

CDBG Policies & Procedures Manual

Effective April 5, 2022

City of Cincinnati
Office of the City Manager, Grant Administration
801 Plum Street
Cincinnati, Ohio 45202

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INTRODUCTION

The City of Cincinnati has been a participating jurisdiction in the Community Development Block Grant (CDBG) Program of the U.S. Department of Housing and Urban Development (HUD) since the program was established by Congress in 1974.

HUD distributes federal CDBG funds to states, counties and urban cities to fulfill the goals of the program:

- **Provide decent, safe, and sanitary housing,**
- **Provide a suitable living environment, and to**
- **Expand economic opportunities principally for low and moderate-income persons.**

Minimum requirements applicable to any CDBG funded activity are set forth in CDBG Program Regulations 24 CFR 570. CDBG regulations allow for local discretion as to the use and management of the CDBG program.

This document is intended to satisfy the requirement for a concise policy and procedures administrative manual in the administration and implementation of CDBG funded activities.

This CDBG Policies and Procedures Manual is intended as a guide, not as a substitute for a thorough knowledge of state and federal laws and regulations referenced in this manual. In the event of any discrepancy, federal regulations will prevail.

USER GUIDE

The document serves as a desk reference for City personnel by:

- Providing background information regarding the City's approach to receiving and deploying CDBG funds,
- Guiding staff actions and decision-making considerations at key milestones, and
- Furnishing useful references to governing regulations, guidance materials, and City policies

Adherence to this document ensures the City organization complies with applicable program requirements, and that City personnel perform consistently across departments to achieve program objectives communicated to HUD and stakeholders.

This manual is effective April 5, 2022 and will remain in effect until updated or replaced. This document may be revised to incorporate changes to federal regulations, actions of the City Manager or City Council, or to meet administrative requirements

City departments engaged in CDBG Program Delivery are responsible for ensuring their assigned staff have received and reviewed this document as an expectation of project assignments.

ORGANIZATIONAL STRUCTURE

The Office of the City Manager's (CMO) Office of Grant Administration is responsible for administering the City's federal entitlement allocations, including but not limited to CDBG formula funds. The series of activities associated with grant administration are referred to herein as **CDBG Implementation**. As shown in the following chart, this effort involves coordinating contributions by numerous personnel across City departments – each fulfilling critical tasks associated with funding, accounting, and process controls, as well as providing technical and legal services to establish, implement, and improve programs and projects.

Key functions associated with the delivery of resources, typically either via funding or directly performing activities, are frequently assigned to City departments with specialized knowledge or subject matter expertise to facilitate outcomes in response to identified community needs. Such activities are generally referred to as **Program Delivery**. City departments routinely assigned Program Delivery responsibilities include Department of Buildings & Inspections, Department of Community & Economic Development, and the Cincinnati Health Department, and Cincinnati Recreation Commission.

Program Delivery is made possible through additional day-to-day functions that are carried out by City personnel in various departments as highlighted below. Activities involve the City Solicitor's Office, Department of Budget & Finance, Department of Community Engagement & Planning, Department of Economic Inclusion, and the City's Purchasing Department.

CITY MANAGER'S OFFICE	<ul style="list-style-type: none">• Technical support to departments during all phases of program and project delivery• Develop standards and processes to meet HUD compliance• Handles all HUD communication• Troubleshooting project and program challenges• Monitoring, reporting, contract execution, setup eligible activities, national objective validation
CITY SOLICITOR	<ul style="list-style-type: none">• Draft all applicable agreements and binding correspondence• Partner with administering department in negotiating agreements• Advise as to enforcement options• Guidance to departments determining legal relationships, eligible activities, public notice requirements, CDAB administration, and establishing new programs• Draft and review of all related legislation
ADMINISTERING DEPARTMENTS	<ul style="list-style-type: none">• Negotiates funding agreements, scopes of work/services and outcomes• Manages projects and agreements• Monitors funding recipients for compliance and performance• Ensures timely program deployment
OTHER DEPARTMENTAL ROLES	<ul style="list-style-type: none">• Planning - Environmental Reviews• Finance, Budget, Accounts & Audits - Internal budget controls, reimbursements, federal funding ordinance• Economic Inclusion - MBE/WBE engagement, wage monitoring and Form 217• Purchasing - contractor and procurement assistance

DOCUMENT ORGANIZATION

This document is organized to furnish context and processes associated with CDBG Implementation, and elements of Program Delivery that are operationalized by City departments and their personnel.

CMO Office of Grant Administration maintains a feedback loop with City departments regarding program management and effectiveness, funding recipient performance and compliance, and timely expenditure of funds – which inform programming decisions each year.

The CMO is responsible for program oversight and driving department performance to achieve compliance with all applicable funding requirements. CMO directly administers tasks associated with establishing/validating funding agreements, federal drawdowns, budget management, compliance monitoring and audit responses, strategic planning processes and federal reports. These activities are discussed further in the section of this document entitled “CDBG Implementation Process”. City departments and staff assigned to deploy programs have specific program responsibilities and must ensure compliance with federal requirements as projects are established and carried out. These activities are addressed with specific policies and procedures provided in the section entitled “CDBG Program Delivery”.

CDBG Implementation Process

City Manager's Office

Consolidated Plan

Annual Action Plan & Program Development

Public Participation

Budget & Timeliness

HUD Data Management & Required Reports

HUD Compliance Audit Response

CDBG Program Delivery

Departments as Assigned

1.0
National Objectives

2.0
Eligible Activities

3.0
Add'l Federal Requirements

4.0
Procurement

5.0
Partnering with Subrecipients

6.0
Performance Reporting

CDBG IMPLEMENTATION PROCESS

Consolidated Plan & Annual Action Plans

Con Plan, AAP, Fair Housing Analysis, NRSA Application

<https://www.cincinnati-oh.gov/community-development/hud-entitlement-grant-submissions/>

The City must prepare two foundational planning documents to receive and deploy federal block grant funds: the 5-Year Consolidated Plan and an Annual Action Plan. The process of completing the Consolidated Plan and each Annual Action Plan (AAP) helps the City to determine the community development and housing needs of the City, especially for its low-moderate income residents, and the strategies and resources to meet the identified needs. Several stakeholder and public meetings are held during the development of these plans to garner public participation regarding the needs of the community and prioritization of programs for funding.

The Consolidated Plan is not valid until HUD approval and encompasses a 5-year period commencing with the City's Program Year start date (January 1). Each year, the City must submit an update to HUD in the form of the AAP. The AAP includes objectives and outcomes, an evaluation of past performance, and activities to be undertaken in the next program year. The process of developing the AAP involves public input pursuant to the City's approved Public Participation Plan. The AAP serves as the City's annual funding application to HUD for the entitlement allocation.

The contents and regulatory functions of the Consolidated Plan and AAP are prescribed in 24 CFR 91. In general, the Consolidated Plan is organized into four broad sections that CDBG-involved City personnel should become familiar with through an in-depth review of that document. The sections are entitled, and provide details regarding, (1) the Process (PR), (2) Needs Assessment (NA), (3) Housing Market Analysis (MA), and (4) Strategic Plan (SP). As part of the Consolidated Plan, the City must also certify that it will affirmatively further fair housing, which means conducting an Analysis of Impediments to Fair Housing Choice (AI), taking appropriate actions to overcome the effects of any impediments identified through that analysis, and keeping records of these actions.

Of particular note to City departmental staff: CDBG Program Delivery activities are contemplated and permitted in the Strategic Plan (SP) section, which must detail the following minimum information across a variety of program categories (*i.e.*, affordable housing, public housing, homelessness, other special needs, non-housing community development):

- General priorities for allocating investment geographically and among different activities/needs, as identified in HUD-provided tables,
- Rationale for establishing allocation priorities for each activity/need, particularly among various income bands,
- Identification of obstacles to meet underserved needs,
- Summary of priorities and specific objectives the City intends to initiate or complete during the associated timeframe, including details regarding funded activities, metrics for performance/outcomes, and reporting.

According to HUD regulations, entitlement jurisdictions are encouraged to identify locally designated areas where geographically targeted revitalization efforts are carried out through multiple activities in a concentrated and coordinated manner.

The City developed an application to HUD requesting approval of a neighborhood revitalization strategy that includes the economic empowerment of low-income residents with respect to one or more eligible geographic areas, referred to as Neighborhood Revitalization Strategy Areas (NRSAs).

HUD approval of NRSAs is time-limited and subject to regular renewal processes. Pursuant to the City's current approved NRSA plan, City was afforded greater flexibility in the use of the CDBG funds within each NRSA as described in [24 CFR part 570, subpart C](#). Certain exceptions that are provided with focusing services within the applicable NRSA include aggregate of housing units, job creation investment, and exemption from the public service cap. In order to be exempt from the public service cap the activity must be performed by a City-approved Community Based Development Organization (CBDO). Designation of CBDOs is performed on a case-by-case basis through application to the Department Director assigned responsibility for delivering the specified CDBG program. Departments are expected to ensure CBDOs are in good standing prior to executing related funding agreements. CMO Grant Administration maintains a standard application form for this purpose and can assist departments in CBDO reviews/designations.

The City's NRSA strategy identifies long-term and short-term objectives for the areas (e.g., physical improvements, social initiatives, and economic empowerment), expressing them in terms of measures of outputs and outcomes the jurisdiction expects to achieve in the neighborhood through the use of HUD programs. NRSAs qualified based on HUD-defined parameters, including the land use categories (primarily residential) and concentration of low- and moderate-income residents (greater than 70%). The NRSA application and boundaries are available for review on the City's website (link above) and are further discussed in the budget section below regarding Public Services.

Public Participation

Public Participation Plan, CDAB Meetings and Bylaws

<https://www.cincinnati-oh.gov/community-development/hud-entitlement-grant-submissions>

As an entitlement jurisdiction, the City is required to develop a detailed Public Participation Plan that establishes City policies and procedures for ensuring public involvement is appropriately maintained and documented. Broadly, the City's public participation policy for HUD entitlement grant programs includes: hosting a minimum of two (2) public participation events annually to solicit comments regarding the AAP funding priorities and accomplishments from the prior year, including Community Development Advisory Board (CDAB) meetings to discuss yearly allocations and performance reports, public notice of each meeting, and web site postings of Consolidated Plan, Annual Action Plans, Consolidated Annual Performance and Evaluation Reports, and public and CDAB events. Meeting notices are distributed to community groups, subrecipients, and stakeholders with a 15-day advance notice, and a 15-day comment period remains open following the public hearings.

The CDAB is an advisory board and public participation mechanism for HUD programs. The CDAB consists of a 17-member volunteer board consisting of 13 diverse community leaders and 4 City representatives. Members are appointed by the Mayor with City Council approval.

Purpose: Pursuant to Cincinnati Municipal Code, Section 207, the CDAB was established to advise and assist the City Manager in planning the allocation of HUD entitlement resources for community development, economic development, and human services in the City of Cincinnati.

Duty: The CDAB also comments on the consistency of proposed housing projects, as required by federal housing and community development grant programs.

It is important to note that other HUD formula funds, namely Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with Aids (HOPWA) grants, are considered by separate boards beyond CDAB. Additionally, pursuant to Ohio Revised Code Chapter 176 and Cincinnati Municipal Code Chapter 209, while not federally required, the City's Housing Advisory Board advises the City Administration on the deployment of federal funds. The Housing Advisory Board is not required to approve of any disbursements, including of federal funds.

When specific events or conditions exist that warrant modification to the City's Strategic Plan, such changes are made through a substantial amendment to the Consolidated Plan. A substantial amendment to the Consolidated Plan requires public notice with a 30-day opportunity to comment, as well as notice to the CDAB, recommendation from the City Manager and approval from City Council through an Authorizing Ordinance. For substantial amendments, a public hearing before the City Council may be held. Following this process involving the City Manager, the public, the CDAB, and City Council, the request is submitted to HUD for review and approval.

A substantial amendment is defined to include the addition or removal of programs from the Consolidated Plan; however, creation of a new program addressing an Urgent Need national objective shall not be considered a substantial amendment.

Budget & Timeliness

Authorizing Ordinances (Updated Annually, Search "CDBG")
<https://cincinnati.oh.legistar.com/Legislation.aspx>

Admin/Planning:

CDBG funds can be used for administrative and planning activities. Funds under these categories are subject to the 20% statutory limitation. The following are eligible administrative activities:

- General management, oversight and coordination
 - Providing local officials and the public with information about the CDBG program,
 - Preparing budgets and schedules,
 - Preparing reports,
 - Monitoring program activities
- Fair Housing Activities
- Indirect costs, and
- Submission of applications for federal programs

Eligible planning activities are the following:

- Comprehensive plans,
- Community development plans (i.e., Consolidated Plan),
- Functional plans (i.e., land use, economic development, floodplain management, transportation, historic preservation, etc.)
- Other plans and studies (i.e., neighborhood plans, capital improvements, individual plans, historic preservation studies, etc.)

Any costs and time charged must be documented through the appropriate means such as invoices, receipts, time and attendance records, etc. Documentation shall be kept on file and will be reviewed at financial monitoring. Under this category, CDBG funds may not be used for the following activities, as these costs may be eligible as part of an eligible project:

- Engineering, architectural and design costs related to a specific project, or
- Other costs of implementing plans

Public Services Cap / NRSA Exceptions

The total amount of CDBG funds obligated for public services activities must not exceed 15 percent of the annual grant allocation plus 15 percent of program income received during the prior year. CDBG regulations allow the use of grant funds for a wide range of public service activities, including, but not limited to:

- Employment services (e.g., job training),
- Crime prevention and public safety,
- Childcare,
- Health services,
- Substance abuse services (e.g., counseling and treatment),
- Fair housing counseling,
- Education programs,
- Energy conservation,
- Services for senior citizens,
- Services for people experiencing or at risk of homelessness,
- Welfare services (excluding income payments),
- Down payment assistance, and
- Recreational services

To utilize CDBG funds for a public service, the service must be either a **new service** or a **quantifiable increase** in the level of an existing service. In order for a program to be exempt from the public service cap, the service must be performed by an approved Community Based Development Organization (CBDO) for the benefit of participants that reside in an approved NRSA.

Program Income

Program Income (PI) is defined in 24 CFR 570.500, and broadly means gross income that the City or its subrecipients generate from its funded CDBG activities or programs, with certain exceptions. The most common form of PI the City encounters includes, but is not limited to, the following:

- Any fees charged to a participant in the CDBG funded program;
- Payments of principal and interest on loans made using CDBG funds, except as provided in 24 CFR 570.500(a)(3); and
- Interest earned on program income pending its disposition.

It is important that assigned departmental personnel understand and document whether a funded program or subrecipient is expected to generate PI at program onset. This early determination is critical because subsequent legal terms, conditions, responsibilities, and actions of the City and subrecipients will be based on this decision.

As a general rule the City does not expect activities of programs or projects, and by extension subrecipients, to generate PI. As such, at the time of Request for Legal Services (RLS), Departments

should include language prohibiting the generation of PI in the draft Scope of Work and Budget. In rare circumstances, PI may be approved by the city. Such conditions must be documented in the funding agreement, and all applicable federal rules regarding PI will apply.

If authorized by the City, subrecipient PI shall be recorded separately and returned to the City. With advance written permission by the City Manager, income from the project may be retained by subrecipient provided that the details of such PI are memorialized in the funding agreement and comply with all applicable laws. All PI is required to be tracked in an interest-bearing account and spent in advance of any entitlement funds for the program. PI will be subject to all HUD regulations, including those which govern accounting, reporting, and utilization.

Timeliness

HUD mandates timelines by which entitlement funds must be committed to projects, and most importantly, how much of the CDBG allocation must be spent each year; this concept is referred to as Timeliness. Pursuant to 24 CFR 570.902, HUD defines timely expenditure as having no more than 1.5 times the Annual Entitlement Amount unexpended at the time of its annual “timeliness test”. Due to the City’s Program Year commencement each January 1, HUD performs the timeliness test calculation annually for the City on November 2nd.

Timeliness is of such priority to HUD that it is monitored at the Headquarters level annually and carries progressive corrective actions for noncompliance, including various administrative penalties and loss of future CDBG funding. As such, CMO Grant Administration responsibility includes monitoring the rate of program/project expenditures, assisting City personnel in deploying resources consistent with timely-expenditure requirements, and reprogramming funds.

CDBG funds are subject to reprogramming by the City if an activity or project is no longer feasible, if a funding agreement has not been executed within a reasonable amount of time after the start of the fiscal year, or the funds remain unexpended within twelve (12) months of the start of the City’s fiscal year (July 1st) for non-capital improvement projects and within twenty-four (24) months of the start of the City’s fiscal year (July 1st) for capital improvement projects. Capital improvement projects must implement a bid process within ninety (90) days of the start of the fiscal year. In addition, recipients of funding shall ensure requests for reimbursements are submitted to the managing Department on a monthly basis or other payment schedule as agreed in the funding agreement. The administering department should ensure that project timelines fall within the above schedule prior to executing a funding agreement.

Data Management & Reporting

Annual CAPER

<https://www.hudexchange.info/sites/onecpd/assets/File/IDIS-for-CDBG-Entitlement-Manual.pdf>

IDIS

The Integrated Disbursement and Information System (IDIS) platform is the national database by which HUD and entitlement jurisdictions communicate program activities and funding data. The application provides financial disbursement, tracking, and reporting activities for each of HUD’s Community Planning and Development (CPD) formula grant programs, including CDBG.

CDBG activities are setup in IDIS at the time of contract initiation, and routine reports regarding funding drawdowns and activity completion are entered by the CD Administrator in the CMO Office

of Grant Administration. In addition to accomplishment tracking, IDIS is the platform by which the City draws and disburses HUD funds for a specific activity. Maintaining accurate, real-time data in IDIS is of vital importance. As such, City staff engaged in project deployment are asked to track and report all HUD-eligible expenditures by the IDIS code assigned by the CD Administrator.

The City must complete IDIS drawdowns at least every 90-days (preferably every two months) for expenditure of funds completed the prior months. The following sequence is completed for preparation of a draw from HUD's IDIS system, which maintains an appropriate Separation of Duties per HUD regulations:

1. Within each 90-day period the DCED Fiscal Division Manager prepares supporting documentation for the CDBG drawdown using Cincinnati Financial System (CFS) database.
2. The DCED Fiscal Division Manager, fiscal support staff, and CD Administrator reviews and approves the drawdown package.
3. The drawdown and supporting documentation are referred to the Finance Department to create the drawdown voucher in IDIS.
4. DCED Fiscal Division Manager reviews and approves the drawdown voucher in IDIS
5. Finance Department and DCED downloads a copy of the IDIS approved Voucher(s).

CAPER

The Consolidated Annual Performance and Evaluation Report (CAPER) is a requirement of HUD pursuant to 24 CFR Part 91. This report is due to HUD within ninety (90) days of the close of the City's program year annually, which is March 31st. The purpose of the CAPER is to provide HUD and the public with a summary of accomplishments and expenditures, and to provide HUD with necessary information to assess the City's ability to carry out its programs in compliance with applicable regulations and requirements.

In addition to writing general and program narratives, Grantees must use IDIS to capture the information needed to meet CAPER requirements. As IDIS users set up activities, draw funds, and report accomplishments, they are creating a database that contains information required for the CAPER.

Special Considerations: CDBG – Coronavirus Aid and Economic Recovery (CV)

All of the requirements of CDBG apply to CDBG-CV funding and projects, meaning a national objective must be met with eligible activities and at least 70% of the funds must benefit low- to moderate-income persons.

The remaining 30% of CDBG-CV funds may be used to eliminate slum or blighted conditions, or to address an urgent need for which the City certifies it has no other funding.

There are, however, some flexibilities that are noted:

- In order to access these funds, the activities must directly be used to prevent, prepare for, and respond to the coronavirus
- For entitlement years 2019 and 2020 and CDBG-CV funds, the 15% public service cap is waived
- For job creation, one job must be created per \$85,000 of CDBG investment
- Transportation expenses and emergency rent, mortgage, and utilities assistance is not capped at 3 months but at 6 months, as long as the assistance had not been provided to the household within 3 years

- Funds expire in 6 years instead of 8 years; 80% of the allocation must be spent within 3 years – period of performance is April 27, 2021 through September 1, 2027
- Virtual hearings are acceptable form of public meetings
- Electronic signatures have been implemented, not just for CDBG-CV but for all entitlement programs
- Float-funded activities or guarantees are not permitted
- CDBG-CV funds are not taken into consideration with any Section 108 loans
- Timeliness is not considered with CDBG-CV funding and disbursement

Annual Schedule

Timeframe	Activity
January through March	<ul style="list-style-type: none"> • Annual Action Plan due to HUD 60 days after allocations are awarded • Appropriation Ordinance after federal awards are announced • All projects in CDBG, HOME, ESG, and HOPWA commitment forms and programmatic environmental reviews must be completed before program accounts may be established in CFS • Following City Council appropriation and completion of environmental reviews, RLSs for the applicable contracts submitted to the Solicitor's Office • Section 108 payment due January 19th for the February 1st Invoice • CDAB meeting no later than March 15th • CAPER due to HUD March 31st
April through June	<ul style="list-style-type: none"> • MBE/WBE report due to HUD April 15th • CDAB meeting for next year's Annual Action Plan, if not complete • HUD income and rent limits announced typically in June
July through September	<ul style="list-style-type: none"> • Public participation (public and CDAB) event for next year's Annual Action Plan • HOME commitment deadline July 31st • Section 108 payment due June 20th for the August 1st invoice
October through December	<ul style="list-style-type: none"> • MBE/WBE report due to HUD October 15th • CDBG timeliness calculated by HUD November 2nd • Appropriation ordinance for program income CDBG, if necessary

CDBG PROGRAM DELIVERY

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City of Cincinnati
CDBG Policies & Procedures Manual

Policy Number & Title:	1.0 Establishing and Documenting a National Objective
Effective/Revision Date:	April 2022
Regulatory Reference(s):	24 CFR 570.200, .208
Supporting Documents	Guidance Documents <ul style="list-style-type: none"> • HUD National Objectives / IDIS Matrix Supporting Documentation <ul style="list-style-type: none"> • Certification of Income and Demographic Form

POLICY:

1.0 Establishing and Documenting a National Objective

In compliance with CDBG regulations, the City strives to utilize the majority of funding in a manner that serves low- and moderate-income persons during each program year, in accordance with the below, but not less than fifty-one percent (51%) of CDBG funds shall be used for activities that benefit low- and moderate-income persons.

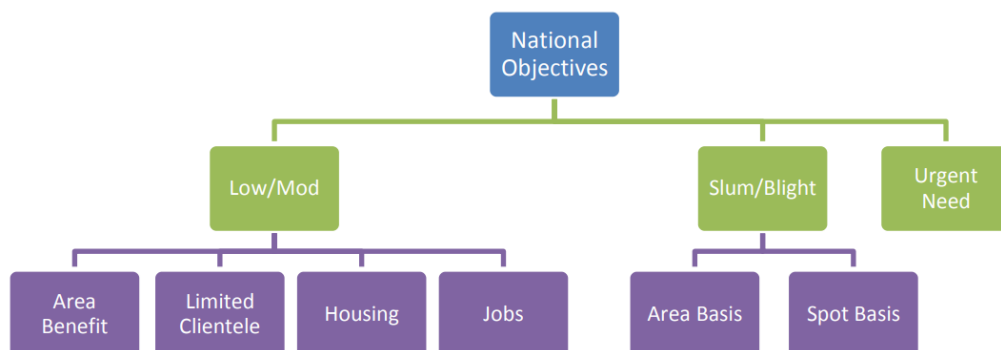
PROCEDURE:

1.1 Criteria for National Objectives – CDBG

When considering funding activities with CDBG, the City will ensure that each activity meets one of the three (3) HUD authorized National Objectives for the program.

- Benefit low and moderate income (LMI) individuals, families, or neighborhoods,
- Prevention or elimination of slums or blight, or
- Address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

The LMI national objective is often called the **primary objective** because federal statute requires that grantees expend 70% of the CDBG funds to meet the LMI national objective over the course of a 3-year period. Each of the three National Objectives are broken down into smaller categories. Prior to undertaking or funding an activity, the program's administering Department must document which of the following National Objective categories will be met.



1.2 Selecting a National Objective

Low Income Persons are defined as households under 80% of Area Median Income (AMI).

Income Limits are updated annually. The most recent limits are provided to City Departments by the CMO Office of Grant Administration (Community Development Administrator) within a reporting form that also documents demographic and head of household status for each household. Departmental staff are responsible for notifying all funded Subrecipients and Contractors by email when the income limits are updated.

Although City personnel are responsible for furnishing updated income limits to Subrecipients, this step is a courtesy for ease of program deployment, and failure to furnish the limits is not an acceptable excuse for Subrecipient noncompliance. Subrecipients are contractually responsible for ensuring they are using the most current income limit, which is readily available through HUD's website, "HUD Exchange".

1.3 Documenting Compliance

City personnel assigned responsibility for determining National Objectives are also responsible for ensuring appropriate data and evidence of income are collected in support of the determination. The National Objective should be communicated to the Community Development Administrator, Department Fiscal Team (at certification of funds) and in program documents, including in relevant funding agreements. Acceptable forms of documentation are summarized in the following table for ease of administration:

National Objective		Income Documentation Tool	Minimum LMI	Period
Low/Mod Benefit Reference No.	Area Benefit	Description of Service Area with: <ul style="list-style-type: none"> Map with Boundaries Documentation that Area is primarily residential Documentation of Income Characteristics (Census Block Area or Survey) 	51% of residences residing in census tracts are <80% AMI	At Project Concept Stage
	Limited Clientele	Limited Clientele persons (or groups of persons) are presumed to be principally LMI, according to HUD. Limited Clientele projects are those that exclusively serve a group defined as limited clientele. If this criterion is met, then no further LMI documentation, either by census or by survey is necessary. Demographic and head-of-household status must still be documented for each individual served. If the project is not exclusive or designed for only the presumed group or groups, then LMI eligibility must be proven by another method. Documentation for each household served: <ul style="list-style-type: none"> Certification of Income and Demographic Form 	51%	At Intake (Services)
	Housing Benefit	Income Documentation for each household served: <ul style="list-style-type: none"> Certification of Income and Demographic Form 	51% of units per building	Within 6 months of occupancy
	Jobs Benefit	Income Documentation for each individual served: <ul style="list-style-type: none"> Certification of Income and Demographic Form 	At least 1 Job per \$35k CDBG; or per \$50k if NRSA	At hiring (if new hire) or at project completion (if retention)

Slum/Blight Reference No.	Area Basis	<p>Documentation of Slum / Blight Area Basis involves a designation process, which the City presently has not undertaken. This may be an area of opportunity to address future community needs through CDBG funding.</p> <p>In general, establishing an Area Basis determining involves establishing those public improvements throughout the area are in a general state of deterioration; or at least 25 percent of the properties throughout the area exhibit one or more of the following:</p> <ul style="list-style-type: none"> • Physical deterioration of buildings/improvements, • Abandonment of properties, • Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings, • Significant declines in property values or abnormally low property values relative to other areas in the community, or • Known or suspected environmental contamination <p>Documentation must be maintained by the grantee (the City) on the boundaries of the area and the conditions that qualified the area at the time of its designation. The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications</p>	Not currently a feasible N.O., as the City does not have Areas qualified per HUD standards at this time	N/A
	Spot Basis	<p>Activities that eliminate specific conditions of blight or physical decay on a case-by-case determination.</p> <p>Activities under this category are generally limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities. Rehabilitation is further limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.</p>	N/A	At intake
Urgent Need Reference No.	Urgent Need	<p>The use of the urgent need national objective is rare. It is generally used for activities to alleviate emergency conditions. Urgent need qualified activities must meet the following criteria:</p> <ul style="list-style-type: none"> • The existing conditions must pose a serious and immediate threat to the health or welfare of the community; • The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months); • The grantee is unable to finance the activity on its own; and • Other sources of funding are not available. 	Determined based on LM or SB Activity	TBD

City of Cincinnati
CDBG Policies & Procedures Manual

Policy Number & Title:	2.0 Determining Eligible Activities
Effective/Revision Date:	April 2022
Regulatory Reference(s):	Subpart C – Basic Eligible Activities (24 CFR 570.201) 570.200
Supporting Documents	Guidance Documents <ul style="list-style-type: none">• Eligible Activities – Matrix Code Definitions Supporting Documentation <ul style="list-style-type: none">• State Historic Preservation Office documentation

POLICY:

2.0 Determining Eligible Activities

The City may assist an activity in whole or in part with CDBG funds; all CDBG funded activities shall comply with 24 CFR Subpart C Eligible Activities requirements.

PROCEDURE:

2.1 Selecting Activities that Comply

The City is adopting a five (5) step process by which City staff will determine whether CDBG funds may be used to assist a proposed activity, further articulated in 24 CFR 570.200(a):

1. Compliance with authorized activities

Determine if the activity falls within a category of explicitly authorized activities in the CDBG statute. Generally, CDBG funds shall not be used for any activity that is not authorized under the provisions of 24 CFR Parts 570.201–570.206.

The following types of activities are categorically ineligible:

- Buildings or portions thereof, used for the general conduct of government
- General government expenses
- Political activities

The following types of activities are generally ineligible; however, exceptions exist if authorized as Special Economic Development Activities or when carried out by a CBDO. Determinations of eligibility for these categories may only be approved by CMO Grant Administration in consultation with the City Solicitor:

- Purchase of equipment
- Construction equipment
- Fire protection equipment
- Furnishings and personal property
- Operating and maintenance expenses
- New housing construction
- Income payments
- Inherently religious activities

HUD's Guide to National Objectives and Eligible Activities describes all categories of basic eligibility that were authorized at the time of publication:

https://files.hudexchange.info/resources/documents/CDBG_Guide_National_Objectives_Eligible_Activities.pdf

If a proposed activity does not appear to be included in the statute's list of eligible activities, determine if there is precedent indicating it has been interpreted as eligible under the statute by the CDBG Eligible Activity regulations. This step may require a request for assistance from the City Solicitor's Office and/or CMO Grant Administration.

2. Compliance with national objectives

Most importantly, determine if the proposed activity can meet one of the national objectives of the program as outlined in 24 CFR 570.200 and 208. If an activity cannot meet one of the national objectives, the activity shall be found to be ineligible.

3. Compliance with the primary objective

Verify project budget with the Department fiscal team and CD Administrator to ensure that carrying out the activity with CDBG funds will not result in the City violating the expenditure requirement necessary to meet the primary objective.

4. Compliance with environmental review procedures

Complete the environmental review and clearance procedures for the project of which the activity is a part as required by 24 CFR Part 58. This will involve services of the City's assigned Designated Environmental Review Officer within the City's Department of Planning and Engagement, and potentially the Urban Conservator, both roles are fulfilled by personnel in the City's Department of Planning and Engagement.

Federal law prohibits HUD from releasing funds for a CDBG activity until certification is made with respect to environmental review completion. As indicated in later sections, the environmental review should be approved early, and in advance of RLS for a funding agreement.

5. Cost principles

Review proposed costs of the activity to determine if they appear to be necessary and reasonable and will otherwise conform with the requirements of 2 CFR part 200, subpart E.

City of Cincinnati
CDBG Policies & Procedures Manual

Policy Number & Title:	3.0 Complying with Additional Federal Funding Requirements
Effective/Revision Date:	April 2022
Regulatory Reference(s):	2 CFR 200 24 CFR 570, Subpart J (24 CFR 570.500–570.513) 24 CFR 570, Subpart K (24 CFR 570.600–570.613) 24 CFR 58 24 CFR 40 24 CFR 8 24 CFR 35 24 CFR 75 49 CFR 24 44 CFR Parts 59 through 79
Supporting Documents	Supporting Documentation <ul style="list-style-type: none"> • Relocation Manual • DEI Form 217 • Playing By The Rules – A Handbook for Subrecipients

POLICY:

3.0 Complying with Additional Federal Funding Requirements

The use of CDBG funds triggers several additional cross-cutting federal requirements that affect project delivery. City personnel must ensure their CDBG-funded activities and projects are compliant with these requirements, and that such requirement is imposed on Contractors and Subrecipients for applicable activities / services as well.

PROCEDURE:

3.1 Familiarizing Project Teams with Federal Requirements Early

City personnel should familiarize themselves with the concepts and additional requirements triggered by the use of CDBG funds by reviewing 24 CFR 570, Subparts J and K. According to *Playing by the Rules* these sections include the basic program regulations governing management and financial systems for the CDBG program and apply both to projects delivered directly by City staff, as well as projects / activities delivered through relationships with Contractors and Subrecipients. Agreements with Contractors and Subrecipients are drafted to ensure acknowledgment of the duties and obligations of the project owner with respect to federal regulations. Since many of these requirements will have direct implications on projects (scopes, budgets, timing, etc.), it is critical that City personnel inform potential Contractors and Subrecipients of these obligations early in the processes related to bidding or seeking financial assistance.

1. Subpart J (24 CFR 570.500–570.513)
Addresses general responsibilities for grant administration, including the applicability of uniform administrative requirements, provisions of Subrecipient Agreements, program income, use of real property, record keeping and reporting, and closeout procedures.
2. Subpart K (24 CFR 570.600–570.613)
Deals with other Federal requirements that may be applicable to CDBG funded activities. All CDBG funded activities must comply with regulations addressing civil rights, uniform administrative

requirements, cost principles, and conflicts of interest. Plus, depending on the activity, additional requirements may apply for labor standards; environmental standards; food insurance; relocation; displacement; acquisition; employment and contracting opportunities; lead-based paint; and/or use of debarred, suspended, or ineligible contractors.

The requirements in Subpart K are sometimes referred to as “cross-cutting” requirements, i.e., requirements outside the CDBG regulations that impose conditions on any activity receiving Federal funds, including CDBG-funded activities. As an example, an activity using federal funds which alters a historically significant resource must adhere to specific public protections requiring reasonable efforts to preserve that resource. A working understanding of the requirements in this subpart will typically involve cross-referencing and becoming familiar with the relevant laws and regulations, as appropriate.

3.2 General Principles and Applicability

1. Duplication of benefits

A recipient of CDBG funds cannot receive assistance from multiple sources for the same purpose within the same time period if the total assistance received for that purpose exceeds the amount necessary for such purpose.

2. Supplant vs Supplement Funds

Unless otherwise stated by the granting federal agency, the directives of “no supplanting” or “supplement, not supplant” are common requirements for many federally funded grants, especially those made by HUD, as the federal government has a strict restriction against supplanting.

HUD requires grantees and subrecipients to use funds awarded or secured for a particular service or activity and prohibits those funds from being diverted for other purposes when federal funds are available. Federal funds must supplement (add to) programs and services offered with state and local funds. When federal funds are used to enhance or expand a program or activity, then the funds must be separately identified and clearly distinguishable in the grantee and subrecipient’s financial records and files from the overall activities of the program/services.

3. Incurring Pre-award/Pre-contract Expenses

In all cases, services must not be permitted to commence until and unless are pre-commencement requirements of federal funding have been met including but not limited to, procurement, environmental reviews, wage decisions, displacement/relocation, and Section 3 applicability. It is recommended that the City personnel provide written notice to the anticipated Subrecipient or Contractor that the services must not commence until the execution of a written agreement unless otherwise permitted in writing by the City. If services or construction commenced prior to execution of a new agreement, contact the City Solicitor’s Office and CMO Grant Administration to determine if the City can still proceed with the contract. If the contract is a renewal of an existing contract and services commenced before the execution of the applicable agreement or amendment, see Sections 4.5 and 5.3 of this guide.

3.3 Common Requirements in Local CDBG Programs

Though not an exhaustive list, below are more common responsibilities encountered in the City’s existing programs:

1. Fair Housing Activities

Entities involved in delivering CDBG-assisted projects are responsible for taking necessary and appropriate actions to prevent discrimination in federally assisted housing and lending practices related to loans insured or guaranteed by the federal government. Further, subrecipients should strive to promote a strategy for increasing the choice of housing opportunities for low- and moderate-income persons including minorities and female-heads of households.

2. Section 504/Accessibility

The Americans with Disabilities Act provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act, referred to as the ADA, states that discrimination includes the failure to design and construct (built for first occupancy after January 26, 1993) that are accessible to and usable by persons with disabilities. The ADA requires the removal of architectural and communications barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplished, and able to be carried out without much difficulty or expense.

Section 504 Accessibility Policy ("Section 504") was enacted as part of the Rehabilitation Act of 1973. It prohibits discrimination based on disability in all programs and activities receiving federal assistance and, in 1978, it was amended to apply to all programs conducted by the federal government. This regulation provides that no qualified individual with a disability shall, because a recipient's facilities are inaccessible to or unusable by individuals with disabilities, be denied the benefits of, be excluded from participation in, or otherwise be subjected to discrimination under any program or activity that receives federal financial assistance.

All recipients of the City's CDBG funds are required to conduct requisite assessment and transition plans, and to ensure structures/units built or rehabilitated conform to applicable accessibility standards.

3. Equal Employment Opportunity

Nondiscrimination is a requirement of employment and employment practices. Employment opportunities may not be denied on the basis of race, color, national origin, gender, gender orientation/sexual identity, age, religion, familial status, or disability. Affirmative action and equal employment opportunity policies are fundamental aspects of CDBG funded activities.

The Americans with Disabilities Act modifies and expands the Section 504 Rehabilitation Act of 1973 to prohibit discrimination against "a qualified individual with a disability" in employment and public accommodations. The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment.

4. Lead-based Paint (applies to residential housing projects/programs)

CDBG recipients must certify that no lead-based paint will be used in residential units assisted with CDBG funds and must document that all occupants of structures built before 1978 have been notified of the hazard of lead-based paint.

The federal requirements pertaining to lead-based paint are contained in 24 CFR Part 35. A fact sheet containing information about current efforts to protect children from lead-based paint poisoning prepared by the Environmental Protection Agency can be obtained from CMO Grant Administration.

- a. Notification Requirements: Property owners renting units in structures built before 1978 must utilize the pamphlet entitled Protect Your Family from Lead in Your HOME to notify their tenants of the potential hazards of lead-based paint (copies of the pamphlet are available from CMO Grant Administration). The pamphlet must also be used to notify buyers of homes built prior to 1978 of the hazards of lead-based paint. The landlord/seller must document that the tenant/buyer was provided the pamphlet.
- b. Identification of Defective Paint Surfaces: Visual inspections must be completed for defective surfaces in all properties constructed prior to 1978. All interior and exterior surfaces, including those in common areas must be examined. Community Development Block Grant Procedures 15 Surfaces identified as being defective shall require further analysis and shall require interim controls (a set of measures designed to temporarily reduce human exposure to lead-based paint hazards). The presence of lead-based paint may ultimately require lead-based paint abatement.
- c. Lead Hazard Evaluations: Federal regulations required that Lead Hazard Evaluation be performed by Ohio Department of Health- licensed inspectors on all pre-1978 homes receiving over \$5,000 in federal funds. An initial inspection must be made prior to the start of any renovation work, EPA-certified firms and workers must perform the work, and a final lead clearance inspection must be conducted prior to re-occupancy of the residential units.

5. Limited English Proficiency

Awardees must ensure meaningful access to their programs and activities by persons who do not speak English as their primary language and who have limited ability to speak, read, write, or understand English, pursuant to Executive Order 13166. This Executive Order mandates that the federal government reduce language barriers to Limited English Proficiency (LEP) persons with regard to accessing federal benefits.

In certain situations, failure to ensure persons who have Limited English Proficiency have access to CDBG programs or services may violate Title VI's prohibition against national origin discrimination.

- If 25% or more of a CDBG Activity's service clientele has limited English proficiency and speaks a non- English language, the CDBG Activity must provide key documents translated in that population's language.
- If 50% or more of a CDBG Activity's service clientele has limited English proficiency and speaks a non- English language, the CDBG Activity must make every attempt to provide assistance to a person in their designated language, either through translation services or by employing staff who speak the language.

If CDBG funds are provided for counseling, mental health services, medical services, and/or case management, these services must be provided in the client's native language, regardless of the size of the population the provider serves.

6. Affirmative Marketing Plan

All agencies receiving funds through the City's CDBG (and HOME) Programs are required to develop and maintain an Affirmative Marketing Plan specific to the project or activity being funded. Projects with 5 or more HOME-assisted rental housing units require a more extensive plan. Please consult with Department supervisors and CMO Grant Administration regarding this requirement.

Each recipient of CDBG funding and recipients of CDBG and/or HOME funding is required to carry out an affirmative program to attract all segments of the eligible population (especially those groups designated as least likely to apply) and all minority and non-minority groups regardless of their race, color, religion, sex, national origin, disability, or familial status. Racial groups include White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander. Other groups who may be subject to discrimination include, but are not limited to, Hispanic or Latino persons, persons with disabilities, and families with children. HOME and CDBG recipients shall describe in the Affirmative Marketing Plan the proposed activities to be carried out during the advance marketing and application period. The affirmative marketing program must ensure that any group(s) of persons ordinarily not likely to apply without special outreach know about the housing, program or service, and feel welcome to apply. This may include members of any of the groups listed above and those with limited English proficiency.

7. Debarment and Suspension List Verification

The City and its Subrecipients may not award contracts funded by CDBG assistance to contractors, consultants, or subcontractors identified on the Federal, State, and local excluded parties/debarment list.

As part of the selection process, City staff and Subrecipients must check the Federal System for Award Management (SAM) web site (<http://www.sam.gov/>) to verify that bidders and subcontractors are not on the debarment and suspension list.

City staff, Contractors, and Subrecipients are required to maintain a print copy of the SAM web page (with date stamp) that states no record was found regarding the bidder, or any of their subcontractors, on file. Such print-out is also required with every funding agreement.

8. Labor Standards

City personnel are responsible for requesting Wage Determinations from the City's Department of Economic Inclusion (DEI) for each CDBG-funded project that involves construction, alteration, or repair of public buildings or public works.

City personnel should complete and submit the City's Form 217 (available on City Matters) to engage DEI for this determination. DEI will evaluate the scope of work, budget, and other pertinent project details to determine whether State of Ohio Prevailing Wage rates, Local Prevailing Wage rates, or Davis-Bacon Prevailing Wage rates apply.

Davis-Bacon is applicable to most federally funded projects, including CDBG projects, in excess of \$2,000 for construction, alterations, or repairs, including painting and decorating, to public buildings or public works. Where Davis-Bacon applies, all laborers and mechanics must be paid the minimum prevailing wage rate set by the law. If the construction of the project is even partially funded by CDBG, Davis-Bacon applies to the entire project, no matter how small the

CDBG contribution. Additionally, the Federal Labor Standards Provisions (HUD 4010) apply and must be attached to all construction solicitations and executed agreements. Davis-Bacon does not apply when funding non-construction items such as soft costs, acquisition, etc.

HUD has a guidebook entitled, *“Making Davis-Bacon Work: A Contractor’s Guide to Prevailing Wage Requirements for Federally-Assisted Construction Projects”* that further assists the City and its Subrecipients involved in construction projects. This can be accessed at:

<https://www.hudexchange.info/resource/2541/making-davis-bacon-work-contractors-guide-prevailing-wage-requirements/>

Staff must seek a City Wage Determination for any project that involves construction. However, a number of exceptions to the Davis-Bacon Act exist:

- The prime construction contract funded in whole or in part with CDBG funds is less than \$2,000,
- The entire project consists solely of demolition,
- The entire project consists of rehabilitating property that was designed for fewer than eight (8) residential units,
- The project consists solely of delivery of goods or services (non-construction),
- There are no federal monies in the construction project, or
- The funds are used for acquisition only.

9. Section 3

The requirements for Section 3 of the Housing and Urban Development Act of 1968, as amended (Section 3) applies to capital projects and housing development projects awarded an excess of \$200,000 in HUD funding (\$100,000 for certain lead abatement funding sources). Section 3 is intended to ensure that economic opportunities, most importantly, employment generated by certain HUD assistance shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community that receives Federal assistance.

General Contractors and Subcontractors receiving an excess of \$200,000 in federal funding will also be required to comply with Section 3 requirements. Section 3 requirements do not apply to material supply contracts (e.g., purchase of products and materials including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, janitorial supplies, and office supplies). However, the removal and installation of materials, such as windows, would be covered due to the involvement of labor. Subrecipients and Contractors that are not subject to Section 3 are encouraged to consider ways to support the purpose of Section 3.

New Section 3 regulations (24 CFR Part 75) became effective on November 30, 2020 with a compliance start date of July 1, 2021.

The City’s communications regarding Section 3 are managed by DCED’s Fiscal Division. When a contract exceeds the Section 3 threshold City Staff are responsible for ensuring Section 3 Officer is engaged at the onset of the bid process or subrecipient contracting process, to capture all required elements of notifications and future reporting on Section 3 awards. A pre-construction meeting is also required for the DCED Fiscal representative to ensure that the

Contractor/Subrecipient has met the Section 3 requirements prior to commencing construction. Prior to final payment, City Staff must confirm with the DCED Fiscal representative that the Contractor/Subrecipient has submitted the required documentation and otherwise met the Section 3 requirements prior to final payment.

10. Environmental Review

CDBG activities are subject to environmental review by HUD under 24 CFR Part 58. The City of Cincinnati has a Programmatic Agreement with the Ohio State Historic Preservation Office to conduct the reviews for affected projects located within the City. The City is responsible for supplying all available, relevant information necessary to perform for each property any environmental review required by 24 CFR Part 58. The City is also required to carry out mitigating measures as required from the review or select an alternate eligible property. HUD may eliminate from consideration any application that would require an Environmental Impact Statement (EIS). The City, its contractors, or subrecipients, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a CDBG project, until the City has performed an environmental review under 24 CFR Part 58.

The City's CDBG-funded programs are reviewed on the programmatic level, titled a Tier 1 review, which determines whether or not a case-by-case review is required (a Tier 2 review). Certain activities which, by their nature, are unlikely to have any direct impact on the environment may be considered exempt activities that do not require a case-by-case Tier 2 environmental review but still require a programmatic review to determine whether or not the activity is exempt from the Tier 2 process. If a project is determined to be exempt, the administering department is required to document the conditions for exemption in writing and maintain the programmatic review in the project file. Listed below are examples of activities which may be exempt from further case-by-case environmental reviews:

- Public service activities that will not have a physical impact or result in any physical changes;
- Information and financial services;
- Engineering and design costs;
- Environmental and other studies;
- Inspections and testing of properties for hazards or defects; and/or
- Technical assistance or training.

11. Displacement / Relocation

The City, its contractors and its Subrecipients must adhere to the requirements of 49 CFR 24 and HUD Handbook 1378 for Real Property Acquisition, Residential Displacements, and Non-Residential Displacements. Broadly, the City's administering Department shall ensure that all reasonable steps are taken to minimize the displacement (permanent relocation where the persons do not have the option to return to their unit after a project or program is complete) of persons (families, individuals, businesses, non-profit organizations, and farms) as a result of CDBG activities. Subrecipients and Contractors will need to work very closely with City personnel if the project involves any displacement, relocation, acquisition, or replacement of housing or businesses. Approval of the relocation documentation and plan by the Office of Grant Administration is required prior to contract execution and the start of any project involving relocation

12. National Flood Insurance Program

Projects must comply with the Flood Disaster Protection Act of 1973, and the regulations in 44 CFR Parts 59 through 79. The 1973 Act made the purchase of flood insurance mandatory for the protection of property located in Special Flood Hazard Areas.

If a community has had notice for more than a year that an area has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, CDBG funds cannot be spent for acquisition or construction purposes in the area unless the community is participating in the National Flood Insurance Program and such insurance has been purchased for the properties in question.

There is also a statutory prohibition against providing federal assistance to a person who had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the person failed to obtain and maintain such insurance. (24 CFR 58.6(b)).

City of Cincinnati
CDBG Policies & Procedures Manual

Policy Number & Title:	4.0 Procurement & Contracting
Effective/Revision Date:	April 2022
Regulatory Reference(s):	2 CFR Part 200, Subpart D 24 CFR §570.502, §570.610
Supporting Documents	<p>SOPs</p> <p>Guidance Documents</p> <ul style="list-style-type: none"> • CPD Notice 96-05 • https://www.hudexchange.info/sites/onecpd/assets/File/Playing-by-the-Rules-Handbook-CDBG-Subrecipients-Administrative-Systems-Chapter-3.pdf <p>Supporting Documentation</p> <ul style="list-style-type: none"> • Subrecipient/Contractor Determination (Form) • Purchasing Manual • Relocation Manual • DEI Form 217 for Wage Determination • Notice to Proceed

POLICY:

4.0 Procurement & Contracting

The City values community partnerships. Throughout CDBG Program Delivery and project deployment, City personnel are expected to work with non-City, “external”, entities to provide goods and services, or to carry out eligible activities under the grant. In doing so, the City must follow the general policies of 24 CFR 570.200(f) which specifies the allowable “*Means of carrying out eligible activities*” in the CDBG program and excludes subrecipients from the procurement process. Additionally, the City, as a non-Federal entity, must ensure that all applicable federal procurement requirements are observed by the City and its Subrecipients for Procurement Contracts which standards are specified in 2 CFR 200.318 through 200.327.

PROCEDURE:

4.1 Determining the Legal Relationship

Prior to undertaking any activity or issuing funding to a project, the City’s departmental personnel must determine whether the City will be engaging non-City, “external,” entities as a **Contractor** or **Subrecipient**.

Important Concepts:

Recipient/Grantee: Receives federal funding directly from HUD; the City is the Recipient, or Grantee, that disburses funds to alleviate targeted needs in the community.

Subrecipient: A public or nonpublic entity receiving federal money administered and disbursed by the City for the purpose of carrying out a portion of the Federal award. The subrecipient, also known as “agency” or “organization,” is accountable to the City for the use of the funds provided and subject to similar compliance requirements as the City.

Contractor: Selected in accordance with procurement requirements to provide goods or services for the City’s use in carrying out the Federal award directly.

The early and accurate determination of the legal relationship is critical to program success, as each of these two categories carries specific procedural requirements and legal responsibilities. While a subrecipient can be designated by the City, Contractors must be selected through a competitive procurement process. Procurement standards and contract provisions are further described in 2 CFR 200 Subpart D – Post Federal Award Requirements. However, other than rules relating to bonding, insurance, prevailing wage, and other such provisions, most of the standard federal administrative and monitoring requirements do not apply to contractors, once the procurement process is complete. Those regulations, however, must be followed, as applicable, by all subrecipients. For further detail, please refer to the City's CDBG Subrecipient Monitoring SOP and the link below, to: Managing CDBG A Guidebook for CDBG Grantees on Subrecipient Oversight.

<https://files.hudexchange.info/resources/documents/CDBG-Subrecipient-Oversight-Guidebook.pdf>

To make and document the Subrecipient or Contractor determination:

1. Assigned City department personnel must review and complete the Subrecipient/Contractor Checklist Form. This document assists staff through an internal assessment of factors that will determine whether participating entities' role in the program or project should be categorized as either a Contractor or Subrecipient. Applicable regulatory references are provided in the form for further review. Direct supervisors, City solicitors, and CMO Grant Administration personnel are available to provide technical assistance or guidance to staff through the determination.
2. City staff must document this determination by completing the form and retaining it in the project file. The determination must also be indicated on associated Request for Legal Services (RLS) to the City Solicitor's Office. This determination establishes all subsequent steps related to Procurement, form of legal agreement, ongoing monitoring, and performance reporting, etc.

4.2 Competition Required for Contractor Procurement

Both the City and its designated subrecipients must meet federal procurement requirements when purchasing services, supplies, materials with CDBG funds. These requirements are established to ensure materials and services are obtained efficiently, economically, and in compliance with the provisions of applicable federal law and executive orders. The objectives of these regulations are to assure that:

- Unnecessary or duplicate purchases are not made,
- Favorable prices for goods and services are obtained without sacrificing necessary quality, and
- Purchases are made on the basis of maximum open and free competition whenever possible.

The requirements of procurement methods and contracts are explained in 2 CFR Chapter 1, Chapter 2, Part 200. A thorough working knowledge of 2 CFR 200 requirements is needed to ensure proper grants management.

The City has outlined its procurement processes within its municipal code, administrative regulations, procurement policy documents and CDBG programmatic policies. For reference the procurement methods of the City include but are not limited to:

- Competitive Invitations to Bid
- Competitive Requests for Proposal and Qualification
- Competitive Notices of Funding Availability

- Professional Service Procurements (Refer to Procurement Manual, RFP Manual, Administrative Regulation 62 and Administrative Regulation 23)
- Direct Awards (Refer to Cincinnati Municipal Code and Procurement Manual)
- Sole Source Awards (Refer to Cincinnati Municipal Code and Procurement Manual)
- Single Available Source Awards (Refer to Cincinnati Municipal Code and Procurement Manual)

It is the responsibility of the City Department charged with procuring the Contractor to confirm the appropriate method of procurement with the City's Purchasing Department to ensure compliance with local requirements as well as federal procurement requirements.

4.3 Selecting Appropriate Methods of Procurement for Contractors

When the City and its Subrecipients elect to hire a Contractor, whether to administer a program, complete a task or do construction, those Contractors must be procured competitively. Procurements must meet the federal standards established in 2 CFR [200.318](#) through [200.327](#). Additionally, Subrecipients undertaking a procurement must establish clear written selection procedures for awarding contracts that meet the minimum requirements of 2 CFR 200.320.

The City's procurement procedures are laid out in Chapter 321 of the Cincinnati Municipal Code and the City Procurement Manual. The procurement methods permitted under Chapter 321 meet the minimum requirements under the federal procurement regulations. Staff should use the City Procurement Manual to select the appropriate procurement method based on the estimated dollar value and the nature of the services.

Some of the City's CDBG programs issue project-level funding decisions based on department-led competitive application and award processes which conform to formal competitive proposal process articulated in 2 CFR 200.320. In the case of other City-initiated procurements outside a structured competitive application process, the department's project staff is responsible for determining the appropriate method of procurement in consultation with their assigned internal Purchasing Liaison, and with assistance from CMO Grant Administration as needed. Items purchased with CDBG funds, in whole or part, may not be intentionally split into multiple contracts to avoid procurement and other (such as prevailing wage) requirements. Waivers of procurement should be granted only in the very limited circumstances permitted by 2 CFR 200.320.

4.4 Bids & Bidder Standards

Ensure bid specifications for Contractors include all applicable federal requirements as outlined in Policy 3.0.

4.5 Contracting

CDBG regulations dictate which requirements must be included in all written agreements for such funding. The Solicitor's Office is responsible for drafting all agreements and ensuring all necessary federal requirements are addressed. Generally, City Departments are not at liberty to revise the standard terms/conditions or negotiate federal terms of a funding agreement. If a contract needs to be drafted, pursuant to the applicable procurement process, the following steps should be followed:

1. Prepare and submit a Request for Legal Services pursuant to City Department SOP. For projects that provide services over several years (continuous programs), the Solicitor's Office will

determine whether an amendment to add time and funds is necessary or if a new funding agreement is appropriate. Please include all applicable attachments to the RLS that communicate:

- a. Identify City Fund / Account for Billing Purposes
 - b. Applicable CDBG Program or Project, National Objective, and Eligible Activities
 - c. Amount of funding
 - d. Term of agreement, ensuring the National Objective will be met during the timeframe
 - e. Scope of Work
 - f. Budget (Sources and Uses of Funds)
 - g. Local authorizing Ordinance
 - h. Requests for legal covenants, mortgages, other encumbrances, etc.
 - i. Procurement Documentation
 - j. Analysis determining that the entity is a contractor
 - k. Additional Federal Requirements (Environmental Review, Wage Determinations, etc.)
2. Upon completion, the final agreement should be processed as follows:
- Non-Signatory parties:
 - Office of the City Manager's Community Development Administrator
 - Sets up the project/ activities in IDIS. Each activity's' IDIS number is recorded on a project spreadsheet. Additionally funds the activity in IDIS.
 - Department of Community and Economic Development's (DCED) Fiscal Team
 - Certification of funds / issues contract number / Section 3 inputs, funds the activity in IDIS
 - Section 3 Program Manager
 - Originating-Department Director
 - Initiates Routing for Signatures
 - Signatories with legal obligation to authorize:
 - City Solicitor (drafting attorney)
 - Department of Accounts and Audits
 - City Manager
 - Upon execution, copies should be forwarded to:
 - DEI
 - Purchasing

If CDBG funds are paying for a direct procurement and the Solicitor's Office is not being engaged to draft an agreement, be sure to (i) include the most up to date CDBG provisions in the bid documents and (ii) engage with the CMO Office of Grant Administration to set up IDIS.

4.6 Processing Payments

Contractors may request payment pursuant to the terms specified in their funding agreement. Payment will only be remitted for allowable costs as approved by the City of Cincinnati and must be directly related to the funding agreement. Generally, agreements should be structured on a reimbursement basis. Any requests for payments on an advance basis need to be discussed further with the Solicitor's Office and the City Manager's Office.

A Contractor Request for Payment or invoice may include:

- Official invoice on letterhead or signed City claims voucher;
- Documentation of expenditures and performance metrics/outcomes met;

- Lien waivers;
- As applicable, AIA forms or similar documentation, and
- Other supporting documentation (i.e. receipts) for reimbursement

The City cannot reimburse for (i) sales taxes, (ii) late fees, or (iii) items or services paid for prior to the beginning of the contract, or after the end of the program timeframe.

City staff should identify questionable or ineligible expenses, and request clarifications, corrections, or additional information from the Contractor. If a request for payment is reviewed and found to have errors or missing documentation, the invoice will be returned with instructions for re-submittal. Requests for payment will not be made until all documentation and information has been satisfactorily provided to the City (including any outstanding reports or other requests for information).

Upon approval, City staff are requested to list the IDIS number and corresponding activity, if multiple IDIS numbers have been assigned to the funding agreement, on the voucher or invoice cover sheet.

City of Cincinnati
CDBG Policies & Procedures Manual

Policy Number & Title:	5.0 Partnering with Subrecipients
Effective/Revision Date:	April 2022
Regulatory Reference(s):	24 CFR 570 2 CFR 200
Supporting Documents	SOPs <ul style="list-style-type: none">• RLS SOP• Initiating Contracts SOP• Contract Routing SOP• Subrecipient Monitoring SOP• Relocation Manual) Supporting Documentation <ul style="list-style-type: none">• City Claim Voucher

POLICY:

5.0 Partnering with Subrecipients

The City is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated subrecipients or contractors does not relieve the City of this responsibility. When the City elects to partner with Subrecipients for program or project delivery, Subrecipient Agreements are needed to maintain accountability. These documents describe the terms and conditions under which CDBG funds are provided and establish a basis for legal action if those terms and conditions are not met.

PROCEDURE:

5.1 Determining the Legal Relationship

Prior to undertaking any activity or issuing funding to a project, the City’s departmental personnel must determine whether the City will be engaging non-City, “external”, entities as a **Contractor** or **Subrecipient**.

Important Concepts:

Recipient/Grantee: Receives federal funding directly from HUD; the City is the Recipient, or Grantee, that disburses funds to alleviate targeted needs in the community.

Subrecipient: A public or nonpublic entity receiving federal money administered and disbursed by the City. The subrecipient, also known as “agency” or “organization”, is accountable to the City for the use of the funds provided and subject to the same compliance requirements as the City.

While a subrecipient can be designated by the City, Contractors must be selected through a competitive procurement process. However, other than rules relating to bonding, insurance, prevailing wages and other such provisions, most of the standard federal administrative and monitoring requirements do not apply to contractors, once the procurement process is complete. Those regulations, however, must be followed, as applicable, by all subrecipients.

Contractor: Selected in accordance with procurement requirements to provide goods or services in accordance with the contract. Procurement standards and contract provisions are further described in 2 CFR 200 Subpart D – Post Federal Award Requirements.

The early and accurate determination of the legal relationship is critical to program success, as each of these two categories carries specific procedural requirements and legal responsibilities. While a subrecipient can be designated by the City, Contractors must be selected through a competitive procurement process. Procurement standards and contract provisions are further described in 2 CFR 200 Subpart D – Post Federal Award Requirements. However, other than rules relating to bonding, insurance, prevailing wage, and other such provisions, most of the standard federal administrative and monitoring requirements do not apply to contractors, once the procurement process is complete. Those regulations, however, must be followed, as applicable, by all subrecipients. For further detail, please refer to the City's CDBG Subrecipient Monitoring SOP and the link below, to: Managing CDBG A Guidebook for CDBG Grantees on Subrecipient Oversight.

<https://files.hudexchange.info/resources/documents/CDBG-Subrecipient-Oversight-Guidebook.pdf>

To make and document the Subrecipient or Contractor determination:

1. Assigned City department personnel must review and complete the Subrecipient/Contractor Checklist Form. This document assists staff through an internal assessment of factors that will determine whether participating entities' role in the program or project should be categorized as either a Contractor or Subrecipient. Applicable regulatory references are provided in the form for further review; Direct supervisors, City solicitors, and CMO Grant Administration personnel are available to provide technical assistance or guidance to staff through the determination.
2. City staff must document this determination by completing the form and retaining it in the project file. The determination must also be indicated on associated Requests for Legal Services (RLS) to the City Solicitor's Office. This determination establishes all subsequent steps related to Procurement, form of legal agreement, ongoing monitoring, and performance reporting, etc.

5.2 Risk Assessments of Designated Subrecipient

Pursuant to 570.500(c) **Subrecipient** means a public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under [570.201\(o\)](#), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance under [subpart C of this part](#). The term excludes an entity receiving CDBG funds from the recipient under the authority of [570.204](#), unless the grantee explicitly designates it as a subrecipient. The term includes a public agency designated by a unit of general local government to receive a loan guarantee under [subpart M of this part](#), but does not include contractors providing supplies, equipment, construction, or services subject to the procurement requirements in [2 CFR part 200, subpart D](#).

The City provides CDBG funds to Subrecipients through a Subrecipient Agreement (sometimes also called a funding agreement) to carry out agreed upon eligible activities.

While there are no regulatory requirements governing how the locality selects Subrecipients, the City is liable for all aspects of performance under the grant and thus should ensure that the selected entity has the capacity to carry out the project. This involves a Risk Assessment and development of written agreement to ensure performance expectations as well as remedies for nonperformance. Performance is further managed through standardized processes included in the City's CDBG Subrecipient Monitoring SOP.

1. City personnel should evaluate and document the risk associated with each Subrecipient selected for funding and craft a monitoring strategy for the program accordingly, refer to CDBG Subrecipient Monitoring SOP.
2. Prior to disbursing funds to any organization that is carrying out CDBG activities on behalf of the grantee as a Subrecipient, the City and Subrecipient must then enter into a written agreement that meets all applicable requirements and reflects the risk of each funded activity and Subrecipient capacity to successfully perform.

5.3 Engage Solicitor's Office to Draft Agreement

CDBG regulations stipulate certain requirements that must be included in all written agreements with Subrecipients. The City Solicitor is responsible for establishing the form of Agreement and ensuring all necessary federal requirements are addressed. Generally, City Departments are not at liberty to revise the standard terms/conditions or negotiate federal terms of a funding agreement with Subrecipients.

1. Prepare and submit a Request for Legal Services pursuant to City Department SOP. For projects that provide services over several years (continuous programs), the Solicitor will determine whether an amendment to add time and funds is necessary or if a new funding agreement is appropriate. Please include all applicable attachments to the RLS that communicate:
 - a. Identify City Fund / Account for Billing Purposes
 - b. Applicable CDBG Program or Project, National Objective, and Eligible Activities
 - c. Amount of funding
 - d. Term of agreement, ensuring the National Objective will be met during the timeframe
 - e. Scope of Work
 - f. Budget (Sources and Uses of Funds)
 - g. Local authorizing Ordinance
 - h. Requests for legal covenants, mortgages, other encumbrances, etc.
 - i. Procurement Documentation
 - j. Statement indicating whether Subrecipient expects to generate Program Income; if so, indicate how will PI be handled
 - k. Analysis confirming that the entity is a subrecipient
 - l. Applicable documentation of additional federal requirements
2. Upon completion, the final Subrecipient Agreement should be processed as follows:
 - Non-Signatory parties:
 - Office of the City Manager's Community Development Administrator
 - Sets up the project/ activities in IDIS. Each activity's' IDIS number is recorded on a project spreadsheet. Additionally funds the activity in IDIS.
 - Department of Community and Economic Development's (DCED) Fiscal Team
 - Certification of funds / issues contract number / Section 3 input, funds the activity in IDIS.
 - Originating-Department Director
 - Initiates Routing for Signatures
 - Signatories with legal obligation to authorize:
 - City Solicitor (drafting attorney)
 - Department of Accounts and Audits
 - City Manager

- Upon execution, copies should be forwarded to:
 - DEI
 - Purchasing

Additional Considerations for Subrecipient Agreements

1. Written agreements must remain in effect for the length of time that the Subrecipient has control over any CDBG funds, including program income. However, it is good practice to update Subrecipient agreements annually to ensure the agreements are current with regulations and requirements. This process also allows an opportunity to revisit and clarify problem areas or issues identified during City-conducted Subrecipient Monitoring. Additionally, it helps keep the City on track for meeting its timeliness obligations.
2. The City should avoid a lapse or expiration of Subrecipient Agreements while the Subrecipient controls CDBG funds and/or is performing activities under the program. In certain circumstances a lapse may be avoided through various legal mechanisms, all of which should be evaluated for appropriateness and prepared by the Solicitor's Office via RLS:
 - a. Incorporating options to extend the term of the agreement. The Subrecipient must submit a written request to the assigned City Department to request that such Department extend the term of the agreement. If the term does not have an extension option, a contract amendment for the extension must be executed in order to extend any funding agreement after City approval of the extension is received. Note, this approach is only available if there is no additional funding necessary to be added.
 - b. Furnishing Notice of Program Continuation – this form should be provided to subrecipients if (i) the subrecipient is in compliance with their existing agreement, (ii) City staff intends to renew the agreement and Council has appropriated the funding to do so, (iii) services receiving funding are anticipated to continue between the lapse of the existing agreement and the execution of a new agreement. The Solicitor's Office must be engaged prior to discussing this option with the subrecipient and the Solicitor's Office will review the existing agreement to determine if this notice is appropriate.
 - c. Executing a new agreement or an amendment to add time and funds.
3. Ensure completion of Environmental Reviews as early as possible, ideally as the project is identified and prior to initiating the Request for Legal Services. In all cases, the Environmental Review must be complete prior to funding an activity.
4. Subrecipients must meet the federal requirements when procuring Contractors as outlined in Policy 4.2. Subrecipients must adopt a procurement policy that complies with applicable federal procurement regulations. This policy should include a code of conduct that governs employees, officers or agents engaged in the award and administration of contracts.
5. City cannot fund activities that were completed prior to Effective Date of the Subrecipient Agreement

5.4 Monitoring Subrecipient Progress & Performance

City staff are responsible for determining the adequacy of performance under Subrecipient Agreements (and procurement contracts per Policy 4.0) and for taking appropriate action when performance problems

arise. Staff are expected to fully implement the activities stated in the City's Subrecipient Monitoring SOP to monitor Subrecipient performance, progress, and capacity to perform as a Subrecipient going forward.

5.5 Processing Payments

Subrecipients may request payment pursuant to the terms specified in their Subrecipient Agreement. Payment will only be remitted for allowable costs as approved by the City of Cincinnati and must be directly related to the funding agreement. Generally, agreements should be structured on a reimbursement basis. Any requests for payments on an advance basis need to be discussed further with the Solicitor's Office and the City Manager's Office.

A Request for Payment or invoice may include:

- Official invoice on letterhead or signed City claims voucher;
- Timesheets and Certified Payrolls;
- Receipts/Copies of Bills;
- Training certificates, as applicable;
- Signed demographic forms for each LMI individual served, as applicable;
- City staff must include a signed voucher checklist with Subrecipient invoices (Refer to City Subrecipient Monitoring SOP and Program Monitoring Schedule for frequency); and
- Documentation of program income, if permitted, including account information and demonstration the program income was being disbursed in advance of the entitlement funds, as applicable.

The City cannot reimburse for (i) sales taxes, (ii) late fees, or (iii) items or services paid for prior to the beginning of the contract, or after the end of the program timeframe. Equipment purchases such as computers, fax machines, office furniture, cellular phones, and costs such as entertainment, food, flowers, etc. are not eligible for reimbursement.

City staff should identify questionable or ineligible expenses, and request clarifications, corrections, or additional information from the Subrecipient. If a request for payment is reviewed and found to have errors or missing documentation, the invoice will be returned with instructions for re-submittal. Requests for payment will not be made until all documentation and information has been satisfactorily provided to the City (including any outstanding reports or other requests for information).

Upon approval, City staff are requested to list the IDIS number and corresponding activity, if multiple IDIS numbers have been assigned to the funding agreement, on the voucher or invoice cover sheet.

5.6 Subrecipient Audit Requirements

An independent annual audit is required for all non-profit and governmental subrecipients of CDBG funds. Subrecipients that receive over \$750,000 per year from any federal source including CDBG are required to have an audit conducted. Government subrecipients must have an audit done as part of an overall government audit on an annual basis. A waiver of the audit can be requested for nonprofit subrecipients receiving under \$750,000 per year from CDBG funds and where the total from all federal sources of funds received by the subrecipient is also under \$750,000.

City of Cincinnati
CDBG Policies & Procedures Manual

Policy Number & Title:	6.0 Reporting Performance
Effective/Revision Date:	April 2022
Supporting Documents	File Checklist

POLICY:

6.0 Reporting Performance

The City is responsible for reporting on the various reporting requirements of entitlement funding. This reporting includes the activities undertaken by City staff as well as their subrecipients and contractors. While reporting requirements appropriate for each program activity should be included in all Subrecipient and Contractor agreements, it is the responsibility of City staff for ensuring this information is collected in a timely manner for the purposes of review, discussion with the Subrecipient/Contractor as applicable, aggregation and submission to HUD within required timeframes.

PROCEDURES:

Subrecipient Closeout Reports – by Department managing the Subrecipient Agreements

Each Department must collect close-out reports from its managed subrecipients upon completion of the term of the subrecipient agreement. Each Department will then collect the submitted content for:

1. Determining the quantity of accomplishments of the Subrecipient for the term of the agreement,
2. Evaluating the quality of the accomplishments of the Subrecipient during the term of the agreement, and
3. Informing the Department for the purpose of modifying either the broader program activities/benchmarks or the modifying future agreements with the Subrecipient(s) to continuously improve the programmatic outcomes. The Departments will also utilize this information to determine the ongoing Risk of providing federal funds by the City to the subrecipient.

Contractor Closeout Reports – by Department managing the Contractor Agreement

With contractor agreements involving construction, it is typical to hold 10% of the funding agreement amount until all final closeout reports are received by City staff. This includes, but is not limited to:

- Final AIA documentation
- All final lien waivers (notarized)
- Section 3 compliance and approval from Section 3 Coordinator
- Lead-based paint compliance
- Relocation compliance
- At minimum, 51% of the units must have a demographic form completed and signed
- Other documentation as requested

IDIS – CD Administrator and DCED Fiscal

IDIS is the reporting and financial system for the CDBG funding. All projects must have an associated IDIS activity. For CDBG, a unique activity is required for each different year funding source in the project. The project must be reported when completed to the Community Development Administrator.

Depending on the eligibility, beneficiaries and National Objective of each activity, the reporting requirements to HUD in the IDIS system will vary. To capture all of the HUD required data elements necessary to complete activities in IDIS and to complete the CAPER at year-end, several reporting formats have been developed for use by City Departments implementing CDBG-funded activities.

To prevent the occurrence of long-standing, open activities, cancelled activities with draws, and draws revised from one activity to another, IDIS provides activity flags for the CDBG Program. The system flags activities and requires justifications by grantees and field office approval for:

- Activities that have had no draws for a year,
- Activities that have not reported accomplishments for three-years,
- Activities that have 80% of their funding amount disbursed and no accomplishments reported, and
- Activities that grantees request to cancel with draws

To address IDIS flags, the Community Development Administrator will periodically check the “Review Activities” screen in IDIS, which includes a summary at the top of the page that lists the number of at-risk activities that are in each flagged condition and at each stage of the review and resolution process. Associated program staff will be asked to provide updates as activities are flagged in the system.

Be sure to keep a record of close-out activities for the project (such as for a demolition project, photo evidence of the completed demolition, closed permits, or a site visit report). Note also the following general information, uniquely applicable to each project:

- Area Benefit does not require accomplishment data, just an update that the project is complete
- Slum and Blight does not require accomplishment data, just an update that the project is complete
- Clientele, housing, jobs – need the aggregate numbers from the demographic form

CAPER - CD Administrator

Accomplishment data for the calendar year is due to the Community Development Administrator by mid-February, regardless of project completion. All activities conducted within the calendar year are reported on demographic data, businesses assisted, jobs created, acres developed, persons assisted, and housing units developed. The Consolidated Accomplishment and Performance Evaluation Report (CAPER) is due to HUD annually by March 31st. If projects are not completed, an update still must be provided.

FFATA – CD Administrator

The Federal Funding Accountability and Transparency Act requires the grantee to report on funding through the FFATA Reporting System (FSRS). All primes on funding agreements with the City that have been awarded more than \$30,000 in federal funding are report in FSRS by DUNS number. An entity may obtain a free DUNS number through www.sam.gov For all agreements over \$30,000, the DUNS number must be recorded on the City’s contract routing sheet.

The HUD-2516 (MBE/WBE Bi-Annual) Contract / Subcontract Report – DEI with CD Administrator

The Contract-Subcontract Activity Report is used by HUD to monitor and evaluate MBE/WBE activities against the total program activity and the designated minority business enterprise (MBE) and Women business enterprise (WBE) goals. HUD requires the information to provide guidance, oversight and for the development of MBE and WBE goals. This report is compiled by the CD Administrator with assistance from DEI for all completed applicable activities in the reporting cycle of contracts \$10,000.00 or more and is

due to the HUD Field Office twice annually (April 15 and October 15). This information is also reported in the CAPER.

SF-425 Federal Financial Report – Accounts & Audits with Fiscal Team

HUD requires CPD recipients to periodically submit reports on the financial progress of the CDBG grant. The Office of Management and Budget consolidated the two most common financial reports, the Financial Status Report (FSR or SF–269/SF–269A) and the Federal Cash Transaction Report (FCTR or SF– 272/SF– 272A), into a single form known as the SF-425 Federal Financial Report. This consolidation established government-wide standards for reporting periods and due dates. The SF-425 is due to the HUD Field Office Fiscal Analyst within 30 days subsequent to the end of each quarter. Since the City operates its grants with HUD on a reimbursement basis, the SF-425 will consistently report either a zero balance or negative cash on hand.

Section 3 – DCED Fiscal Division

HUD's policy is to ensure that employment and other economic opportunities generated by CDBG shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons. Section 3 reporting is due to the HUD Field Office annually each January.