


**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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January 29, 2021

MEMORANDUM FOR: All Potential Applicants

FROM: Jennifer Seeger, Deputy Director 
Division of Financial Assistance

SUBJECT: **Community Development Block Grant Program
2021 Notice of Funding Availability**

The California Department of Housing and Community Development (Department) is pleased to announce the release of this Notice of Funding Availability (NOFA) for approximately \$30 million in federal funds for the 2021 Community Development Block Grant (CDBG) program. Funding for this program is available to the state from the United States Department of Housing and Urban Development (HUD), pursuant to the Housing Community Development Act of 1974, as amended.

CDBG funds are provided as grants for a wide range of activities directed toward economic development, improvement of community facilities and infrastructure, neighborhood revitalization, and public services. All CDBG activities must meet one of the following National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain urgent community needs. This NOFA will provide detailed information on the application process for CDBG funding.

The critical priority for this funding is to ensure all eligible persons receive equitable access to services, and are served with dignity, respect, and compassion regardless of circumstance, ability, or identity. This includes marginalized populations, including but not limited to, Black, Native and Indigenous, Latinx, Asian, Pacific Islanders and other people of color, immigrants, people with criminal records, people with disabilities, people with mental health and substance use vulnerabilities, people with limited English proficiency, people who identify as transgender, people who identify as LGBTQ+, and other individuals that may not traditionally access mainstream support. The Department expects eligible Applicants to plan for how this funding will reduce disparities and increase racial equity in their communities.

Applications for CDBG funding under this NOFA will be accepted via the Department's online grant application and management system, Grants Network, supported by eCivis. Profile set-up instructions, and other technical assistance can be found on the CDBG

[webpage](#) under Training and Technical Assistance at [eCivis Grants Network User Manual](#). Community Development Program applications will be due April 30, 2021 at 5:00 p.m. Pacific Daylight Time (PDT), and Economic Development (ED) program competitive applications and Over the Counter (OTC) Project applications will be due May 31, 2021 at 5:00 p.m. PDT.

To receive CDBG program NOFA FAQs, emails, and other information and updates, please subscribe to the Federal Programs [listserv](#). If you have any questions, please submit them to cdbg@hcd.ca.gov.

All activities in this NOFA are subject to availability of funds and continuing HUD and legislative authority.

Attachment

**Community Development Block Grant Program
2021 Notice of Funding Availability**



**Gavin Newsom, Governor
State of California**

**Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency**

**Gustavo Velasquez, Director
California Department of Housing and Community Development**

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Website: <https://www.hcd.ca.gov/grants-funding/active-funding/cdbg.shtml>
Community Development Block Grant Program email: cdbg@hcd.ca.gov

January 29, 2021

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Note – Appendices are located in the ‘Files’ tab on the [HCD Program Solicitations](#) under each specific program solicitation.

I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (Department) announces the availability of approximately \$30 million in funding available through the federal Small Cities Community Development Block Grant Program (CDBG) for the 2021 funding year. CDBG funds are provided as grants to Non-Entitlement Jurisdictions. The objectives of the CDBG program are to develop viable communities by the provision of decent affordable housing, a suitable living environment, and to expand economic opportunities, principally for the benefit of low- and moderate-income persons, families, households, and neighborhoods. LMI is defined as neighborhoods, families, households, and individuals whose income does not exceed 80 percent of the county median income, as adjusted by the United States Department of Housing and Urban Development (HUD) for family household size.

All applications will be reviewed for completeness and compliance with state and federal requirements. Only complete and compliant applications will be eligible for application review, approval, and potential funding.

B. Tentative Timeline

The timeline below identifies deadlines for the 2021 program year application process.

NOFA Deadlines

NOFA Release	January 29, 2021
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Housing and Community Development Programs

Community Development Program Applications	Application Due Date: April 30, 2021 5:00 p.m. PDT
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Economic Development Program Activity and Economic Development Capital OTC Project Activity Allocation

ED OTC Project Applications and Competitive Applications	Application Closing Date May 31, 2021, 5:00 p.m. PDT
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Undersubscribed ED OTC and Competitive program funds remaining at the close of the 2021 CDBG NOFA will be rolled into the Multifamily Housing, Housing Infrastructure, and Community Development OTC waitlist of projects submitted

under the 2019 Housing and Non-Housing OTC applications in the 2019-2020 NOFA.

Applications submitted before the application start date or after the respective due date or closing date will not be accepted. There will be no exceptions. The Department recommends Applicants plan to submit their application(s) well before the final due or closing date to provide opportunity for troubleshooting if needed. Each application will be digitally time stamped upon submittal.

C. What is new in This NOFA

1. New application configuration in Grants Network

The Department has re-configured the Grants Network application space to better take advantage of system functionality and to respond from comments from stakeholders. Changes include:

- re-arranging activities by application type
- reducing the number of solicitations
- adding set-aside solicitations for Colonias
- removing redundant questions
- re-organizing questions to improve application flow and usability
- re-structuring threshold requirements to better align with the NOFA
- creating dedicated applications for Program Income (PI) only-funded activities

2. Capital improvement Projects

The Department will not be accepting any new Community Development OTC capital improvement (Project) applications for the 2021 funding round. As part of the CDBG redesign, the Department implemented OTC applications for capital improvement Projects for multi-family housing, Infrastructure, and public facilities in the 2019-2020 NOFA. Applications received in excess of available funds have been put on a waitlist to be funded through dis-encumbered funds from prior year programs. OTC applications submitted under the 2019-2020 NOFA were required to be shovel ready. The Department will continue to fund down the existing waitlist of shovel-ready Projects through the 2021 program year. No new Community Development OTC applications will be accepted for grant year funding in 2021. Community Development Projects funded exclusively with PI will still be accepted.

3. Workshops

Workshops will be conducted virtually via Microsoft Teams. The schedule and registration information will be posted to the CDBG webpage. Training and TA are also available on the CDBG [webpage](#).

4. Online grant application and management system

The Department will continue using Grants Network for submission, reviewing, and tracking applications. Improvements and modifications to Grants Network are ongoing. Grants Network supports Programs and Projects from application through implementation and closeout of contracts and will connect with other digital accounting and reporting systems used by both the Department and HUD.

D. Authorizing Legislation

Funding for the CDBG program is authorized pursuant to [Title 42 United States Code \(U.S.C.\) §5301, et. Seq.](#), and /subpart 1 of the Federal CDBG Regulations. The Federal Omnibus Budget Reconciliation Act of 1981 provides for state administration of the federal CDBG program. Additional authority includes, but is not limited to:

- [24 Code of Federal Regulations \(CFR\) § 570.480 et. seq.](#), Federal CDBG Regulation
- [24 CFR Part 58](#) Environmental Review Procedures
- [2 CFR Part 200](#) Uniform Grant Administration Requirements
- [12 Health & Safety Code \(HSC\) §§ 50825-50834](#), State of California CDBG program
- [2020-2024 State of California Consolidated Plan](#)
- [2021-2022 State of California Annual Action Plan](#) (in progress)
- [CDBG Guidelines](#), California Department of Housing and Community Development

If there are federal or state statutes or regulations, other laws governing the CDBG program, or funding is modified by Congress, HUD, the Department, or State Legislature, prior to completion of work to be done pursuant to awards made in connection with this NOFA, the changes may become effective immediately and apply to funded activities.

In administering this NOFA, if there is a conflict between the federal statutes or regulations and state statutes or guidelines, the federal statutes and regulations shall prevail. All activities in this NOFA are subject to availability of funds and continuing HUD and California legislative authority. The Department reserves the right, at its sole discretion and at any time, to rescind, suspend or amend this NOFA and any or all its provisions. The Department will notify interested parties through listserv emails and by posting notification on the Department website if the Department rescinds, suspends, or amends this NOFA. This NOFA is not a commitment of funds to any Activity or Applicant.

Note: The HCDA is codified as Title [42 U.S.C., §5301, et. seq.](#): thus, those citations are interchangeable and cite the same statute language. For example, the citation of HCDA 105(a)(22) and [42 U.S.C. §5305\(a\)\(22\)](#) are references to the same statute language. For the purposes of this NOFA, we will use the 42 U.S.C. §5301 citations for references to the federal statutes.

E. Definitions

Activity – means any single eligible undertaking carried out as part of an Applicant's participation in the state CDBG program and as listed at [42 U.S.C. 5305](#).

Colonia – means a rural community within the United States-Mexico border region that lacks adequate water, sewer, or decent housing, or a combination of all three, as defined by Section 916 of the National Affordable Housing Act of 1990.

Infrastructure – means the physical systems, such as roads, sidewalks, streetlights, water, and sewer facilities, which are necessary to provide basic community services.

Jurisdiction – means the area within a unit of general local government, including a city, county, or town. Please see Appendix A for a list of eligible Non-Entitlement Jurisdictions.

Microenterprise – means a commercial enterprise that has five (5) or fewer employees including the owner(s).

Non-Entitlement – means Jurisdictions that either do not have sufficient population to participate in the HUD's direct entitlement program, or that choose not to participate in HUD's direct entitlement program in favor of participating in the state CDBG program.

Program – means an eligible Activity that provides direct assistance to eligible participants within a defined service area. Programs include public services, housing assistance to households, and instances where an eligible person, household, or area is directly assisted with a unit of service.

Program Income – means gross income received by the Grantee that is directly generated from the use of CDBG funds pursuant to [24 CFR § 570.489\(e\)](#).

Project – means eligible capital improvements to public facilities, Infrastructure, assets, and right-of-way. Projects may also include eligible capital improvements to privately owned facilities, Infrastructure, and assets that serve the public or that provide a public good, including shelters, community-based facilities, and utilities.

Public Service – means a unit of service or assistance provided to an individual or household and per [42 U.S.C. 5305 \(a\)\(8\)](#) involves provisions of public services

(including labor, supplies, and materials) including but not limited to public services concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare, homebuyer down payment assistance, or recreational needs.

Except as otherwise defined herein, all defined terms have the meaning set forth in [42 U.S.C. 5302 \(a\)](#) and the [State CDBG Guidelines](#).

II. Program Requirements

A. Eligible Applicants

1. Non-Entitlement status

CDBG program funds are provided as grants to Non-Entitlement Jurisdictions. Applications may only be submitted by Jurisdictions (city, county, or town). Jurisdictions are encouraged to partner with districts, agencies, nonprofit service providers, and other community organizations whenever appropriate to prepare and submit applications for CDBG funding, and to administer and complete CDBG funded Programs and Projects.

Incorporated cities located in an urban county as defined by [42 U.S.C. 5302\(a\)\(6\)](#) must formally elect to be excluded from participation in the urban county entitlement status. HUD must be notified that the city has elected to be excluded from the urban county participation as per [24 CFR § 570.307\(q\)](#) for it to be eligible for the state CDBG program. Only eligible activities from eligible Applicants will be scored and ranked.

2. Housing Element compliance

As per [HSC § 50829](#), the Applicant must submit a draft and adopted Housing Element to the Department in accordance with the requirements listed in [Government Code \(GC\) § 65580](#), et seq. and GC §65585 (see Appendix B). Applicants that fail to comply with the procedural requirements (i.e., GC §65585) of the Housing Element law are ineligible for funding through the state CDBG program. Eligibility cannot be restored until the Applicant has met such procedural requirements.

3. Growth control limitations

Applicants that have adopted growth controls, including, but not limited to restrictions on residential building permits and residential buildable lots, that do not meet the exception criteria in HSC §50830 (b) and (c) are ineligible for funding as per [HSC §50830](#). Applicants intending to apply for CDBG funds are required to submit a signed 2021 CDBG Application Certifications and Statement

of Assurances that certifies that the Applicant has not adopted any residential growth controls, or that adopted residential growth controls meet the applicable exception criteria. Failure to submit an executed Application Certifications and Statement of Assurances will result in Applicant ineligibility.

4. Application submittal

Applicants must meet the following requirements when the application is submitted to be eligible to apply for funding under this NOFA:

1. An eligible Applicant may apply on its own behalf
2. An eligible Applicant may apply on behalf of one or more other eligible Applicants
3. Two or more eligible Applicants, which share a program, may submit a joint application
4. In addition to Activity and application limits identified in the NOFA, an eligible Applicant may apply for activities in service areas within or outside of the Applicant's Jurisdiction when there are concentrations of Native Americans ([HSC §50831](#)) or where there is a designated Colonia as described by Section 916 of the National Affordable Housing Act of 1990, provided the concentration is within an eligible city or county.

B. Restrictions on multiple activities in the same political districts

Applications for eligible activities outside the Applicant's Jurisdiction must include a legally binding agreement, acceptable to the Department, with the city or county in which the eligible Activity is located. Applicants may not apply to both the state CDBG program and to a CDBG program administered by an Urban County or other entitlement entity during the same program year.

C. Allocation and funding

Funds will be allocated according to federal regulations found in [24 CFR § 570](#) and state statute, as found in [HSC § 50827](#) et seq. For more information, please reference the [CDBG Guidelines](#). The tables below include the estimated percentage of funding available for set-asides and funding caps for the 2021 allocations. The amount of total funding available and the allocations of those funds are only estimates and are subject to change without notice. Funding awarded through this NOFA will have a 36-month expenditure and liquidation period. Awards will be limited to \$1.5 million per Jurisdiction, including all applications submitted under this 2021 NOFA.

D. State allocations

1. Economic Development

As per state statute, 30 percent of the annual allocation, or approximately \$8.7 million, is estimated to be available for ED activities (Programs and Projects). Up to ten percent, approximately \$873,000 of this allocation will be available for ED planning activities.

2. Housing and housing-related Infrastructure

As per state statute, 51 percent of the annual allocation, or approximately \$14.8 million is estimated to be available in a set-aside for housing assistance, housing services, housing rehabilitation, housing-related facilities, and housing-related Infrastructure. Up to ten percent of the housing and housing-related Infrastructure allocation, approximately \$1,500,000, will be available for planning.

a. Housing assistance programs for single-family housing

Approximately \$5.5 million is estimated to be available for housing-assistance competitive programs.

b. Multifamily housing rehabilitation and Infrastructure in support of housing OTC projects

Approximately \$7.8 million is estimated to be available for multifamily housing rehabilitation and Infrastructure in support of housing projects. These funds will only apply to applications carried over from the waitlist on the 2019-2020 NOFA.

3. Public Services

Per federal statute, no more than 15 percent of the annual allocation. Approximately \$4.3 million will be available for Public Services, including Public Services in support of housing. In addition to the \$4.3 million, approximately \$430,000 will be available for public facility and services planning.

E. Special Allocations

1. Colonias

Per HUD agreement, 5 percent of the annual allocation. Approximately \$1.5 million is estimated to be available to Colonias Jurisdictions. The Colonias allocation is exempt from the \$1.5 million per Jurisdiction limit. Eligible Activity includes housing assistance, Infrastructure, and public services.

2. Non-federally recognized tribes

Per state statute, 1.25 percent of the annual allocation. Approximately \$375,000 is estimated to be available to non-federally recognized tribes. The non-federally recognized tribe allocation is exempt from the \$1.5 million per Jurisdiction limit. Eligible activities include housing assistance, Infrastructure, and public services.

F. Federal limits

1. Program Administration

The Department can use 3 percent of total funding for administration costs. Approximately \$1 million will be available for state administration.

2. General Administration

Applicants may request up to a flat 7 percent of the total 2021 CDBG grant funding requested per Activity for General Administration (GA). GA costs may include, but are not limited to, the following categories:

- Salaries, wages, and related costs of the Grantee's staff engaged in activities associated with the general administration of the CDBG program, including general management, general legal services, accounting, and auditing
- Travel costs incurred in carrying out the general management of the program
- Administrative services performed under third-party contracts, including contracts for such services as general legal services, accounting services, and audit services
- Other costs for goods and services related to the general management of the program, including rental and maintenance of office space, insurance, utilities, office supplies, and rental or purchase of office equipment
- Costs incurred in providing information and resources to individuals, families, and households in the LMI group, and to citizen organizations participating in the planning, implementation, or assessment of the Grantee's program
- Administrative funding can also be used for fair housing activities in compliance with the requirements of state [CDBG Guidelines §103](#). If a cost cannot be associated with one of the above listed groups and cannot be associated with direct project costs, the Department will, upon the Grantee's request, decide whether it is an administrative cost, an Activity Delivery cost, or an ineligible cost according to [24 CFR §§ 570.489](#) and [570.482](#).
- GA NEPA.

Applicants may elect to assign more funds to Activity costs and take less than the 7 percent as GA allocation. GA for PI funds is **17 percent**. For project budgets with both grant award and PI as funding sources, please identify how

much GA will be from each source to ensure that GA stays within the program caps.

Note: The above allocations and limits do not total the amount available. These allocations and limits overlap, and applications may be counted against multiple allocations and/or limits. Please see the application solicitations for the available funding for each application type.

G. Activity Delivery

Activity Delivery (AD) costs are those costs directly related and necessary to successfully complete a specific Activity, such as loan underwriting costs, architectural and engineering design costs, and labor compliance review costs.

The Department is re-evaluating AD limitations to improve overall budgeting and Activity performance. AD limits for all activities except housing Rehabilitation Administration have been eliminated. Applicants must include a budget line item inside the Activity category of their budget for AD if there will be AD costs as part of the Activity. The AD limit for Housing Rehabilitation administration will be **20 percent** of the total grant award. AD for Rehabilitation Administration will be charged as a total of the award, not on a loan-by-loan or, in the case of emergency repair programs, grant-by-grant, basis.

H. Insufficient demand

If there is insufficient demand for an identified allocation, the Department may make awards to other qualifying activities in other allocations, to meet the timeliness of federal funds requirements.

I. Eligible activities maximum awards

For a complete list of eligible activities allowed under the HCDA, go to [42 U.S.C. §5305](#). CDBG program activities should be in predominantly residential areas or should serve predominantly residential areas to be eligible.

J. Activity limits

Jurisdictions will submit **one application per** Activity. Each Jurisdiction **can submit up to three (3) applications** during this NOFA cycle. Each Activity must have a unique application with a complete budget, national objective, scope of work, and milestone timeline. There will be no “combo” activities or applications accepted in this NOFA. Each application will have a stand-alone Standard Agreement for that Activity. Applicants are encouraged to review the sample draft Standard Agreement in Appendix K as a sample of the applicable terms and conditions required for CDBG funded activities.

1. Housing and community development activities

The maximum grant award for all Community Development Activities is \$1.5 million per Jurisdiction. Per Jurisdiction limits do not apply to Colonia and Native American set-asides. The below limits are new grant awards limits per Activity. PI included in an Activity budget does not count against the Jurisdiction maximum grant award. Total Activity budgets may exceed the award limits when PI is budgeted to the Activity; however, the new grant award, per Activity, shall not exceed the maximums below. Per-Activity limits do apply to Colonia and Native American set-asides.

Pursuant to [24 CFR § 570.482](#), eligible activities and maximum grant award amount for funding the CDBG program include, but are not limited to:

- a. Housing assistance to single-family units
 - Single Family (1-4 units) Homebuyer Assistance - up to \$500,000
 - Single Family (1-4 units) Housing Rehabilitation - up to \$500,000
- b. Non-housing community development activities¹
 - Public Services - up to \$500,000
 - Planning & Technical Assistance - up to \$250,000

2. Economic Development activities

The maximum total Jurisdiction grant award for ED activities is \$1.5 million. When applying for ED and CD activities, the combined maximum may not exceed \$1.5 million. These maximums do not include PI. PI may be included in addition to the new program award. The below limits are new grant awards limits per Activity. Per-Activity limits do not apply to Colonia and Native American set-asides. ED activities and grant award include:

- a. Business Assistance - up to \$500,000
- b. Microenterprise Assistance (including both Micro-Financial Assistance and Technical Assistance) - up to \$250,000
- c. Infrastructure in Support of Businesses - up to \$1.5 million

¹ Applications submitted under the 2019-2020, including capital facility and Infrastructure improvement, multifamily (5 or more units) acquisition and/or rehabilitation, and Infrastructure in support of housing are grandfathered into the 2019-2020 activity limits.

III. Application requirements

A. National Objectives

CDBG funded activities must meet one of three National Objectives:

- Benefit LMI persons
- Aid in the prevention or elimination of slums or blight
- To meet an urgent need

At least 70 percent of the funds awarded must benefit LMI individuals or households. No Activity or portion of a program assisted by these funds may exclude from its benefits the lowest income-eligible group. Individual activities shall meet one of the following National Objectives:

1. Low- to Moderate-Income (LMI)

Persons, households, and/or neighborhoods benefiting from LMI activities must meet HUD's LMI requirements. HUD updates income limits annually. Applicants will be notified via a news blast email and information will be posted on the Department's website when the HUD Adjusted Median Family Income (HAMFI) limits and low- to moderate-income areas (LMA) are updated. Applicants are required to use the updated income limits as soon as they are available. The LMI National Objective consists of the following categories:

- a. Low- to moderate-income Limited Clientele (LMC), as defined by income limits or presumed benefit refers to persons who earn 80 percent or less of HAMFI for the county of residence, as updated annually by HUD. Presumed benefit LMC refers to persons who, as a category, are typically low income.
 - Seniors
 - Persons with a disability
 - Homeless persons
 - Abused children and battered spouses
 - Illiterate adults
 - Persons living with acquired immunodeficiency syndrome (AIDS)
 - Migrant farmworkers
- b. LMA are identified using census tracts and block groups. LMA may also be identified through an income survey. See Appendix H for additional information regarding CDBG income surveys, which:
 - Are based on the American Community Survey using Census Geographies

- Contain at least 51 percent of households in the area earning at 80 percent or below HAMFI to meet LMA
 - Must be contiguous and the area should be mapped to show eligibility
 - Must be an Activity with public benefit for the area, such as streets and sidewalks, sewer/water Infrastructure, community facilities, or park improvements
 - Should be determined to be LMA eligibility from the map application at HUD's [Low- and Moderate-Income Summary Data](#) Application page. [Instructions for HUD's mapping application](#) are available to assist in using the map application.
- c. Low- to Moderate-Income Housing (LMH) defined by household income limits is a household earning 80 percent or less of HAMFI.
- d. LMI Job Creation or Retention Activities (LMJ)
- LMJ is based on the number of full-time equivalent jobs created or retained
 - Must create or retain jobs, and 51 percent of those jobs must be for LMI persons
 - To meet the public benefit requirements for LMJ activities, for every \$35,000 spent, one full-time equivalent job must be created/retained

2. Slums and Blight

- a. Areas must be geographically defined and publicly identified as slums or blighted, typically by a council or board resolution, before the Activity is considered.
- b. Activities must aid in the prevention or elimination of slums or blight as described in [24 CFR § 570.482](#).

3. Urgent Need

For the purposes of this NOFA, no Urgent Need² applications will be accepted through the NOFA application process without prior Department approval. If you have a program or a project that meets the criteria of Urgent Need, as established at [24 CFR § 570.483\(d\)](#) and you believe your proposed project or program must use Urgent Need as a National Objective to be program eligible, please contact your Department representative for further instructions.

² Special requirements apply to Urgent Need. Please contact the Department for more information.

B. Milestones

All CDBG program-funded activities must be implemented according to the milestones defined in the Standard Agreement. Applicants must include at least five milestones per Activity application:

- Milestone 1 Activity initiation
- Milestone 2 First draw of grant funds
- Milestone 3 Fifty percent completion
- Milestone 4 Final draw of grant funds
- Milestone 5 Activity closeout

Additional milestones are optional, though encouraged for best practice of Activity implementation. Milestones may be adjusted for delays in application review and standard agreement execution. Applicants are encouraged to evaluate feasibility of meeting milestones and build time for unexpected delays into milestone schedules. Milestones may not extend beyond the expenditure deadline of an award.

C. Conditions

Applicants and awardees acknowledge that the funding opportunities referenced in this NOFA, and all obligations of the Department herein, are expressly subject to and conditioned upon the ongoing availability of funds, as well as the continued authority of the Department to operate the CDBG program. In the event that funds are not available, the CDBG program or act under this NOFA is eliminated, or in any way restricted, the Department shall have the option, at its sole discretion, to amend, rescind, suspend, or terminate this NOFA and any associated funding pursuant to the provision set forth immediately above. **This NOFA is not a commitment of funds to any Activity or Applicant.**

IV. Application threshold and initial requirements

All applications are required to pass threshold requirements. Failure to meet threshold will result in immediate disqualification. Applications that do not meet threshold will not move on to scoring, or in the case of ED OTC, review for award.

A. Threshold requirements

The following threshold requirements must be met at the time of application:

1. The Applicant must demonstrate to the satisfaction of the Department that it is in compliance with the financial management requirements of [2 CFR § 200](#). The Applicant must provide the Department with its most recent single audit (as submitted to the State Controller's Office), if applicable. If the Applicant has any open single audit findings and does not have a plan or agreement to remediate

those findings, the Applicant will be deemed ineligible for funding through the state CDBG program until the findings are resolved or a remediation plan or agreement is established. Any and all single audit findings are included in this evaluation. This requirement is **not** limited to federal funds administered by the Department. If an Applicant is not subject to single audit requirements, the Applicant is not required to submit an audit. Applicants that fail to disclose findings on their most recent single audit will be disqualified without exception or appeal.

2. Pursuant to [24 CFR § 578.25](#), acceptable evidence of site control is a deed or lease. Absent a current deed or lease, an Applicant may use assessor's parcel information to establish ownership for Applicant or subrecipient-owned sites. If grant funds will be used for acquisition, acceptable evidence of site control will be a purchase agreement. Site control must be maintained through the operation period of the Activity. Activities that are expected to last one year must have documented site control for that year. If site control is expected to expire during the open Activity period, the Applicant must document that either an alternative site will be made available or that the Activity operators intend to extend or renew the lease on the existing site.
3. Applicants must include the Jurisdiction name, initial all pages, sign, and submit the Certifications and Statement of Assurances (Appendix J) with their application to meet threshold. Please review the Statement and confirm compliance with each requirement. Failure to comply with the certifications and assurances may result in disqualification, recapture of federal funds, and debarment. Applicants that fail to submit complete Certifications and Statement of Assurances at application submittal will be disqualified without exception or appeal.
4. Pursuant to [24 CFR § 570.486](#), applications must follow CDBG Public Participation regulations. Applicants must provide documentation that the [Citizen Participation](#) requirements have been met. Documentation must include proof of public noticing, information provided during the public hearing or public meeting, and public comments received during the public participation, including Jurisdiction responses to comments. Additional information about public participation requirements can be found in Appendix C.
5. The application includes a completed Authorizing Resolution approved by the Applicant's governing board. The authorizing resolution designates a person or persons responsible for, and authorized to, execute all documents related to the application of CDBG funds. Applicants are required to use the Department's Sample Resolution of the Governing Body. For reference, please see Appendix D.

6. Applicant must submit the required [Government Agency Taxpayer ID \(TIN\) Form](#) found in the Files tab of each program solicitation. Submitted TIN forms must include DUNS numbers and accurate payment information to be complete.
7. CDBG budgets as found in the Grants Network portal are required at application submission. Required budget information includes direct costs only. Direct costs for Activity, GA, PI, and 'Other' if applicable, must be completed and clearly identified. Do not include any information on indirect cost, match, or cost share. Applications submitted without a complete CDBG Budget will be disqualified without exception or appeal.

In addition, if funding, other than CDBG dollars, are to be used, Applicants are required to upload their Sources and Uses for all funds applicable to the CDBG Activity. The application will guide Applicants that are using multiple funding sources to finance their Activity to upload a comprehensive Activity Sources and Uses.

8. Based on the 50 percent rule, Applicants with one or more current and open CDBG Standard Agreements (SAs), for which the expenditure deadline established in the agreement(s) has not yet passed, shall be ineligible to apply for any additional CDBG funds for the same type of Activity(ies) included in those open CDBG SAs, unless the Applicant has expended at least 50 percent of CDBG funds previously awarded, including PI, for that Activity, or unless a waiver to the rule has been approved by the Department's Director, as allowed at [HSC § 50833\(f\)](#). This includes PI only SAs approved for the same type of Activity(ies). The requirements of this subsection do not apply to OTC awards. Applications coming in under CDBG-CV are exempt from this requirement. Applicants will be required to submit their most recent Request for Funds and documentation of compliance with the 50 percent rule requirement. For awards managed through Grants Network, a screenshot of the grant administration screen at the time of submittal of the application will work as documentation for compliance with the 50 percent rule.
9. Pursuant to [24 CFR Part 5](#), all CDBG Applicants are required to verify they and their principals, or any/all persons, contractors, consultants, businesses, sub-recipients, etc., that are conducting business with the Applicant are not presently debarred, proposed for debarment, suspended, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Applicants and their partners, contractors, consultants and subrecipients must register with the [System for Award Management \(SAM\)](#) to do business with the U.S. government. Debarments checks that return "No Results" or "No Record Found" indicate that either the Applicant is not searching under the correct name, or that the Applicant or Applicant partner is not registered. The Department will not award any CDBG program funds to Applicants and Applicant partners, including contractors,

subrecipients, and consultants that are debarred, suspended, proposed for debarment and declared ineligible, voluntarily excluded from participation, or that are unregistered in SAM from federally assisted programs. Applicants are not required to perform debarment checks on individual Applicant or partner employees or individual persons unless that person is acting as a contractor, consultant, subrecipient, or program partner and will be receiving payment directly from CDBG funds. Applications with incomplete Debarment information will be disqualified without exception or appeal.

10. The Applicant must demonstrate, to the satisfaction of the Department, that it is meeting the State Objectives as described in Appendix I.
11. Pursuant to the National Environmental Policy Act of 1969 (NEPA), Environmental Standards must be met. Applicant must demonstrate compliance by submission of fully complete, current, and applicable Environmental Review Record forms and supporting documentation. Required NEPA process, training and current forms are available on the [HUD Exchange](#) under the 'Formats' option. Additional HUD guidance can be found at the [Orientation to Environmental Reviews](#) page also on HUD Exchange. If Applicants intend to use CDBG funding for GA Activities, a GA NEPA review will also be required at application submission, specifying the applicable exemption in [24 CFR § 58.34\(a\)](#). For ED Business Assistance and CD housing assistance activities that operate as a program but, as per HUD, require site specific environmental reviews for NEPA clearance, only a GA NEPA review is required at application. Applicants using a Tiered Review process are strongly encouraged to submit their Tier 1 review at application.
12. ED applications only - The Applicant must demonstrate capacity and experience to operate an ED Activity. Capacity and experience may be documented through one of the following commitments:
 - a. The Applicant has hired staff that are able to dedicate capacity to the operation of a CDBG-funded ED Activity. These staff must have at least:
 - three years of CDBG ED experience, or
 - five years of commercial underwriting experience plus two years of general CDBG experience.
 - b. The Applicant has a draft contract or subrecipient agreement with a qualified consultant or non-profit ED group with direct experience in CDBG ED implementation. The agreement must be fully executed, and a copy provided to the Department within 30 days of receipt of SA. Final contracts and/or subrecipient agreements must be with the same entities as proposed in draft at the time of the application. Substitutions will invalidate the application and cancel the award.

- c. The Applicant commits to partnering with the Small Business Development Centers or similar organization that has direct experience in CDBG ED program design, implementation, and commercial underwriting. This commitment will be a resolution, memorandum of understanding, or similar formal statement and will be required at application.

B. Application and Activity requirements

At time of application submission, all applications must comply with and provide documentation of HUD's federal cross cutting requirements found at [24 CFR § 570.600 et seq](#), and summarized in section X Federal Program Requirements of this NOFA, and state overlays. Failure to comply with these requirements may result in disqualification of the application. State overlays are as follows:

1. Application verification

Applicants must certify upon submission that their application is true and correct to the best of their knowledge. The application included required input fields, required attachment uploads, and required budgets. Selecting an input field or uploading a blank document to circumvent the application requirements invalidates the application certification and will result in immediate disqualification, without exception or appeal. Applicants that intentionally input false information or that intentionally upload blank documents will have their good standing with the Department revoked and may be determined to be ineligible for other Department funding. Intentionally providing false information is fraud. Applicants that rely on consultants or grant writers to prepare the CDBG application are strongly encouraged to review the application for completeness and correctness prior to submittal. If an input field, upload requirement, or application component is not functioning correctly or if there are system outages or other system failures prior to submittal, please contact cdbg@hcd.ca.gov as soon as possible to document the issue so that applications are not disqualified due to technical difficulties. Failure to contact the Department with system issues will not exempt Applicants from application verification requirements.

2. Gap funding and duplication of benefits

CDBG is intended to provide stop-gap funding for crucial Infrastructure, public safety, housing, and social service projects. CDBG funds may not be obligated to Activities that are documented to already have sufficient funding for the Activity as described, or that have identified multiple funding sources for the same costs, resulting in a duplication of benefits and overfunding of the Activity. CDBG funds must be "but-for" funding for every Activity and may not be used to supplant local or state resources. CDBG grant funds cannot be used to replace funds that have been budgeted and/or expended from another funding source for the same

Activity. Pre-agreement costs are eligible provided that the initial funding for those costs is identified as a temporary funding source (such as a loan from a local fund where in the loan is float funding the CDBG Activity pre-agreement costs, but must be repaid so that the temporary loaned funds may be used as originally intended) and that the costs are actually budgeted to be part of the CDBG Activity.

3. Good standing

The Applicant, and any co-Applicant, together with all respective affiliates, must be in good standing with the Department (*i.e.*, are current on all loan and/or grant obligations, have a satisfactory past performance history in all of their prior dealings with the Department, and are in full compliance with all Department contracts and reporting requirements). Applicants not meeting the foregoing requirements shall be ineligible to apply for or receive funding under this NOFA.

4. Article XXXIV

Applicants engaging in low-income housing project activities that are subject to Article XXXIV of the California Constitution must show that the project approval process complies with Article XXXIV requirements. The state statutes implementing Article XXXIV can be found at [HSC § 37000](#). Exceptions to Article XXXIV can be found at [HSC § 37001](#).

5. Racial equity

Applicants should prioritize the advancement of racial equity in all CDBG programs and across systems and units of government in the Jurisdiction. The Department asks Applicants to be leaders in the community, facilitating partnerships among service organizations, housing providers, units of government, businesses, the homelessness response system and other partners to promote racial equity practices. All Applicants must identify the work performed to ensure racial equity in access to programs, projects, and activities funded with CDBG resources. Applicants must commit to analyzing disproportionality in access to housing, access to services, quality of service provision and desired outcomes in Programs and Projects and affirmatively further equitable access, quality of service provision and outcomes for protected classes, including but not limited to Black, Native and Indigenous, Latino/Latina/Latinx, Asian, Pacific Islanders, and other people of color who have been historically marginalized and are disproportionately impacted by housing segregation, poverty, homelessness, and COVID-19.

Applicants cannot simply rely on delivering a standardization of services to address equity. Applicants must commit to reviewing their current policies and procedures and examining available data to ensure all eligible persons receive

equitable services, and support, and are served with dignity, respect and compassion regardless of circumstances, ability, or identity. See Appendix N for Racial Equity Resources and Tools.

When applying for 2021 CDBG funds, Applicants should consider:

- What are the community's racial demographics and the demographics of those experiencing homelessness, housing, and economic insecurity?
- What are the outcomes of the CDBG programs based on race? What are the requirements for all sub-grantees to look at data to determine racial disparities and then put a plan in place to address them?
- How do underserved and marginalized communities learn about and access CDBG program? What marketing and communication strategies are used to increase equitable access to CDBG programming?
- How does the grant-making process include prioritization for programs that are addressing the disproportionate impacts that housing insecurity, homelessness, economic insecurity, lack of access to equitable health care, and COVID-19 has on communities of color, particularly Black, Latinx, Asian, Pacific Islander, and Native and Indigenous communities?
- How are the voices of Black, Latinx, Asian, Pacific Islander, and Native and Indigenous communities and those having lived with experience of housing insecurity, homelessness and economic insecurity being centered in a meaningful, sustained way in creating effective approaches to addressing these challenges? How are they involved in the funding decision-making process?
- How are these funds accessible to smaller and non-traditional organizations that have historically been serving communities of color but may not have previously participated formally in government grant programs; how would these funds address the capacity of organizations that are led by Black, Latinx, Asian, Pacific Islander, and Native and Indigenous people?
- Provide a list of partner organizations that are addressing racial equity in the housing and homeless response system, the economic development sector, and the health care sector and how do you partner with them.

The Department will require Applicants to submit related racial and ethnic data metrics of their CDBG programming on a quarterly reporting basis.

V. Application review

All applications that pass threshold will be reviewed for Activity eligibility. Activities that do not meet program eligibility requirements will be disqualified.

A. Competitive applications

Qualifying competitive applications will be scored according to the evaluation criteria outlined in the application under the Readiness Section. Scores include two components:

1. Need score

Need scores use publicly available data from the U.S. Census Bureau's American Community Survey to measure poverty, housing, and economic development needs. These statistics are used to rank all eligible Non-Entitlement Jurisdictions and the rankings are translated into numeric scores. Need scores summarize the severity of a community's need for a specific Activity relative to other communities. The Department prepares the need scores and will provide the scores as Appendix A to this NOFA.

2. Activity readiness

Activity readiness is an indicator of Applicant preparedness for Activity implementation. Applicants are expected to have necessary contracts and subrecipient agreements in place at the time of application submittal. Fully executed contracts and agreements will score higher than draft contracts and agreements. Applicants that will not be using contracts or subrecipient providers to carry out the Activity and will instead use Applicant staff, must clearly document that staff have the experience and capacity necessary to successfully complete the Activity. Documentation will include position description(s) for the identified staff, resumes or Curriculum Vitates for each staff person involved in the implementation of the Activity, organizational chart, and estimated workload.

Applications will be ranked based on highest score. Applicants will be notified of their point score, and the Final Point Score and Awardee List will be posted to the CDBG webpage.

VI. Award recommendations

Applications that are eligible, complete, and that satisfy readiness requirements may be recommended for funding. Applicants recommended for award will officially be notified of awards through the eCivis Grants Network. The award notification will include instructions for accepting or declining the award, as well as an executable Standard Agreement. Applicants that are not recommended for awards or that fail threshold will

be officially notified via email that their application was not awarded or failed to pass threshold. The Final Award List will be posted on the CDBG webpage. Applicants may request a copy of their application reviews after the review has been completed and the Applicant has been notified of the results.

VII. Application submission

A. Application workshops

The Department will hold application workshops beginning in February 2021. Applicants are strongly encouraged to attend these virtual workshop sessions. Please visit the Department's [website](#) for upcoming information. Applicants are also strongly encouraged to review available webinars and Training and Technical Assistance materials on the CDBG program, the CDBG Redesign, using Grants Network, and preparing a CDBG program application in Grants Network.

B. Submission process

Applicants **must** follow instructions in this NOFA, the online application, and the CDBG Program Guidelines. The Department strongly encourages Applicants have these documents on hand when completing the application. Failure to follow instructions and submit all required documentation **will** result in disqualification. Once submitted, applications must stand on their own. It is the Applicant's responsibility to ensure that the submitted application is clear, complete, and accurate. Department staff may request clarifying information but are unable to accept any new documentation that would provide an unfair advantage over other applications.

The CDBG Application and all required attachments must be submitted to the Department through the [eCivis Grants Network Portal](#). Applicants must certify that all information is true and complete to the best of their knowledge, on penalty of perjury.

Applicants that do not have an account with eCivis should log into the eCivis portal. Use the "Create an account" option to initiate a profile. See the available [training on the CDBG webpage](#) to learn how to open a. There is no cost associated with an eCivis account.

C. Disclosure of application

Information provided in the Application will become public record available for review by the public pursuant to the California Public Records Act ([Government Code § 6250, et. seq.](#)). As such, the Department may disclose any materials provided by the Applicant to any person making a request under this Act. The Department cautions Applicants to use discretion in providing information not specifically

requested, including, but not limited to, bank account numbers, personal phone numbers, home addresses, or other personally identifying information. By providing this information to the Department, the Applicant is waiving any claims of confidentiality, and consents to the Department's disclosure of the Applicant's material upon receipt of a Public Records Act request.

VIII. Appeal criteria and process

A. Criteria

Upon receipt of the Department's notice that an application has been determined to be incomplete or fails threshold, Applicants under this NOFA may appeal such decision(s) to the Department pursuant to this section, with the exception of the threshold items that specifically state they are exempt from appeal. No Applicant shall have the right to appeal a decision from the Department relating to another Applicant's eligibility, point score, award, denial of award, or any other matter related thereto. The appeal process provided herein applies solely to decisions the Department made in this NOFA and does not apply to any decisions made with respect to any previously issued NOFAs, or decisions to be made pursuant to future program NOFAs.

B. Appeal process and deadlines

In order to lodge an appeal, Applicants must submit to the Department a written appeal by the filing deadline set forth below, which states all relevant facts, arguments, and evidence upon which the appeal is based. Furthermore, the Applicant must provide a detailed reference to the area(s) of the Application that provide clarification and substantiation for the basis of the appeal. No new or additional information will be accepted if this information would result in a competitive advantage to an Applicant. Once the written appeal is submitted to the Department, no further information or materials will be accepted or considered thereafter.

Appeals are to be submitted to the Department via email at cdbg@hcd.ca.gov.

Emails to the email address listed above will be accepted so long as the email time stamp is prior to the appeal deadline.

Filing Deadline: Appeals must be received by the Department no later than five (5) business days from the date the Department notifies the Applicant that their application has failed to meet eligibility, threshold, or has failed to score high enough in readiness to qualify for award. Late appeals will not be reviewed.

C. Appeal decisions

It is the Department's intent to render its decision in writing within fifteen (15) business days of receipt of the Applicant's written appeal. All decisions rendered shall be final, binding, and conclusive, and shall constitute the final action of the Department with respect to the appeal.

D. Effectiveness

If the applicable statutes and/or Guidelines governing the CDBG program contain an existing process for appealing decisions of the Department with respect to NOFA awards, then this section shall be inapplicable, and such existing authority shall govern all appeals.

IX. Awards announcement and grant implementation

A. Awards announcements

The Department anticipates awards will be announced no later than September 2021. OTC awards will be announced as applications are approved for funding. Until awards are announced, the CDBG staff will not be able to discuss the status of applications.

Within 60 days from the award announcement date, unsuccessful Applicants will have the opportunity to request an interview with Department staff to discuss their application. Applications and agreements are public information and are available for review upon request.

B. Standard Agreements

Successful Applicants (awardees) will enter into a Standard Agreement with the Department. A draft sample Standard Agreement is included as Appendix K to this NOFA. The Standard Agreement contains all the relevant state and federal requirements, Activity performance and management requirements, and disbursement requirements. A condition of award will be that a Standard Agreement must be executed by the awardee within 30 days (contracting period) of the awardee's receipt of the Standard Agreement(s). Failure to execute and return the Standard Agreement(s) to the Department within the contracting period will result in award cancellation. Award cancellations are final.

X. Federal program requirements

A. Federal cross-cutting requirements

The CDBG program is administered under the rules and regulations promulgated primarily in [24 CFR § 570.600 et seq.](#) These primary regulations are known as the federal cross-cutting requirements and form the basis of the programmatic requirements. The Department incorporates all federal cross-cutting requirements into the state CDBG program, and the regulations in Part 570 are translated into required actions on the part of all Grantees of the state CDBG program.

This following is a summary of the federal cross-cutting requirements:

1. Environmental Standards (based on National Environmental Policy Act of 1969 [NEPA])
2. Labor Standards (Davis-Bacon and related laws)
3. Achieving a HUD National Objective
4. Public participation requirements
5. Fair Housing and Affirmatively Furthering Fair Housing
6. Equal Opportunity and Non-Discrimination in federal Grant Programs
7. Federal Procurement Guidelines
8. National Flood Insurance Program compliance
9. Relocation and displacement requirements
10. Employment and Contracting Opportunities Section 3 Compliance
11. Lead-based paint requirements
12. No use of debarred, ineligible, or suspended contractors or sub-recipients
13. Uniform Administrative Requirements and Cost Principles
14. Conflict of interest prohibitions
15. Compliance with the Architectural Barriers Act and the Americans with Disabilities Act
16. Compliance with Eligibility Restrictions for certain resident aliens
17. Federal reporting requirements
18. Grant and subrecipient monitoring requirements

B. Relocation plan requirement

Applicants engaging in project-specific activities that may or will cause the temporary or permanent relocation and displacement of persons, property, or businesses must provide a project-specific relocation plan as part of the application. The plan must meet the standards established in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Applicants must successfully demonstrate that they have met URA requirements prior to the start of the project or displacement Activity. Applicants should include relocation costs in project budgets.

Applicants must provide General Information Notices to persons who may be displaced if the Activity in the grant application is funded. This plan must outline how the Grantee will enforce and manage the project's temporary relocation and displacement activities and estimate what relocation benefits will be required so those costs can be included in the project's development budget.

C. Procurement

Pursuant to [24 CFR § 570.489\(g\)](#), all grantees must comply with federal procurement requirements. The Department will review the grantee's procurement documents for services (i.e., administrative sub-contractor, Davis-Bacon consultant, etc.) at time of monitoring.

Requirements for federal procurement can be found at [2 CFR § 200.317-326](#). Applicants are responsible for meeting all federal procurement standards for goods and services funded through federal programs. Failure to meet procurement requirements may result in disqualification, recapture of federal funds, and debarment.