

Public Hearing

Agenda Item #	2
Meeting Date	October 7, 2013
Prepared By	Sara Anne Daines HCD Director
Approved By	Brian T. Kenner City Manager

Discussion Item	Public Hearing on the Community Development Block Grant (CDBG) Program
Background	<p>The Council will be holding a public hearing on October 7 to solicit comments regarding Takoma Park's Community Development Block Grant program.</p> <p>The Community Development Block Grant (CDBG) program, initiated in 1974, is one of the oldest programs at the US Department of Housing and Urban Development (HUD). CDBG grants are provided on an annual basis to communities such as Takoma Park, working in partnership with Montgomery County, to ensure decent affordable housing for all, to provide services to the most vulnerable, to create jobs, and expand business opportunities. The CDBG program provides flexible funding for a variety of projects including but not limited to property acquisition, housing rehabilitation, commercial revitalization, and human services. The primary beneficiaries of projects receiving CDBG funds must be persons or households of low and moderate incomes as defined by HUD. In Montgomery County, a household of four with an annual income of \$66,750 or less would qualify for services funded by the CDBG program.</p> <p>Community members are encouraged to comment during the hearing on the needs of the City's low and moderate-income households and to suggest appropriate programming to address those needs.</p>
Policy	To maximize resources available for programming which benefit Takoma Park's low- and moderate-income residents
Fiscal Impact	The City will receive an estimated \$125,000 in funds for PY40 (FY2015). Of this amount, not more than \$18,750 or 15% of the anticipated award can be allocated to community or public service projects with the balance (\$106,250) directed toward qualifying capital improvement projects. The actual funding level is uncertain at this time given anticipated budget reductions at the federal level.
Attachments	<ul style="list-style-type: none"> • CDBG Funded Projects: PY26 (FY2001) - PY38 (FY2014) • Takoma Park CDBG Fact Sheet and Funding Policy • CDBG Eligible Area Map
Recommendation	Hold the public hearing
Special Consideration	The availability of CDBG funds for PY40 (FY2015) was announced July 24, 2013 with grant applications due on Monday, September 23. Applications are being evaluated by a group of residents comprised of members of last year's CDBG Review Committee and the Small Grants Review Committee. Funding

	recommendations will be forwarded to the City Council in October. A Resolution approving the proposed CDBG projects and authorizing their submission to Montgomery County is tentatively scheduled for October 15, 2012.
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City of Takoma Park Maryland
Community Development Block Grant (CDBG)

**PROGRAM GUIDELINES
FACT SHEET AND FUNDING POLICY
PY40 / FY15**

INTRODUCTION

The City of Takoma Park receives on an annual basis, as a pass through from Montgomery County Maryland, a Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development (HUD) to fund activities that primarily benefit low- and moderate-income (LMI) residents of the community.

Each year, the City of Takoma Park uses a competitive application process to make a portion of its CDBG funds available to non-profit groups in the form of public service grants. Eligible public service activities include, but are not limited to, programs concerned with housing, employment, crime prevention, childcare, health care, drug abuse prevention, education, mental health, welfare, or recreation and that provide direct benefit to residents of Takoma Park MD.

To determine whether a project might be eligible for a public service grant, it is important to be familiar with the basic requirements of the Community Development Block Grant program. Applicants should also carefully review the contractual requirements they would be expected to meet if they are selected for CDBG.

ELIGIBLE APPLICANTS

Only nonprofit organizations are eligible to apply for CDBG grants. Nonprofits must be incorporated under state law, and they must have a 501(c)(3) designation from the U.S. Internal Revenue Service. An organization whose 501(c)(3) status is pending may still apply, but it must ensure that the nonprofit designation will be in place before the beginning of the fiscal year (July 1, 2014).

For-profit entities are not eligible to receive public service grants.

CDBG PROGRAM

The CDBG program provides the City of Takoma Park with the opportunity to fund activities that further redevelopment efforts, provide decent housing and expand economic opportunities, principally for low- and moderate-income persons living in Takoma Park. Funds may be used to carry out a wide range of community development activities such as neighborhood revitalization, economic development, and the provision of improved community facilities and services.

The amount of CDBG funds available is limited. Approximately \$15,000 is available for programming which directly benefits individuals or households of low and moderate incomes residing within the boundaries of the City of Takoma Park. An estimated \$110,000 is available for capital projects benefitting Takoma Park's low and moderate-income neighborhoods. Funds would be available in mid to late 2014.

CDBG National Objectives

Federal legislation and regulations have established national objectives that all CDBG funded activities must meet. The City must assure that all activities meet one of two national objectives. Each activity must benefit Takoma Park's low- and moderate-income (LMI) residents or aid in the prevention of slums and blight. Activities that do not meet one of these two broad national objectives cannot be undertaken with CDBG funds.

Low and Moderate Income Benefit:

Generally, public service activities meet the first requirement - benefit to LMI persons living in Takoma Park. For an activity to meet this objective, either it must have income eligibility requirements that limit the activity's benefits to LMI persons, or the activity must be located in and serve an area that is predominantly inhabited by LMI residents. Under the CDBG regulations, programs that serve the elderly or persons with disabilities are considered to benefit low- and moderate-income persons.

To meet this objective, each public service activity must serve no less than 51 percent LMI persons (although the City reserves the right to require that each activity serve a greater percentage of LMI persons.) The applicable percentage will be determined at the time a grantee's contract is drafted, but applicants should plan to meet the highest number of LMI persons possible. As previously noted, program beneficiaries must live within the corporate limits of the City of Takoma Park MD.

For more information on areas within the city of Takoma Park that have been determined to be eligible for funding under this criteria, please contact the City at 301.891.7119.

It is imperative that applicants anticipate and plan for the methods they will use to determine and document the incomes of the persons that they serve through their CDBG funded activities and that they are residents of the City of Takoma Park.

The income limits that determine who is considered to have a low- and moderate-income are shown below:

**HUD Income Limits
Effective March 15, 2013**

FAMILY SIZE	LOW INCOME	MODERATE INCOME
1	\$37,600	\$46,750
2	\$42,950	\$53,400
3	\$48,300	\$60,100
4	\$53,650	\$66,750
5	\$57,950	\$72,100
6	\$62,250	\$77,450
7	\$66,550	\$82,800
8	\$70,850	\$88,150

Slums and Blight:

For an activity to meet the second objective, it must be designed to address and ameliorate the conditions causing the slums and blight. The County determines which areas qualify under removal of slums and blight. It is rare for an application to be funded under this objective.

Additional Requirements:

In addition, CDBG regulations require that activities selected for funding must do one of the following:

- Provide a new or an expanded level of an existing public service, such as supportive services for the homeless, persons with HIV/AIDS, the elderly, abused persons, children-at-risk, persons with mental or physical disabilities, or new immigrant populations.

- Eliminate conditions detrimental to health, safety, and public welfare.
- Stimulate economic growth, development, and employment opportunities that will principally benefit LMI persons.
- Support fair housing through education, counseling, legal assistance, and consumer protection programs.

Ineligible Activities

The following types of activities generally are ineligible for CDBG funds:

- Construction of, or improvements to, general government buildings and schools;
- Routine operation, maintenance, and repair activities for public facilities; and,
- Assistance to churches or church-affiliated organizations unless a clear separation of purpose, mission, and organizational relationship can be established between the church and the CDBG-funded activities.

PRIORITIES FOR PUBLIC SERVICE GRANTS

CDBG funds are awarded on a competitive basis and there are often more applications for public service grants than there are funds available. To ensure fair and equitable access to all eligible applicants, Montgomery County and the City of Takoma Park have developed policies and priorities to guide the use of these funds. These policies and priorities are based on federal requirements for the CDBG program and local needs and funding priorities.

Policies

These general policies and priorities apply to all applications for CDBG funds:

- CDBG funds will not go to one organization for the same project (or a substantially similar project) for more than three (3) years;
- Grantees who receive funds in year one, are not guaranteed funding in years two and three – future funding is dependent on many factors, including performance;
- Grantees may only lease, not purchase, capital equipment with CDBG funds; and,
- The acquisition of land, or the construction, acquisition, and/or rehabilitation of buildings is not eligible for a public service grant.

Priorities

Funding priority will be given to activities that:

- have a high benefit to low-income Takoma Park residents;
- link affordable housing with case management and essential supportive services and support housing stability for special needs populations;
- require a one-time only infusion of funds and have a detailed plan for permanent funding;
- maximize the use of outside funds (non-CDBG or other City / County funds) and services and which are coordinated with other public and private efforts;
- are clearly defined as to scope, location, need, budget, goals, and means for evaluation of program progress;
- demonstrate the capacity of the applicant, and the capability to be carried out successfully;
- support or coordinate with other community development efforts;
- present a reasonable, sound budget; and,
- are to be implemented by organizations with a solid record of accomplishment.

In addition, because the demand for these funds exceeds the amount received from HUD, the City is committed to funding projects that are ready to proceed immediately after funds are received, and those prepared to spend the funds within a twelve-month period (any funds that are not spent within this timeframe may be recaptured by the City and re-programmed or returned to the County.)

COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

Deciding who should receive funding is a difficult and time-consuming process. To guide this effort, a group of Takoma Park residents volunteer to serve on the Community Development Block Grant Committee.

Committee members review applications and meet, as needed, with eligible applicants to discuss funding requests. Working with staff from the City's Department of Housing and

Community Development, and with input from the City Manager, the Committee recommends to the Takoma Park City Council who should receive funding and in what amounts.

The City's CDBG Policies and Priorities, as described above, guide the Committee in its review. The Committee also considers the following guidelines in determining which applications should be recommended for funding:

- provide services that respond to critical, identifiable, and unmet needs;
- stress long-term, innovative solutions that hold the promise of serving as a catalyst for change;
- integrated with other community services and be provided in collaboration with other service providers;
- supported by multiple funding sources and have excellent prospects for ongoing funding and program support ;
- enable and empower those served to reach their highest level of self-sufficiency;
- help people with special needs achieve better access to and use of existing services;
- have clearly stated goals and evaluation criteria that are specific, measurable, and realistic; and
- have a clear plan of action that is consistent with the budget and that demonstrates that the applicant has the capability to implement the proposed plan.

APPLICATION PROCESS

Applications for CDBG grants are accepted by the City of Takoma Park's Housing and Community Development Department (HCD) on an annual basis. The deadline date for submission of applications varies slightly from year to year, but it is usually in early to mid-September.

To be considered, all applications must meet one of the two national objectives of the CDBG program (as described above.) All applications are reviewed by HCD staff to determine eligibility under HUD's criteria and conformance with the City and County's funding policies and priorities. All applications accepted for competition are then reviewed by the Community Development Advisory Committee.

After discussion and consultation through the review process, applications are recommended for funding to the City Manager and presented for consideration to the Takoma Park City Council.

The Takoma Park City County Council selects those activities and projects to be funded with CDBG funds and forwards its recommendations on to the Montgomery County Department of Housing and Community Affairs. Final determination as to funding rests with the Montgomery County Council, which reviews the recommended projects during its budgeting process. The County Council usually approves its budget and finalizes CDBG awards in June. Due to HUD restrictions and clearances that must be obtained, CDBG funds are generally not available until after the following September 1 of each year.

REVIEW PROCESS

Following the submission of your application, you may be contacted by the City and may be asked to participate in an informational meeting with members of the Community Development Block Grant Committee. Interviews are generally scheduled within two weeks of the application deadline. Committee recommendations are forwarded to the City Council for consideration in early to mid October. If your application is approved, funds will not be available until after July 1.

Major milestones are as follows. The timeframes included with the individual milestones are for illustrative purposes only and are subject to change.

- Notification in writing that your application has been received (unless you hand-delivered the application and received a receipt upon delivery) – *late September*
- City staff reviews your application for completeness and eligibility. Applicants are notified in writing if an application is deemed ineligible for funding. Incomplete applications are returned – *late September*
- Committee members review applications; applicants may be scheduled to meet with members to discuss their applications and answer questions – *early to mid-October*
- Committee members forward funding recommendations to the City Council – *early to mid October*
- A public hearing is held to solicit community input regarding priority needs and proposed projects – *late September to mid October*
- City Council reviews committee recommendations for funding – *mid to late October*

- City Council recommendations forwarded to Montgomery County for review and final authorization – *late October*
- Staff and applicants discuss contract language and requirements; staff draft contracts – *January thru June*
- Staff and grantee finalize and execute contract – *July through August*
- Grantee receives Notice to Proceed, and can begin drawing down funds – *late August*
- Grantee delivers services and spends funds - *Twelve month period, beginning with Notice to Proceed, July through June*

CONTRACTUAL REQUIREMENTS

Each grantee selected to receive funds is required to sign a contract with the City. No costs incurred prior to the execution of an agreement with the City are reimbursable. Under City, County and Federal laws and regulations, certain requirements must be met in order to negotiate an agreement and disburse funds. These requirements include the following:

1. Applicants must demonstrate that they are incorporated as a private nonprofit organization or a governmental agency.
2. After an application is approved for funding by the County, a contract will be prepared and sent by the City to the person identified by the applicant as the authorized official for signature. The contract will specify the amount of the award, the period for which the project is approved, the contract term, and administrative provisions. Special conditions attached to the award also will be specified in the agreement. Grantees will be required to file regular reports on expenditures, progress toward goals, and beneficiaries. HCD will provide forms for these reports.
3. Grantees are required to obtain insurance as specified by the City of Takoma Park and to comply with all applicable federal, state, and local laws, codes, and regulations. The cost of insurance is reimbursable as a project expense.
4. As part of any grant agreement, recipients will be required to comply with affirmative action and equal opportunity laws. In the event of non-compliance, the agreement may be terminated or suspended in whole or in part.
5. All recipients will be required to comply with the federal government's audit requirements as described in OMB Circular A-133 (for HUD's programs, these requirements are codified at 24 CFR Part 84.) Recipients receiving \$500,000 in federal funds from all sources in a single year must have an annual audit. The cost of an audit is an eligible grant cost.

OTHER IMPORTANT CONSIDERATIONS

CDBG funds are not intended to be an on-going source of funds for an organization. Under the CDBG Public Service Grant program, an organization may only receive funding for up to three years for the same program or activity. However, there is no guarantee that approved projects will receive funding in years two and three. In addition, for those organizations that are successful in receiving second and third year funds, the amount of CDBG funds awarded is often reduced from the previous years' amounts.

Finally, please be aware that even if an application is determined to be eligible for funding, the Community Development Block Grant Committee may recommend that the applicant be awarded a lower level of funding than was requested. Please develop a contingency plan to account for a smaller CDBG award.

For more information, please contact:

The City of Takoma Park Maryland
Department of Housing and Community Development
750 Maple Avenue, Takoma Park MD 20912

301.891.7119

www.takomaparkmd.gov

City of Takoma Park Maryland
Community Development Block Grant
Approved Projects PY 26-39

Program Year 39 (2014)

Crossroads Rds Food Network	\$ 7,734
MHP Community Services	\$ 3,891
YMCA	\$ 4,745
ReBuilding Together	<u>\$109,502</u>
Total	\$125,872

Program Year 38 (2013)

TP Presbyterian Church	\$ 2,760
MHP Community Services	\$ 5,520
Community Bridges	\$ 4,140
YMCA	\$ 4,830
MissionServ	\$ 35,000
Commercial Façade Easement	<u>\$ 62,752</u>
Total	\$115,002

Program Year 37 (2012)

Crossroads Farmers Market	\$ 21,000
Commercial Facade Easement	<u>\$119,280</u>
Total	\$140,280

Program Year 36 (2011)

Affordable Housing Initiative	\$113,000
Crossroads Farmers Market	<u>\$ 25,000</u>
Total	\$148,000

Program Year 35 (2010)

Affordable Housing Initiative	\$140,000
Crossroads Farmers Market	\$ 10,000
Manna Foods, Inc.	<u>\$ 5,000</u>
Total	\$155,000

Program Year 34 (2009)

Affordable Housing Initiative	\$115,000
Manna Foods, Inc.	\$ 9,000
Digital Bridge	\$ 6,000
Recreation Scholarships	<u>\$ 5,000</u>
Total	\$135,000

Program Year 33 (2008)

Single Family Rehabilitation	\$ 50,000
Facade Easements	\$ 25,000
Maple Ave Streetscape - II	\$ 38,000
Ministries United (MUSST)	\$ 10,700
Manna Foods, Inc.	<u>\$ 9,300</u>
Total	\$133,000

Program Year 32 (2007)

Holton Lane Streetscape	\$ 70,000
Maple Avenue Planning	\$ 50,000
ADA Accessibility Plan	\$ 25,000
Victory Tower Health Care	\$ 12,500
Boys and Girls Club Sports	\$ 8,250
Manna Foods, Inc.	<u>\$ 4,500</u>
Total	\$ 170,250

Program Year 31 (2006)

Streetscape Projects	\$ 141,950
Capacity Building Program	\$ 9,000
CSAFE - Takoma Park	\$ 9,000
Hearts and Home for Youth	<u>\$ 7,050</u>
Total	\$ 167,000

Program Year 30 (2005)

Streetscape Projects	\$ 125,000
Boys and Girls Club	\$ 12,525
CSAFE - Takoma Park	\$ 12,525
MC Housing Program	<u>\$ 16,950</u>
Total	\$ 167,000

Program Year 29 (2004)

CUC Elderly Health Care	\$ 8,000
Takoma Park - Organizing	\$ 17,050
Streetscape Projects	<u>\$ 141,950</u>
Total	\$ 167,000

Program Year 28 (2003)

Streetscape Projects	\$ 110,000
CASA de Maryland	\$ 10,000
TP Presbyterian Church	\$ 11,000

Program Year 28 (2003) - continued

Boys and Girls Home Rehab	\$ 7,900
T.P. Family Resource Center	\$ 14,400
Gateway Learning Center	<u>\$ 8,700</u>
Total	\$ 167,000

