

Community Development Block Grant

Start Smart Initiative

Application and Guidelines 2015



**Business and Community Services
Community Development Block Grant
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INTRODUCTION

The Missouri Department of Economic Development (DED) Division of Business and Community Services is accepting applications for financial assistance to support capital improvements related to Governor Nixon's Start Smart Initiative. Children's participation in pre-kindergarten contributes to success in elementary, secondary and post secondary education which ultimately impacts career opportunities. The Department is providing resources to support the development of new or the expansion of existing high-quality early childhood and pre-kindergarten education opportunities specifically directed at children of low and moderate income families.

Successful applicants will provide for a sustainable pre-school model. Although funding is directed towards capital improvement costs, successful applicants will demonstrate how those investments will be maintained to provide a sustainable pre-kindergarten program for years to come.

Applications for Community Development Block Grant (CDBG) funding are limited to units of local government (cities or counties), but must also include a Missouri non-profit organization and the local school district(s). Examples of non-profits may include local community foundations, local economic development organizations, or local youth organizations. Non-profits may provide the pre-kindergarten services as a part of their operating functions or they may contract with other service providers, including area school districts. The involvement of the local government as the applicant, and a non-profit as a sub-applicant, is required by the State CDBG program.

Planning: The State has consulted with local officials on many occasions since 1981, and policy revisions in the program reflect the desires of local officials and citizens. In November, 2014, the State made available its FY2015 annual action plan. Citizen comments were taken into consideration in the development of these guidelines, and a **final** Action Plan for FY2015 of all program rules and policies will be submitted to HUD for final approval in March, 2015.

ELIGIBLE USES OF FUNDS: Eligible capital improvement costs may include acquisition, new building construction, rehabilitation of existing properties, and related soft costs associated: appraisal; closing costs; engineering and architectural costs; inspections; and permitting.

TYPICAL NATIONAL OBJECTIVE USED: 51% LMI proven either through area wide benefit, by survey or census, target area benefit by survey (the target area must be defined and defensible in terms of the use of the facility in order to use this option), or limited clientele. This latter option is reserved for facilities that address a specific group of beneficiaries that may be drawn from throughout the community or area. See the document titled ***Start Smart Initiative - Determining Low and Moderate Income Benefit for Your Project*** found on this same webpage. Please discuss the specific option chosen with the CDBG staff prior to initiation of the application.

APPLICATION EVALUATION

All applications will be evaluated on:

- Need – defined as the availability and capacity of early childhood educational opportunities in the proposed service area;
- Impact – defined as the extent to which the proposal will address the documented population of children in the proposed service area without access to quality early childhood education opportunities;
- Efficiency of Plan – defined as the cost per square foot and the cost per beneficiary;
- Capacity– defined as the non-profit applicant’s history and experience in early childhood education and its relationship with the local school district;
- Sustainability– defined as the strength of the plan for ongoing operation beyond the term of the funding requested;
- Quality– defined as a subjective analysis of the curriculum and educational instruction proposed, as evaluated by professionals with expertise in early childhood education;
- Outcomes – defined as the degree of which measures are proposed to effectively and objectively measure project outcomes;
- Beneficiaries – defined as the cost per beneficiary.

APPLICATION PROCESS

Applicants to the Community Development Block Grant Program are limited to units of local government (cities or counties). Cities and counties may make applications on behalf of Missouri non-profit organizations. The local government and non-profit organization may work together to assemble the application information. The grant agreement is executed between the Department of Economic Development and the local government. A second agreement is executed between the local government and the non-profit.

STEP 1 – DETERMINE JURISDICTION AND RESPONSIBILITY

Determine Jurisdiction: Once your need is identified and the proposed project begins to form, the community must look at jurisdictional boundaries appropriate to the project. If the project extends beyond a city’s boundary, then an application may have to be multi-jurisdictional. There are specific up-front requirements for multi-jurisdictional applicants. Please refer to those instructions in this guideline.

Determine Responsibility/Ownership: Ownership and responsibility are factors that must be examined by a community applying to the CDBG program. Does the unit of local government own or operate the facility or infrastructure or will the application have to be made “on behalf of” another subrecipient entity? Eligible entities, for which a city or county may sponsor an application, include other political subdivisions, organized districts,

non-profit organizations, or, in some cases, for-profit businesses. Also, an applicant (or sub-applicant) must have legal jurisdiction to operate in (or serve) the proposed project area (or beneficiaries).

When more than one government is involved in the same application an intergovernmental agreement must be executed prior to application submittal. When a government sponsors an application on behalf of a not-for-profit, or other eligible non-governmental agency, a grantee/sub-grantee agreement must be executed prior to application submittal.

STEP 2 – NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES

Once the priority project has been identified, and it is determined that additional financial assistance is necessary, the community must determine if the project meets the minimum criteria of the CDBG program. The following eligibility criteria and regulations are related to all of the categories of funding by CDBG. The second half of Step 2 itemizes the eligibility criteria specific to each category.

First, apply the project to a “National Objective”. In this case, the projects must meet the National Objective of “benefit to low and moderate income individuals and families”. Low and moderate income is defined as household incomes below 80% of the county median household income. The low and moderate income requirement may be satisfied by either (1) attendance at the at the pre-school limited solely to children from low and moderate income families; or, (2) the pre-kindergarten facility/program is located within a defined service area where 51% of the households meet the low and moderate income definition. (LMI thresholds by family size may be found at:

<http://ded.mo.gov/upload/2014IncomeLimits.pdf>

If additional information is needed regarding the LMI thresholds for your project or to determine if your service area meets the 51% LMI requirement as an area, please contact andy.papen@ded.mo.gov.

A separate document titled ***Start Smart Initiative - Determining Low and Moderate Income Benefit for Your Project*** may be found on this same webpage which will provide more detailed information toward meeting the required National Objective.

Maximum Funding per Project

Second, determine the amount of funding needed to complete the project. For the Start Smart Initiative the CDBG maximum per applicant is \$1,000,000.

Eligible Applicants/Sub-applicants and Multi-jurisdictional applications

Third, assure that you are either an eligible applicant or sub-applicant. The state may only, by Federal law, distribute CDBG funds to “units of general local government” in non-entitlement areas of Missouri, which are incorporated cities, counties, and villages. Other political subdivisions or non-profit corporations may be sub-applicants and are required to

gain a sponsorship from a city, county or village. Businesses and for-profit entities may be the recipient of CDBG funds under certain circumstances.

- 1) Cities and counties in Missouri that are in the HUD "entitlement" program, and are not eligible for "non-entitlement" funds distributed by the State include: Blue Springs, Columbia, Florissant, Independence, Jefferson City, Jefferson County and the cities within Jefferson County who have elected to participate in the County entitlement programs, Joplin, Kansas City, Lee's Summit, O'Fallon, Springfield, St. Charles City, St. Charles County and the cities within St. Charles County that have elected to participate in the County entitlement program, St. Joseph, St. Peters, St. Louis (city), St. Louis County, and the cities within St. Louis County who have elected to participate in the County entitlement programs, which include the following: Ballwin, Bella Villa, Bellefontaine Neighbors, Bellerive, Bel-Nor, Bel-Ridge, Berkeley, Beverly Hills, Breckenridge Hills, Brentwood, Bridgeton, Calverton Park, Charlack, Cool Valley, Country Club Hills, Dellwood, Edmundson, Ellisville, Eureka, Fenton, Ferguson, Flordell Hills, Glen Echo Park, Glendale, Greendale, Hanley Hills, Hazelwood, Hillsdale, Jennings, Kinloch, Kirkwood, Mackenzie, Maplewood, Maryland Heights, Moline Acres, Normandy, Northwoods, Norwood Court, Olivette, Overland, Pagedale, Pasadena Hills, Pasadena Park, Pine Lawn, Richmond Heights, Riverview, Rock Hill, St. Ann, St. John, Sycamore Hills, University City, Uplands Park, Valley Park, Velda Village, Velda Village Hills, Vinita Park, Vinita Terrace, Webster Groves, Winchester, and Woodson Terrace.
- 2) In determining the eligible sponsor of an "on behalf of" application, the applicant must be addressing its own community development needs. Otherwise, the application is ineligible. Agencies having members appointed by the mayor/council or county commission are not considered part of the city or county, therefore, must be represented in an "on behalf of" application. If a city or county submits an application on behalf of a non-profit corporation, proof of the non-profit status must be included with the application. This proof normally comes in the form of a letter of good standing from the Secretary of State's office designating the entity as a not-for-profit corporation.
- 3) **An intergovernmental agreement or grantee/sub-grantee agreement**, which specifies decision-making authority, administration, contract compliance, reports, etc., must be executed prior to the submission of an application. In all instances, the city or county, as the State's grantee, has final responsibility for the project implementation and compliance. The city or county must retain financial responsibility, and the required audit will be of the grantee (city or county). Article VI, Section 16 of the Missouri Constitution and RSMo 70.210 - 70.320 should be reviewed in such cases.
- 4) **Multi-jurisdictional applications** are necessary when a project benefits persons outside one jurisdiction. All of the jurisdictions benefiting must participate in the application process.
 - a) Selecting the **lead applicant** may either occur by choosing the location where the majority of beneficiaries lie, or by choosing the location where the construction or majority of construction is taking place.

- b) The **public hearing(s)** must either be advertised in a large enough manner to reach all of the potential beneficiaries and scheduled for a place that is central and easy to access, or must take place in each jurisdiction using separate notices and sites. If only one hearing is convened, then a public official from each jurisdiction must be in attendance in order to respond to questions from their constituents.
- c) The **needs assessment** document may be reported as one regional document or separate documents according to the desires of the jurisdictions.
- d) All applications received that are multi-jurisdictional must contain the following originally signed forms from **each jurisdiction**: Civil Rights forms; Statement of Assurances; Resolution; Section 3; Disclosure Reports; and Anti-Lobbying. Residential Anti-displacement forms must be submitted signed by each jurisdiction where acquisition and construction may occur.
- e) All multi-jurisdictional applications must include inter-governmental agreements.

Eligible Activities:

Fourth, select only eligible activities. For the CDBG component of the Start Smart Initiative, only construction costs and construction related costs are eligible. The costs associated with start up (curriculum development, teacher training, etc.) are not eligible for CDBG, and may only be included in an application to the Neighborhood Assistance Program. Section 105(a) of the Community Development Act and HUD regulations specified the activities that are eligible for CDBG assistance. A general listing of eligible activities is below, and a detailed description is provided in 105(a) of the Act and in 24 CFR 570.482. While all activities may be eligible, some program categories may prioritize the funding of some activities.

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|-----------------------------------|--|
| 1. Property Acquisition | 15. Parking Facilities |
| 2. Property Disposition | 16. Bridges |
| 3. Property Clearance/Demolition | 17. Sidewalks |
| 4. Architectural Barrier Removal | 18. Pedestrian Malls |
| 5. Senior Center | 19. Recycling or Conversion Facilities |
| 6. Community Facilities | 20. Parks and Recreation Facilities |
| 7. Centers for the Handicapped | 21. Fire Protection/Facility Equipment |
| 8. Historic Properties | 22. Solid Waste Disposal Facilities |
| 9. Water Treatment/Storage | 23. Other Utilities |
| 10. Sanitary Sewer Collection | 24. Public Service/Supportive Services |
| 11. Storm Sewers | 25. Rehabilitation of Private Residential Properties |
| 12. Flood and Drainage Facilities | 26. Rehabilitation of Public Residential Properties |
| 13. Streets (or Roads) | 27. Payments for Loss of Rental Income |
| 14. Street Accessories | |

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| 28. Relocation | 52. Machinery/Equipment |
| 29. Code Enforcement | 53. Working Capital |
| 30. Energy Use Strategy | 54. Sewage Treatment |
| 31. Non-Federal Share Payment | 55. LDC Homeownership Assistance – up to \$15,000 to purchase a new home |
| 32. Interim Assistance | 56. Legal |
| 33. Planning | 57. 911 Emergency Systems |
| 34. Commercial or Industrial Facilities | 58. Homeowners Assistance- up to \$5,000 to purchase an existing DSS home |
| 35. Administration | 59. Lead-Based Paint Risk Assessment |
| 36. Engineering/Design | 60. Asbestos Removal |
| 37. Housing Rehab/Demo Inspection | 61. Job Training* |
| 38. Engineering/Construction Inspection | 62. Home-Ownership Counseling |
| 40. Audit | 63. Substantial Reconstruction of the reconstruction of private residential properties on same lot- up to \$15,000 |
| 41. Port Facility | 64. Water Distribution |
| 42. Airports | 65. Lead Reduction NOT incidental to Rehab |
| 43. Natural Gas Lines | 66. Asbestos Inspection |
| 44. Electrical Distribution Lines | |
| 45. Rail Spurs | |
| 46. Lighting | |
| 47. Other Professional Services | |
| 48. Security Fencing | |
| 49. Site Preparation | |
| 50. Purchase Land/Building | |
| 51. Facility Construction Renovation | |

Ineligible Activities are as follows:

- 1) Maintenance or operation costs. **
- 2) General government expenses.
- 3) Political activities.
- 4) Improvements to city halls and courthouses, except those required to meet the Americans with Disabilities Act. Note: CDBG funds used for ADA projects may only convert existing facilities to accessibility. CDBG funds may not be used to add new facilities.
- 5) Purchase of equipment, except for fire protection, public services, landfills or recreation.
- 6) Income payments, except for loss of rental income due to displacement.
- 7) Application preparation costs or a bonus award for writing a successful application.
- 8) Religious purposes.

**** Maintenance and Operation Costs:** Any cost that recurs on a regular basis (generally, less than five years) is considered a maintenance or operation cost, therefore ineligible for CDBG assistance. It is the responsibility of the applicant to provide these revenues from user fees or taxes. Additionally, if such maintenance or operation revenues are not sufficient to adequately support a facility or service assisted by CDBG funds, the project will not be awarded. The determination whether such revenues are sufficient will be made by the applicant's professional engineer, the Department of Natural Resources (for related projects), and/or DED. The preliminary engineering report required for all public works projects should discuss the revenues available for operation and maintenance of the facility or service.

General applicant compliance

Fifth, assure that your application is consistent with the general compliance necessary for CDBG.

- 1) **Applicable Laws, Regulations and Executive Orders:** Applicants must comply with all applicable state and federal laws, including but not limited to, statutes prohibiting discrimination against persons because of race, color, religion, sex, national origin, disability and age. These laws, included in the Statement of Assurances, require non-discrimination in the design, construction and operation of the program. By signing the Statement of Assurances, applicants agree to abide by all applicable laws. Pursuant to federal guidelines, future CDBG funds may be denied to any applicant who uses CDBG funds in a way, which violates any of the above laws or any law included in the Statement of Assurances as detailed in the application process.
- 2) **Contingent Funding:** If an applicant proposes other state, federal, local or private funds, or any other contingency item, which are unconfirmed at the time of application, they will be ineligible for CDBG funds. The only exception is a bond election. Applicants should notify DED of election results within a week of the election. If election fails, the application will be withdrawn from the consideration.
- 3) **Acquisition and Relocation Regulations:**
 - a) **Uniform Act:** All project related acquisitions are subject to the requirements of this regulation no matter what source of funding is actually used for the acquisition activities. However, all project acquisitions that are completed prior to the application public hearing are not subject to the Uniform Act requirements.
 - b) **Section 104d Anti-displacement Act:** This regulation governs the use of CDBG program funds and emphasizes the anti-displacement of households. However, if displacement is necessary to carry out the project, relocation assistance must be offered to persons displaced by private acquisition, demolition, and the conversions of units to uses other than low-to-moderate income dwelling units. Grantees will be required to replace every occupied unit, or one that has been occupied within the previous 12-month period, that is demolished or converted to non-LMI housing. Non-LMI housing means that the subsequent mortgages or rents will exceed HUD's fair market rents. The replacement of the demolished or converted houses must be

conducted on a one-for-one basis within three years. Government-assisted or LIHTC units may be used as replacement units. An exception to the one-for-one rule is available where it is determined that an adequate supply of habitable, affordable LMI units exists in the grantee's jurisdiction. Applicants are required to submit a plan (see Form N) that meets the anti-displacement requirements of Section 104(d). An applicant should contact DED for further information or clarification of these regulations.

- 4) An applicant should be generally familiar with the regulations that the State and Federal governments have attached to the program, which must be complied with if your project is awarded CDBG funds. The rules include **procurement, labor standards, civil rights, fair housing, environmental review, financial recordkeeping and reporting, property acquisition, and contract management.**
- 5) **Closed Records:** Section 620.014, RSMo, provides that records and documents, submitted to DED or other public entity, relating to financial investments in a business, sales projections or other business plan information, which may endanger the competitiveness of a business, may be deemed a *closed record* as such term is defined in section 610.010, RSMo. Income documents and records from direct beneficiaries are also considered closed records.
- 6) **Penalties for Non-Compliance:** Section 620.017, RSMo, states that DED must require any entity, which receives financial assistance from one of its programs, to use the proceeds solely as required by the program, and any recipient who fails to comply with any requirement shall return any remaining proceeds to DED, and any proceeds expended shall be repaid to DED.
- 7) **Conflict of Interest - Persons Covered:** The conflict of interest provisions of this policy shall apply to any person who is an employee, elected or appointed official, agent, consultant, or officer of the Applicant, or any immediate family member or business partner of the above, or of any designated public agencies, or subrecipients which are receiving funds from the grant.
- 8) **Applicability:** In the area of procurement of supplies, equipment, construction and services by recipients, subrecipients or designated public agencies, the conflict of interest provisions in 24 CFR 570.611, as applicable, shall apply. In all cases not governed by 24 CFR 570.611, the provisions of this policy shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or subrecipients to individuals, businesses and their private entities in the form of grants, loans, or other assistance through eligible activities of the program, which authorize such assistance.
- 9) **Conflicts Prohibited:** Except for approved eligible administrative or personnel costs, no persons described above (persons covered) who exercises or have exercised any functions or responsibilities with respect to CDBG activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or

have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the CDBG program, the above restrictions shall apply to all activities that are a part of the Grant Agreement, and shall cover any such interest or benefit during, or at any time after, such person's tenure. No elected official with any association of their entity as a CDBG recipient, shall be compensated in any form for performing administration of a CDBG project, and shall not receive fees from any source, including finders fees, realtors' or brokers' fees, from a Business or other parties involved in a CDBG assisted project.

- 10) **Exceptions:** DED may grant an exception to a conflict after a determination has been made by the State that the exception will serve the purposes of the Housing and Community Development Act of 1974 and the State's adopted Consolidated Plan. This exception will only be considered after the recipient has provided, to DED, written documentation detailing a disclosure of the nature of the conflict accompanied by an assurance that there has been a public disclosure of the conflict, a description of how the public disclosure was made, and an opinion of the recipient's attorney that the interest for which the exception is sought would not violate state or local law.

In determining whether to grant an exception, DED shall consider the following factors, where applicable:

- a) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available,
 - b) Whether an opportunity was provided for open competitive bidding or negotiation,
 - c) Whether the person affected is a member of a group or class of low to moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class,
 - d) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question,
 - e) Whether the interest or benefit was present before the affected person was in a position as described above (conflicts prohibited),
 - f) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict, and
 - g) Any other relevant considerations.
- 11) **Employment of Unauthorized Aliens (RSMo 285.530):** All local government applicants, and all subapplicants (when relevant to the application), must be enrolled in

a federal work authorization program (E-verify). See Form V in application for certification and requirements.

Grant administration options

Sixth, determine how the grant is to be administered. The Applicant has the responsibility to complete the procedures and requirements as established under the Statement of Assurances and the CDBG Administrative Manual. The Administrative Manual, which is available upon request, specifies procedures for all types of CDBG projects.

- 1) **Administrative Methods:** There are three different methods that have been used to administer CDBG projects:
 - a) Use of existing staff members. If persons presently on staff have sufficient time to devote to administer the project, then this method is preferable if those persons are adequately qualified. However, CDBG funds cannot be used to replace salaries or expenses, which previously had been paid by the grantee. Also, no city or county employee, elected or employed, can be contracted with to perform any portion of a grant, either by the grantee or by an outside firm.
 - b) Hiring of new staff members. Applicants proposing this method should consider that training a new staff member may cause a delay in program implementation, and it may be difficult to find qualified persons for temporary, part-time, positions. There is no guarantee an applicant will receive funds on an ongoing year-to-year basis.
 - c) Contract with an outside firm or agency. If CDBG funds are used to pay for administrative services, the service must be procured according to CDBG guidelines. Engineering firms may qualify to administer a grant. However, the same firm or any principal or employee thereof, cannot perform both engineering and administration on the same project, regardless of the source of payment.
- 2) Depending upon the scope of the project, administration activities may include, but are not limited to, environmental review, financial management, procurement, contract management, labor standards, equal opportunity/civil rights, property management, citizen participation, acquisition/relocation, and close-out.
 - a) **Pre-agreement costs** – DED encourages the earliest possible completion of the CDBG environmental review. To facilitate this early completion, DED will reimburse reasonable costs of conducting and completing the CDBG environmental review that are incurred prior to application approval. To be eligible, the CDBG environmental review services must be procured and contracted in accordance with CDBG requirements. As this will be done prior to the approval of the application, cost reimbursement will not occur until after the project is awarded. If, for any reason, the project is not awarded CDBG funds, the applicant will be responsible for those costs.
- 3) CDBG administration is capped at 4% of project costs (line 9, column A of Form B in application) plus \$10,000.

STEP 3 – SELECT GRANT WRITER AND PRELIMINARY ENGINEER/ARCHITECT

The choices for the services of application preparation and preliminary engineering and the responsibility for payment of these services belong to the applicant. CDBG has no restrictions on who may prepare your application and the only restriction regarding your choice of engineers or architects is that he/she must be a registered professional engineer or a registered professional architect in Missouri.

The costs associated with services to assist the community in the application preparation are NOT eligible costs under the CDBG program. They may, however, be included as in-kind match.

There are no restrictions regarding the responsibility for completion of specific parts of an application if a community chooses to separate the parts. The Chief Elected Official and Budget Officer must understand their responsibility for the accuracy of all documents in the application for which they are required to sign.

A preliminary engineering/architectural report must be prepared by a registered professional engineer for any public facility improvement, or by a registered architect for the construction or rehabilitation of a building. The report must be sufficient in scope to analyze the need, determine the most appropriate solution, provide a cost estimate, and determine the level of operation/maintenance necessary to sustain the improvement.

The following is a sample content of the preliminary architectural plan.

Architectural Report Content

- 1) Name of applicant or owner of the facility
- 2) Name, address, telephone of the architectural firm
- 3) Date of report
- 4) Statement summarizing the goals of the project and the design principles governing the project (e.g. principles may be public spaces receive the highest level of preservation; preserving the primary elevations of the building was important; retaining as many original design elements as possible was important, etc)
- 5) Photographs of existing conditions exterior and interior labeled and keyed to the site map and floor plans. Preliminary photographs can be 3x5 color or black and white. Photographic documentation requirements are found in the ADA technical assistance manual, available by request from the CDBG office.
- 6) Topographic Map
- 7) Area map: Shows where the project is located in the city or town
- 8) Site map: Shows building[s]/site and adjacent street, with appropriate notations, such as a north arrow and main entrance of the building.

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- 9) Proposed floor plans: Complete scaled floor plans of the proposed structure. Indicate all new construction.
- 10) Demolition Plans: Complete scaled floor plans of the existing structure. Indicate all proposed demolition. Elevation sections (even in sketch form) must be submitted as part of the preliminary architectural plan.
- 11) Elevations: All elevations of the existing building. If any elevation is to be changed, those changes must be noted.
- 12) Sections: Sections should be provided when necessary to understand the project. Call the State Historic Preservation Office (SHPO) to determine if Sections are necessary.
- 13) Specifications: Specifications must be provided; general notes are acceptable in the preliminary stages of a project.
- 14) Architect should include in plan a statement or certification that all improvements are consistent with the Americans with Disabilities Act and related laws.

Submit renderings if available.

Note: Floor plans, elevations and sections must be drawn and notated with standard architectural forms and notations (e.g. plans must be drawn accurately; the entire building should be drawn; the width of the walls should be shown; doorways and door swings indicated, materials indicated when appropriate, etc.).

**STEP 4 - REVIEW THE ADMINISTRATOR AND DESIGN
ENGINEER/ARCHITECT AND OTHER PROFESSIONALS
PRE-SELECTION PROCESS (OPTIONAL)**

The choice of who administers and designs a project is the applicant's choice. It might very well be the most important decision an applicant makes. **How it is done depends upon who is expected to pay for the service. If the applicant intends to ask CDBG to pay for all or a portion of the design fees, then the CDBG procurement guidelines must be followed.**

Please refer to the *Start Smart Initiative – Pre-selecting Professional Service Providers* document found on this same webpage for complete procurement instructions if you wish to pre-select your provider contingent upon receiving an award of funds.

STEP 5 – CONSIDER THE ENVIRONMENTAL REVIEW

All projects and related activities undertaken by CDBG applicants and grantees are subject to the provisions of the *National Environmental Policy Act of 1969*, as amended (NEPA), which established national policies, goals, and procedures for protecting, restoring and enhancing environmental quality. In addition to NEPA requirements, CDBG-assisted projects are also subject to other related laws and Federal, State, and local authorities

WHO IS RESPONSIBLE FOR THE ENVIRONMENTAL REVIEW?

EVERY project requires some level of environmental review. The CDBG Responsible Entity (RE) (otherwise known as the applicant or grantee, and always a unit of local government) must evaluate how the project affects the environment and what impacts the environment may have on the project, including short term, cumulative and long term impacts. RE's are required to follow specific procedures for carrying out Federal environmental review responsibilities as specified in **24 CFR Part 58:**

http://www.access.gpo.gov/nara/cfr/waisidx_04/24cfr58_04.html.

The CDBG RE assumes responsibility for the environment review, environmental decision-making, and all environmental actions through the course of a project. The environmental review cannot be waived in any circumstance. The CDBG applicant or grantee must provide written proof of compliance with NEPA and related laws and authorities.

WHO CAN COMPLETE THE ENVIRONMENTAL REVIEW FOR CDBG FUNDS?

The CDBG RE determines who has the knowledge, qualifications, and experience necessary to assist in preparing the environmental documents. Commonly used options include existing city or county staff person, engineer, architect, regional planning commission/council of government, and private grant consultant, etc.

CAN A PROJECT BEGIN BEFORE THE ENVIRONMENTAL REVIEW?

In short, no – a project must not begin prior to the completion of the environmental review if the project or activity would have an adverse environmental impact or would limit the choice of reasonable alternatives in the project. CDBG recipients must not obligate CDBG funds or expend funds from any source, private or otherwise, for use in a CDBG-assisted project. No new construction, excavation, demolition, rehabilitation, repair, modification, or property acquisition (including all types of easements) may commence nor commitment made to undertake such activities, until the CDBG environmental review is complete and the Missouri Department of Economic Development has issued formal approval.

IS THE ENVIRONMENTAL REVIEW CONDUCTED ONLY ON CDBG-ASSISTED ACTIVITIES IN A PROJECT?

No - all activities proposed by all funding sources (CDBG, local match, private funds, other State and Federal agencies' funds, etc.) help to achieve the goal of a project. All activities must be environmentally reviewed, not simply those being funded through CDBG. A project is the aggregation of all geographically & functionally related activities, regardless of funding source, that accomplish a goal, becoming the basis for the environmental review. Projects must not be parsed into individual activities to enable separate, small-scale reviews. Rather, the project as a whole dictates the level of review required.

STEP 6 - COMPLETE PROJECT BUDGET PACKAGE

Determine the ability of the community to finance the priority needs using surplus or reserve funds, capital improvement funds, or debt. The maximum amount of local funds should be used to finance a project before CDBG assistance is requested.

All other funding sources applicable to the project should be committed prior to requesting CDBG assistance. Actual approval of the other funding must have been gained by the time a CDBG application is submitted if requesting FY2014 funds. The only exception is a bond election.

Local Funds for Private Purposes: State law does not allow political subdivisions to provide funds from their resources for private purposes (such as housing rehabilitation); however, this would not apply to the administrative or oversight functions of such activities.

Other Public Facility/Public Project Funding Sources: Applicants generally may not use CDBG funds to replace funds from another agency or other sources that are available for a project. All applicable state or federal programs must be considered for feasibility by the applicant prior to requesting CDBG funds.

STEP 7 – CONDUCT PUBLIC HEARING

Eligible Dates: A public hearing must be held prior to the submission of an application. The applicant must publish a notice in a local newspaper at least 5 full days prior to the hearing. A standard format must be used for the notice, and a record of the proceedings of the hearing must be made.

Citizen Participation: All applicants for and recipients of Community Development Block Grant funds shall be required to conduct all aspects of the CDBG program in an open manner with access to records on the proposed and actual use of funds for all interested persons. All records of applications must be kept at the applicant's office and be available during normal working hours. Any activity of the CDBG program, with the exception of confidential matters relating to the housing rehabilitation, shall be open to examination by all citizens.

The applicant must provide technical assistance at the level of expertise available at City Hall to groups representative of persons of low and moderate income that request such assistance in developing proposals. All application materials and instructions shall be provided at no cost to any such group requesting same.

Citizens shall be provided adequate and timely information, so as to enable them to be meaningfully involved in important decisions at the various stages of the program including: (1) the development of needs, (2) the review of the proposed activities, and (3) review of past program performance, in the following manner:

- 1) At least one public hearing shall be held prior to an application being submitted. This hearing shall be scheduled at a time and location felt to be most likely to make it possible for the majority of interested citizens to attend without undue inconvenience. The hearing must address the development of the needs and review of the proposed activities.
- 2) Notification of any and all hearings shall be given a minimum of five full days* in advance to allow citizens the opportunity to schedule attendance. Notification shall be in the form of display-type advertisements. The community may choose to:
 - a) advertise in a local newspaper of widest circulation,
 - b) post advertisement in areas providing the largest access to the public, or
 - c) both a and b.
- 3) All hearings must be held in a facility that is accessible to people with disabilities.

Note: Provisions for interpretation shall be made available at all public hearings for non-English speaking residents, if 15% or more of such residents are expected to be in attendance.

* For the purpose of this process, "full days" is defined as neither day being counted on either end of the time period (i.e., five full days before public hearing would actually be seven days since beginning and ending days cannot be counted).

Public Hearing Notice Requirements: As stated above, the public hearing must address the development of the applicant's community development needs and proposed activities to be contained in the application. Minutes of all public hearings should be maintained indicating topics covered in order to document grant requirements. The newspaper notice must include the following information:

- 1) The city/county intends to submit an application for CDBG funds.
- 2) The maximum grant amount.
- 3) The type of activities that may be undertaken, include the improvement of public works, public facilities, housing rehabilitation, and others as allowed by law.
- 4) National objective must be stated.
- 5) There will be minimization of displacement of persons resulting from the project, and assistance to any displaced persons would be provided according to the Uniform Relocation and Real Property Acquisition Act of 1970 as amended, Section 104(d), Section 104(k) or Section 105(a)(11) of the Title I Act.
- 6) The city/county is soliciting citizen input on the entity's on-going community development needs.
- 7) Description of proposed project for which the city/county is applying.
- 8) Total estimated project cost, including amount being applied for, other state/federal funds, local contribution proposed, etc.
- 9) Specific location of project, either community-wide or boundaries (by name) of target area.
- 10) Percent of low/moderate income benefit of the proposed project (if known), or at least 51%.
- 11) Encouragement of area residents to attend.

(SAMPLE)

PUBLIC HEARING NOTICE

The City of Anytown will hold a public hearing on XXXXX, 2013 at X:XX a.m./p.m. at City Hall to discuss the city's submission of an application for the fiscal year federal FY2015 Community Development Block Grant (CDBG) program. The city is interested in obtaining all citizens' input on community development needs within the city. As part of the hearing process citizens will be asked to verbally assist in the completion of a Needs Assessment document. The document will detail what the residents feel are the strengths and weaknesses of the community. The city needs as much local participation as possible in order to reflect the true desires of the community as a whole, as well as the comments relating to the proposed project application. The State has established a maximum application request for each funding category. Activities that are eligible for funding include the improvement of public works, public facilities, housing rehabilitation, and others allowed by law. At least 51% of the funds must be used to benefit low-and-moderate income persons. No displacement of persons will be proposed.

The city is proposing support the construction of an Early Childhood Education Facility in conjunction with XXXXXXXXXXXXX. The city proposes to contribute \$XX in cash, \$XX in-kind labor by city crews, with grant funds of \$XX needed to make up the balance. The project, if funded, will benefit XX% low/moderate income persons. All citizens, including those in the targeted area, are encouraged to attend in order to comment on the proposed activities.

For more information on the proposed project, contact XXXXXXX XXXXX at XXX/XXX-XXXX.

STEP 8 - DISCUSS PROJECT WITH CDBG STAFF

This step is optional for the applicant. The CDBG staff of the Business and Community Services (BCS) division is available to discuss any questions that a community or grant writer may have regarding the proposed project and/or the application.

Often, a CDBG Representative can provide an outside perspective that communities may miss and important points may be left out of an application. At the same time, the BCS Representatives can offer specific answers regarding what exact information must be supplied on any particular document.

STEP 9 - COMPLETE AND SUBMIT APPLICATION

1) **Submit:**

- One typewritten original of application
- One copy of the entire application (for a total of two complete applications)
- Two copies of the **engineering report** or **architectural plans** (if public facility/public project activities are proposed)
- Support letters from state senator and state representative.

Missouri Department of Economic Development
Business and Community Services – CDBG
301 W. High Street, Room 770
PO Box 118
Jefferson City, MO 65102

We suggest that you mail the application by certified mail, return receipt. Otherwise, call (573) 751-3600 a few days after you have mailed the application to be sure it was received. Engineering reports and architectural plans are due at the same time as the application.

- 2) **Deadline:** Applications are due in the DED offices no later than 5:00 p.m. on Tuesday, June 30, 2015. Applications arriving after the deadline will be ineligible and will not be evaluated for funding.
- 3) **Format:** Each copy of the application should be stapled along the left side. **Please do not use special bindings or report covers.** One entire application, including all signatures, must be original. Please mark accordingly.

APPLICATION CONTENT CHECKLIST

Order of Application: The application must include the following documents (in this order).

- Form A Project Profile
- Form B Cost Summary
- Form D Minimum Requirement and Maximum Limits
- Form E Professional Services
- Form G Narratives
- Form H Civil Rights
- Form I Public Participation
- Form J Statement of Assurances
- Form K Resolution
- Form L(a) Applicant Certification on Lobbying Restrictions
- Form L(b) Sub-Applicant Certification on Lobbying Restrictions
- Form M Supplemental Section 3 Utilization Statement (if CDBG request exceeds \$200,000)

- Form N Anti-displacement and Relocation Plan
- Form O(a) Fair Housing Ordinance For Cities (see note 1 below)
- Form O(b) Fair Housing Resolution For Counties (see note 1 below)
- Form P Excessive Force Resolution (see note 1 below)
- Form Q(a) Applicant Disclosure Report
- Form Q(b) Sub-Applicant Disclosure Report
- Form R LMI Survey Instrument
- Form S LMI Survey Tabulation Sheet
- Form U Outcome Collection Data for CDBG Activities
- Form V Certification of E-Verify
- Form W Application Certification Form (signed)
- Map*
- Intergovernmental or Applicant/Subapplicant agreement (executed), if applicable
- Letters of Commitment, if applicable, must be attached from all other Federal and State funding sources involved.
- Proof of Status for not-for profit organization, if applicable
- Engineering Report/Architectural plans
- Support letters from state senator and representative

* **Map:** A map showing the specific location of proposed public facility/public project improvements and/or the housing target area must be included in each copy of the application. For public facility/public project activities, the map must include as much **detail** as possible,

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showing the location of specific improvements proposed. The plans included by the engineer and architect must show detailed specifics about the project and may require additional maps.

Note 1 – if applicant (city or county) has existing fair housing ordinance and/or excessive force ordinance, submit existing ordinance. Samples are provided in application for those entities which do not have existing ordinances.