

**How to apply for
Community Development Block Grant (CDBG) and
Home Investment Partnership Program (HOME) funds from the
City of Merced for Fiscal Year 2017/18**

1. Meet with the Housing Program Supervisor of the City of Merced to determine if proposed development project meets CDBG and HOME and Community Housing Development Organizations (CHDO) eligibility guidelines.

If proposed development project meets eligibility guidelines:

2. Submit written request for funding prior to 5:00 P.M., February 10, 2017 to the City of Merced Housing Program, 678 W. 18th Street, Merced, CA 95340.

Requests for funding shall include the following sections and information:

I. Project Description

A detailed description of the project to be undertaken with CDBG, HOME and/or CHDO funds, specifically who will be served in terms of the client population and the number of persons or households intended to benefit from the development.

II. Budget

A "sources and uses" budget that delineates all of the funding for the organization and highlights the use of CDBG, HOME and/or CHDO funds specifically.

III. Summary

An explanation of why this project is needed in the community and what would be the consequences of not receiving CDBG, HOME and/or CHDO funds.

Questions should be directed to:

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The following information will provide the applicant with guidance on how to apply for CDBG and HOME funding. Applicants should use this information to provide detailed information regarding proposed projects. Each application is reviewed for compliance with the threshold requirements, and then for competitiveness.

Application:

A complete application should include the following information:

- General Information
 - Participating organizations
 - Name of project
 - Proposed project description
- National Objective information including beneficiaries
- Threshold Requirements
 - Targeted population
 - Consistency with community development strategy
 - Consistency with sustainable development principles (if applicable)
 - Additional project thresholds (project specific)
- Project description
 - Project location information
- Project Budget Information including project and administrative costs and an attached, detailed budget.
- Competitive Questions (4)
 - Project need
 - Community involvement and support
 - Project feasibility
 - Project impact

General Information

The first section of application requests information to identify the participating organization, the project name and the targeted population. Based on this selection and the project description, City Staff will confirm the eligibility of the requested development. The proposed project must be eligible for funding under the rules of the CDBG program.

National Objective Compliance

Each project must meet a national objective. National objectives and related documentation are discussed in detail in this section. National Objective responses will not be scored. The response will be evaluated as described below.

- a) Identification of the national objective that will be met. Explain how it will be met in as much detail as possible. For example, a project could meet a national objective by benefiting low- and moderate-income persons *on an area-wide basis*.
- b) Description of appropriate type(s) of documentation available to show that the project meets a national objective.

National objectives are discussed in the CDBG Regulations for State Programs at 24 CFR Part 570.483. Each project must meet one of three national objectives:

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1. Benefit to low- and moderate-income persons; or
2. Prevention or elimination of slums or blight; or
3. Urgent or critical community need.

Minimum requirements for documenting each type of national objective compliance are discussed below.

Benefit to Low- and Moderate-Income Persons

Documenting one of the following can satisfy this threshold:

A. **Area-wide Benefit** - A project will meet the national objective of benefit to low- and moderate-income persons if its benefits extend generally to all of the residents of the area in which the project is located, and 51% or more of those residents are low- and moderate-income persons. It is critical, however, that the service area determined by the applicant (and approved by the City) is the entire area served by the project. In addition, the service area must be primarily residential. Area-wide benefit is often used to meet national objective requirements for certain types of infrastructure projects, such as street repairs in a largely low-income neighborhood. In any case, the application must clearly document and explain how this requirement will be met.

1. Explain the methodology for establishing geographical boundaries of the service area and the percentage of low- and moderate-income persons.
2. Applicants must prove the 51% low- and moderate-income residency standard by using either HUD-supplied low- and moderate-income data, which are based on the 2000 US Census; or a survey and its results consistent with the survey methodology included in Appendix C and available online at:

www.hud.gov/offices/cpd/lawsregs/notices/2005/index.cfm (go to Notice #05-06)

- If a community believes their project's compliance with this National Objective can be based upon the statistics for the Block Group in which the project will occur and is considering the use of 2000 Census data to substantiate a low and moderate income (LMI) area, please contact MA CDBG for further discussion. DHCD is compiling LMI statistics by Block Group and can assist communities in matching the statistics to maps of their service area. In some cases, this may eliminate the need for income surveys of the service area.
- If a survey is used to substantiate a low- and moderate-income (LMI) area, a copy of the blank survey document and summary survey results must be included with the application. **Applicants must also include the survey data broken down by street (total number of households on each street and the income distribution for LMI households and all other households for each street).** *Surveys must demonstrate an adequate sample size and response rate based on HUD's guidance or they cannot be considered valid by City Housing.*

Survey's Continued

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- Note: surveys must be worded to not bias the results. For example, it is not appropriate to say, “In order for the municipality to receive desired funding, a survey must be conducted to show that most of the residents of the area have low- and moderate-income.”
3. Applicants must furnish a parcel map of the service area, showing:
 - If applicable, the Census Block Groups and the corresponding LMI statistics;
 - If applicable, surveyed streets and surrounding area;
 - The dominant land uses; and
 - If applicable, current and proposed sewer or water lines, direction of flow, storage tanks, pump stations, treatment plants and well fields.
 4. If the residential target area contains vacant land, applicants must:
 - Show each vacant parcel of land on a parcel map; and
 - Describe the potential future use of the land for the next five to seven years.
 - Consider current zoning, subdivision plans, planning documents etc.; and
 - Describe how future use could have an impact upon the national objective.
- B. **“Direct” Benefit for Housing Projects** - CDBG-assisted housing projects (not to be confused with a “public housing project”) will meet the national objective if they predominantly benefit low- and moderate-income persons by providing them with safe, decent and sanitary housing. Housing projects include rehabilitation loans or grants, first-time homebuyer loans, etc. For such projects, grantees must collect and maintain information on household size and income to demonstrate that a low- or moderate-income household occupies assisted housing units. For buildings with two units, at least one eligible household must occupy one of the assisted units. For three or more units, at least 51% of the assisted units must be occupied. Applicants must describe the specific steps to be taken to ensure compliance with this requirement, including the income information that will be obtained from clients, and the standards used to determine eligibility at the time of application.
- C. **Limited Clientele Benefit.** A CDBG-assisted project will meet this national objective if it can be demonstrated that the project is designed so that the benefits are limited to certain groups with characteristics, such as:
1. Groups presumed by HUD to be low- and moderate-income. These include the elderly; severely disabled adults, abused children, battered spouses, homeless persons, persons with HIV/AIDS, illiterate persons, and migrant farm workers. No income verification is required for these groups unless an “income payment,” such as fuel assistance, childcare subsidies or tuition payments, is being provided. Projects limited in scope to the removal of architectural barriers for severely disabled adult(s) or elderly persons categorically meet national objective requirements.
 2. Groups of persons already documented as low- and moderate-income. For example, a recreation program for the exclusive use of residents in a low-income

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housing development complies. Usually no further income documentation is required for this type of project.

3. Groups whose composition is such that it can be concluded that a majority of their clientele will be low- and moderate-income persons. For example, projects involving soup kitchens or homeless shelters will usually qualify under this provision without further proof of income eligibility. For application purposes, the clientele must be profiled so it is clear that beneficiaries of CDBG assistance will be low- and moderate-income persons.
4. Groups that can be documented to be predominantly low- and moderate-income (at least 51%). Such projects must be designed to collect information on household size and income so that the program will document clientele income eligibility. For example, a project that provides well-child medical care would meet the national objective if the program will collect income data to determine eligibility to receive CDBG-assisted services.

Limited clientele projects must document compliance by one of the following methods:

- For projects that do not provide “income payment” forms of assistance, beneficiaries may “self-declare” their eligibility, generally by completing and signing a form declaring household sizes and income ranges.
 - For projects that offer income payments or subsidies, income must be documented.
 - For projects where the user profile will be low- and moderate-income, a description of the profile must be presented so that the conclusion, without a doubt, will be to benefit low- and moderate- income persons.
- D. **Planning Projects.** An activity involving planning will meet a national objective if it is demonstrated that at least 51% of the persons who would benefit from implementation of the plan are low- and moderate-income.