

## ACTIVITY ELIGIBILITY RULES

### CONSOLIDATED PLAN GOALS AND OBJECTIVES

The City Council has adopted five goals for implementation. Proposed projects which will assist in meeting these goals will be especially welcomed, and will be more likely to be funded. In addition, the City Council has indicated a desire to utilize CDBG funding primarily for housing and neighborhood-related needs, so special emphasis in CDBG, with a higher probability of receiving funding, will be placed on the first three goals listed. These goals and objectives are as follows:

1. Increase the supply of affordable single family housing for the City's extremely, very low and low income households.
  - Continue the City's First Time Homebuyers Program that provides down payment and closing costs to low income households.
  - Fund new, affordable housing construction for single family homeownership.
2. Increase the supply of affordable rental housing for the city's extremely and very low income households.
  - Support private developers who wish to utilize the Low Income Tax Credit program to construct affordable housing. The City will prefer developments located in Census Tracts where there is not an existing concentration of affordable housing.
  - Support the efforts of the Plano Housing Authority to continue to obtain Section 8 vouchers awarded to replace expiring use units in the northern Metroplex. Support the efforts of the Plano Public Housing Authority to increase its inventory of scattered site housing and deconcentrate the location of assisted housing.
3. Preserve existing affordable housing stock.
  - Continue the City's rehabilitation program, including emergency repairs and lead based paint mitigation.
4. Expand the continuum of housing and services for a variety of special needs populations, including persons who are homeless and at risk of homelessness.
  - Fund organizations that provide homeless prevention activities and emergency assistance to help prevent households from becoming homeless.
  - Provide assistance to organizations that provide self sufficiency programs for persons who are homeless.
  - Seek additional funding to assist persons who are homeless through a Continuum of Care application for Collin County.

- Increase transitional housing and permanent supportive housing for persons with special needs, with priorities for persons with disabilities, at-risk youth, victims of domestic violence, and persons with mental illnesses.
5. Provide funding to organizations that address the economic and social service needs of low income households.

## CDBG GRANT RULES

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

Objective No. 1. Activities must primarily benefit low and moderate income persons, meaning that at least 51% of clients served must have low and moderate income. Low and moderate income is defined by the Dallas Metropolitan Statistical Area guidelines established by HUD, and revised annually. These maximum limits currently are:

<u>Number In Family</u>	<u>Maximum Income</u>	<u>Number In Family</u>	<u>Maximum Income</u>
1	\$37,250	5	\$ 57,450
2	42,550	6	61,700
3	47,900	7	65,950
4	53,200	8	70,200

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 (age 62), severely handicapped persons, homeless persons, illiterate persons, and migrant farm workers. This exemption does not apply to projects funded by HOME.

Objective No. 2. 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.

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 five-year forgivable lien for the amount of the purchase is required. Acquisition which would result in the relocation of an existing business or resident will normally not be funded. Please discuss this with City staff before submitting your application.
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.
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 retarded persons. These projects 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. In addition, projects will also be subject to the bidding and procurement requirements of 24 CFR Part 85.

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 or paint over 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.

**INELIGIBLE ACTIVITIES** - The following activities MAY NOT be assisted:

1. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible.

2. 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.
3. Long term subsistence payments (longer than three months) for such needs as rent and utilities are ineligible.
4. Landscaping and tree trimming are not eligible expenses.
5. Motor vehicle repairs are not eligible expenses.
6. 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.
7. 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.

#### OTHER CDBG REQUIREMENTS

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 not less than four years after the full amount of the grant is expended. Your records will be reviewed by the City, and may also be reviewed by HUD. Undocumented expenditures must be repaid to the City.
2. You 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. You 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 \$500,000 or more, you will be required to comply with the Single Audit Act of 1984. Your accountant should be familiar with these requirements.
4. If you have a HOME grant, you will be required to provide monthly reports describing and documenting matching funds you are applying toward the grant.
5. You 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 to be reported by HUD.
6. You will be required to obtain written proof of income for each person or household which you assist, unless your clients are abused children, battered spouses,

elderly persons, severely handicapped persons, homeless persons, illiterate persons, or migrant farm workers. If you have a HOME grant, this exemption does not apply, and you must obtain proof of income for all clients.

7. You 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, your organization will be responsible for this reimbursement.

**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.

### **HOME GRANT RULES**

**CHDO:** The HOME program requires the City to reserve 15% of their total grant amount for eligible Community Housing Development Organizations (CHDO's). The City may also, at its option, 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. You are not required to be an approved CHDO at the time

you apply for funds; however, all CHDO requirements must be met before contracts can be signed. CHDO's must be re-certified annually, even if the project is not completed within the year.

Match: Funds provided to agencies must be matched at 25%. In other words, for each dollar of HOME funds spent on a project, the 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 monthly on their sources of matching funds, and will have to provide documentation of the source of the funds and their use. Only CHDO operating funds are not subject to the match requirement.

Activities must 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 are shown above 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, you will have two years to complete the project 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. This minimum amount does not include matching funds.

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 deed restriction will be required 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.

ELIGIBLE ACTIVITIES: The following activities may be funded by the HOME program:

1. New construction of both rental and ownership housing. Any project that includes the addition of dwelling units outside the existing walls of a structure is considered new construction.
2. Housing rehabilitation, including 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.
3. Reconstruction. 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 of an existing structure from another use to affordable residential housing.

5. Site improvements, including 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 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 of an existing structure may be funded through HOME **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.

**OTHER REQUIREMENTS:** See above under CDBG Rules, the section titled "Other CDBG Requirements" for information regarding required record-keeping and faith-based organizations that applies to the HOME program.

## COMMUNITY SERVICES GRANT RULES (CSG)

The City of Plano recognizes the need for community services within the City, and for this reason makes funds available for social services. The majority of these funds will be granted to agencies that provide for emergency needs for Plano residents, such as food, shelter, clothing, and preventive health care.

Grants are for expenses incurred between October 1, 2007, and September 30, 2008. All funds must be spent no later than September 30, 2008. Bills remaining to be paid after that date may not be paid with Community Services 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 three years.

Grants to an organization will generally not exceed 25% of the organization's previous fiscal year's expenditures. Under unusual circumstances, exceptions may be recommended by the Community Relations Commission.

### RESTRICTIONS ON USE OF CSG FUNDS:

The City of Plano will not fund the following:

- A. No more than 50% of the grant request may be for salaries. However, under unusual circumstances, exceptions may be approved by the Commission.
  - B. Duplication of services or programs.
  - C. Social functions, parties, receptions, fund-raising benefits, refreshments, or beverages.
  - D. Licensing fees of any kind.
  - E. Underwriting, investments, stocks, bonds, or any financial obligation.
- Interest and/or depreciation on loans, fines, penalties, or costs of litigation.

**GRANT FUND ENTITLEMENT**

2008-0009 CDBG	\$1,295,000.00
2007-08 HOME	\$448,000.00
ADDI (American Dream Downpayment)	\$10,285.00
Estimated CDBG Program Income 2007-08	\$145,000.00
Estimated HOME Program Income 2007-08	\$6,500.00
<b>Total</b>	<b>\$1,904,785</b>

**Agency Name** **Amount Requested**

Crossroads Family Service	\$37,000.00
God's Food Pantry	\$42,000.00
Assistance Center of Collin County	\$100,000.00
Plano Children Medical Clinic	\$45,000
Avenues Counseling	\$5,000.00
Family Outreach	\$33,200
Assistance League of Greater Collin Cty.	\$25,000.00
Christ United Methodist Church	\$50,000
Plano Community Chartity	\$120,026.00
Plano Housing Corporation	\$220,000
Planing Housing Authority (historic restor)	\$180,000
Plano Housing Authority (self sufficiency)	\$25,000
CASA	\$22,920.00
Habitat for Humanity	\$180,000.00
Rape Crisis Center--dba Turning Point(2)	\$47,728.00
Rape Crisis Center--dba Turning Point(2)	\$52,486.00
City House (site improvement)	\$80,000
City House (program services)	\$95,000
Big Brothers Big Sisters	\$30,000.00
ACORN	\$22,200.00
Collin County Adult Clinic	\$30,000.00
Community Dental Care	\$40,000.00
TRI-CAC	\$23,020.00
TRI-CAC	\$125,000
Child and Family Guidance Center(benefits)	\$35,900
Child and Family Guidance Center(health)	25,000
Samaritan Inn	\$70,000
Communities in Schools	\$63,600
Hope's Door	\$50,000.00
Maurie Barnett Geriatric	\$30,000
PISD-Even Start	\$40,000
Plano Community Homes (transportation)	\$34,400
Plano Community Homes (Pioneer Place)	\$45,300
Plano Community Homes (showers)	\$112,000
Special Care and Careers	\$13,728
Boys and Girls of Collin County	\$35,000.00
Aids Service of North Texas	\$77,000.00
Journey of Hope	\$15,000.00
Committee on Aging	\$64,000

<b>TOTAL GRANT REQUESTS</b>	<b>\$2,341,508.00</b>
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REHAB	\$900,000
REHAB-HOME	250,000
FTHB--CDBG	50,000
FTHB-ADDI	10,000
TRANSPORT	500
HOMELESS PREV	\$20,000.00
ADMINISTRATION	\$100,000.00
<b>TOTAL</b>	<b>\$1,330,500</b>

<b>GRAND TOTAL</b>	<b>\$3,672,008</b>
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