
<https://beta.sam.gov/search?index=wd>
  - L&I Contact for setting up Awarding Agencies:  
*Stuart Sorrell*  
[sort235@lni.wa.gov](mailto:sort235@lni.wa.gov)

## **Procurement Resources**

- City Purchasing Process  
[http://sharepoint.spokanecity.org/sites/purchasing/\\_layouts/15/start.aspx#/SitePages/Home.aspx](http://sharepoint.spokanecity.org/sites/purchasing/_layouts/15/start.aspx#/SitePages/Home.aspx)
- MRSC Roster  
<https://mrscrosters.org/>
  - City Contacts for Purchasing Questions  
*Thea Prince (Public Works and Goods)*  
[tprince@spokanecity.org](mailto:tprince@spokanecity.org)  
  
*Connie Wahl (Professional Services)*  
[cwahl@spokanecity.org](mailto:cwahl@spokanecity.org)

## **Monitoring Guidelines**

Activity Eligibility Review

Beneficiary Records

Lead-based Paint

Financial Review

