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Section I – General

A. Introduction

The Department of Community and Economic Development’s mission is to encourage the shared prosperity of all Pennsylvanians by supporting good stewardship and sustainable development initiatives across our commonwealth. With a keen eye toward diversity and inclusiveness, we act as advisors and advocates, providing strategic technical assistance, training, and financial resources to help our communities and industries flourish. The Department’s 2021-2022 priority is to revive Pennsylvania’s economy by providing tax credits and targeted assistance to; distressed areas and low-income populations with a strategic focus on community participation and collaborations among residents, nonprofits, and businesses.

Pennsylvania’s renaissance will be driven by the need to increase community revitalization efforts, and this translates into the importance of programs such as the Community Development Block Grant program to provide support and opportunity for every neighborhood and community in the commonwealth. The Community Development Block Grant program will offer a proactive approach, with respect to its goals, which aim to offer additional resources in assisting neighborhoods with fiscal difficulties, averting adverse impacts on health, safety and the welfare of their residents helping to put communities back on the right track to good fiscal well-being.

B. Federal Requirements

Legislative Authorization:

- 42 USC 5301 - Housing and Community Development Act
- 24 CFR Part 570 - Community Development Block Grant Regulations
- 35 P.S. 1751 - Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities, commonly referred to as Small Communities Block Grant (Act 179 of 1984)

C. All Applicants

To apply for funding, the applicant must submit the electronic on-line DCED Single Application for Assistance located at dced.pa.gov/singleapp. The application must be submitted to the Department of Community and Economic Development, Center for Community and Housing Development through the Electronic Single Application.

*Paper copies will not be accepted.*

Direct any questions in preparing the Application to your designated Grant Manager.
Section II – Application Submission: Single Application

A. All Applicants

To apply for funding, the applicant must submit the electronic on-line DCED Single Application for Assistance located at dced.pa.gov/singleapp. Addenda are required, it must be attached electronically to the application on the Addenda tab.

*Paper copies will not be accepted.*

B. Applicants for the Competitive Set-Aside

Up to twelve percent (12%) of the annual CDBG allocation will be set-aside for the Competitive Program for projects in boroughs, and townships which are not eligible.

Entitlement entities under the state CDBG program, or in eligible state entitlement entities with a population less than 10,000, for the project eligible under the CDBG competitive set-aside. Eligible state entitlement entities applying for competitive funds must allocate 75% of its entitlement allocation towards the proposed project.

DCED uses the following priorities in selecting CDBG Competitive applications for approval.

1. Water and Sewer Infrastructure Projects
2. Impactful neighborhood streetscapes
3. Slum/blight removal for community revitalization
4. Resiliency projects

C. Date for Submission

Applications may be submitted at any time after the applicant has met its Citizen Participation requirements and the unit of local government has approved the submission of the application to DCED. Applications are due as follows:

- Entitlement Submission Due Date: October 28, 2021
- Competitive Application Submission Due Date: February 1, 2022

Direct any questions in preparing the application to your designated Grant Manager.
Section III – CDBG Application Checklist

The forms below are available as Addenda in the Electronic Single Application submission portal and are not included in the Application Guidance. Applicants will follow the instructions to complete and upload all required Addenda to the Electronic Single Application and follow instructions for documentation that must be maintained locally. Below is a checklist to ensure complete application and submission:

☐ Resolution Unit of Local Government (DCED-CDBG-CV-116)

☐ Citizen Participation Report (DCED-CDBG-011)

☐ Management Plan/Local Staff Capacity (DCED-CDBG-003)

☐ Timeliness (DCED-CDBG-004)

☐ Three Year Community Development Plan (DCED-CDBG-017) includes (modified for competitives):
  - Description of low and moderate income and minority persons based on ACS data and/or surveys
  - Assessment of community development needs relating to housing, public community facilities and improvements, public services and economic development
  - Analysis of community development needs of Low Mod areas identified through ACS data or surveys
  - Explanation of how the community development objectives address the identified needs with emphasis on benefit to low/moderate income persons. If Low Mod areas are identified with no funding, provide an explanation for this conclusion
  - Short term (1 year) and long term (3 year) plan which identifies activities that are designed to meet the CD objectives
  - List the resources that were considered when developing the local and/or area wide plans
  - REQUIRED: A map or maps that depict:
    - Municipal census geography w/boundaries; includes identifying census tracts and block groups
    - Location of low/mod income persons within each Census Tract
    - Incidence & concentration of minority within each Census Tract
    - Location of each activity selected
    - Identify the service area benefiting each submitted project. The individual projects with identified service areas may be separate maps attached to each activity description. [DCED recommends using HUD’s Mapping Tool]

☐ Activity Description(s) (DCED-CDBG-003) – The Activity Description should include: 1) the need being met – what is the problem being addressed and how does it impact the service area beneficiaries; 2) explanation of the need for CDBG funding; 4) quantity of the improvement and location of activity within the service area; 5) how the activity meets a national objective; and 6) beneficiaries, including total, Very Low Income (VLI) and Low Moderate Income (LMI), of the activities.
  - Map w/jurisdiction boundaries shown for example census tract or block group, project area identified as well as service area, and survey area corresponds to service area
  - Multi-year project? ☐ Yes or ☐ No
  - Project timetable included (beginning with the application submission date, outline a reasonable timetable for project completion. Include all significant milestones, emphasizing those related to plans, permits, bids, contracts, financing, acquisition of property, construction, and completion).
  - Project Budget that supports completion within 36 months of grant award
    NOTE: The project budget must include an itemized cost estimate for each line item, identifying each source and use of funds
  - Have other funds been committed (if applicable)
Appropriate National Objective selected
Answered all questions related to the selected national objective
Current pictures of the proposed project or project area (strongly recommended)
Administrative Costs form
Project Budget (DCED-CDBG-012)
Project Completion Timetable (DCED-CDBG-013)
Limited Clientele Worksheet Reporting (DCED-CDBG-014)
Local Effort/User Fee Analysis (DCED-CDBG-008)
(required for funding for all water and sewer projects – new and existing)
Activity Description – Administrative Expenses (DCED-CDBG-016)
LMI Principal Benefit Determination (DCED-CDBG-009)
Limited English Proficiency Certification of Completion of a Four-Factor Analysis and of the Activities to be Included in the Language Access Plan (DCED-CDBG-018)
Four-Factor Analysis Completion and Findings Certification (DCED-CDBG-019)
Language Access Plan Certification (DCED-CDBG-020)
DCED Land Use Implementation
Letter from appropriate local and county planning agency certifying compliance (if applicable) or marked N/A.

Appendix A – CDBG Public Service Activities (if applicable)
Appendix B – Service Areas & Survey Methodology (if applicable)
Include script and outreach, if applicable
Copy of sample survey form
Map of survey area
Survey Worksheet included (if applicable)
Survey Results (K-2 form) included for all surveys completed prior to 2021 included
Appendix C – Determining Service Areas
Other Supporting Documents Included
Such as pictures, newspaper articles, test results, consent orders, other pertinent documents. (if applicable)
Section IV – Other Federal Requirements

A. Instructions for Completion of Disclosure Report

All applicants for CDBG grants must complete and submit, with their applications, Parts I and II of the Disclosure Report. At the completion of Part II of the report, some applicants will find that they must complete Parts III, IV, V and VI.

**Part I** requires the applicant’s name, address, phone and Federal Employer Identification number; indication as to whether this is an initial report or an update (all applicants will check the initial report box); the fiscal year CDBG funds subject to the disclosure; a check as to whether the disclosure is related to an entitlement or competitive application; the amount of CDBG funds being requested; the amount of any CDBG program income that will be used with the CDBG grant; and, the total amount (CDBG grant and program income).

**Part II** asks two questions. If the answer to both questions is “no,” the applicant must provide the certification at the end of Part II, but is not required to complete the remainder of the report. If the answer to either questions is “yes” the applicant must complete the remainder of the report.

**Part III** requires information on any other Federal, State and/or local assistance that is to be used in conjunction with the CDBG project.

**Part IV** requires the identification of interested parties. Interested parties are persons and entities with a reportable financial interest in the project. If an entity is being disclosed, the disclosure in Part IV must include an identification of each officer, director, principal stockholder or other official of the entity. All consultants, developers or contractors involved in the application for CDBG assistance, or in the planning, development or implementation of the project, must be identified as an interested party. Also, any other person or entity that has a pecuniary interest in the project that exceeds $50,000 or 10 percent of the CDBG assistance, whichever is lower, must be listed as an interested party. Pecuniary interest means any financial involvement in the project, including (but not limited to) situations in which a person or entity has an equity interest in the project, shares in any profit or resale or any distribution of surplus cash or other assets of the project or receives compensation for any goods or services provided in connection with the project. (The following are not considered interested parties: local CDBG administrative staff, recipients of housing rehab assistance, and rehab contractors as long as the rehab agreement is between the property owner and the contractor).

It is realized that at the time of application, applicants may not be aware of all interested parties since contracts and agreements for goods and services are not generally awarded until after notice of grant award. Subsequent to grant award, as projects are being implemented, funds will be committed to interested parties which will necessitate the submission of an updated Disclosure Report. However, if an applicant identifies under Part III of the Disclosure Report, other governmental assistance that is to be used in conjunction with projects funded with CDBG and, if these other funds have been committed to interested parties, then these interested parties must be identified in Part IV.
B. HUD Programs Subject to Disclosure

This Appendix contains a list of all the HUD Programs that are subject to the disclosure requirements of the HUD Reform Act (42 U.S.C. §3545). All applicants for CDBG assistance must review this list to determine if they are receiving, or expect to receive, assistance from other covered programs besides CDBG. Applicants must consider HUD funds that are received either directly from HUD or through the State. The State administered CDBG Program is listed at item 3(v).

It is the total amount of funds received from all the below sources that the applicant uses to answer the second question of Part II of the Disclosure Report.

(1) Section 312 Rehabilitation Loans under 24 CFR part 510, except loans for single family properties.

(2) Applications for grant amounts for a specific project or activity under the Rental Rehabilitation Grant Program under 24 CFR part 511 made to:

   (i) A State grantee under Subpart F.

   (ii) A unit of general local government or a consortium of units of general local government or a consortium of units of general local government receiving funds from a State or directly from HUD whether by formula under Subparts D, F, and G.

   (iii) HUD, for technical assistance under 511.3.

(Excludes formula distributions to States, units of general local government, or consortia of units of general local government under Subparts D and G, within year reallocations under Subpart D, and the HUD-administered Small Cities Program under Subpart F.)

(3) Applications for grant amounts for a specific project or activity under Title I of the Housing and Community Development Act of 1974 made to:

   (i) HUD, for a Special Purpose Grant under Section 105 of the Department of Housing and Urban Development Reform Act of 1989 for technical assistance, the Work Study Program of Historically Black colleges.

   (ii) HUD, for a loan guarantee under 24 CFR part 470, Subpart M.

   (iii) HUD, for a grant to an Indian tribe under Title I of the Housing and Community Development Act of 1974.

   (iv) HUD, for a grant under the HUD-administered Small Cities Program under 24 CFR part 570, Subpart F.

   (v) A State or unit of general local government under 24 CFR part 570.

(4) Applications for grant amounts for a specific project or activity under the Emergency Shelter Grants Program under 24 CFR part 576 made to a State or to unit of general local government, including a Territory.

(Excludes formula distributions to States and units of general local government (including Territories); reallocations to States, units of general local government (including Territories) non-profit organizations; and applications to an entity other than HUD or a State or unit of general local government.)

(5) Transitional Housing under 24 CFR part 577.

(6) Permanent Housing for Handicapped Homeless Persons under CFR part 578.

(7) Section 8 Housing Assistance Payments (only project-based housing under the Existing Housing and Moderate Rehabilitation program for Single Room Occupancy Dwellings for the Homeless under Subpart H).
(8) Section 8 Housing Assistance Payments for Housing for the Elderly or Handicapped under 24 CFR part 885.

(9) Loans for Housing for the Elderly or Handicapped under Section 202 of the Housing Act of 1959 (including operating assistance for Housing for the Handicapped under Section 162 of the Housing and Community Development Act of 1987 and Seed Money Loans under Section 106(b) of the Housing and Urban Development Act of 1968).

(10) Section 8 Housing Assistance Payments-Special Allocations-under 24 CFR part 886.

(11) Flexible Subsidy under 24 CFR part 219 both Operating Assistance under Subpart B and Capital Improvement Loans under Subpart C.

(12) Low-Rent Housing Opportunities under 24 CFR part 904.

(13) Indian Housing under 24 CFR part 905.

(14) Public Housing Development under 24 CFR part 941.

(15) Comprehensive Improvement Assistance under 24 CFR part 968.

(16) Resident Management under 24 CFR part 964, Subpart C.


(18) Nehemiah Grants under 24 CFR part 280.

(19) Research and Technology Grants under Title V of the Housing and Urban Development Action Grant of 1970.

(20) Congregate Services under the Congregate Housing Services Act of 1978.

(21) Counseling under Section 106 of the Housing and Urban Development Act of 1968.

(22) Fair Housing Initiatives under 24 CFR part 125.


(24) Fair Housing Assistance under 24 CFR part 111.


(26) Mortgage Insurance under 24 CFR Subtitle B, Chapter II (only multifamily and nonresidential).

(27) Supplemental Assistance for Facilities to Assist the Homeless under 24 CFR part 579.

(28) Shelter Plus Care Assistance under Section 837 of the Cranston-Gonzalez National Affordable Housing Act.

(29) Planning and Implementation Grants for HOPE for Public and Indian Housing Homeownership under Title IV, Subtitle A, of the Cranston-Gonzalez National Affordable Housing Act.

(30) Planning and Implementation Grants for HOPE for Homeownership of Multifamily Units under Title IV, Subtitle B, of the Cranston-Gonzalez National Affordable Housing Act.

(31) HOPE for Elderly Independence Demonstration under Section 803 of the Cranston-Gonzalez National Affordable Housing Act.
C. Instructions for Compliance with Fair Housing and Civil Rights Requirements in the Application Process

Entitlement applicants must maintain in local files, the following documentation to support compliance with these federal requirements. This documentation must be made available upon request.

1. Fair Housing

   a. Entitlement Grantee

      i. Fair Housing Advertisement:

         **Entitlement applicants must maintain a copy of a published advertisement re-designating a Fair Housing Officer within their municipality.** This advertisement must also inform residents of their rights under the Fair Housing law and that cases of suspicious discrimination are to be reported to the Fair Housing Officer. Communities that cannot identify a person qualified to serve as a Fair Housing Officer must publish an advertisement that provides an alternative agency, who will take discrimination complaints.

         If a community designates a Fair Housing Officer, that officer will be responsible for the following:

         – Forwarding all complaints of housing discrimination to:

         **Pennsylvania Human Relations Commission**
         Pittsburgh Regional Office
         301 Fifth Avenue
         Suite 390, Piatt Place
         Pittsburgh, PA 15222
         (412) 565-5395
         (412) 565-5711 TTY users only
         OR
         Philadelphia Regional Office
         110 North 8th Street, Suite 501
         Philadelphia, PA 19107
         (215) 560-2496
         (215) 560-3599 TTY users only
         OR
         Harrisburg Regional Office
         333 Market Street, 8th Floor
         Harrisburg, PA 17101-2210
         (717) 787-9780
         (717) 787-7279 TTY users

         **U.S. Department of Housing and Urban Development**
         FHEO/Regional III Office Mid-Atlantic Office
         100 Penn Square East, 12th Floor
         Philadelphia, PA 19107
         (215) 861-7643
         Fax: (215) 656-3449
         TTY: (800) 927-9275
         OR
         PITTSBURGH FHEO FIELD OFFICE
         Moorhead Federal Building
         1000 Liberty Avenue
         Pittsburgh, PA 15222
         (412) 644-5449 or (412) 644-6353
         Fax: (412) 644-6516
         TTY: (800) 927-9275
– Maintaining a record of all complaints filed, dates forwarded to appropriate agencies, and evidence of resolution. This record will be part of the grantees annual reporting to the Department for compliance and will be reviewed during monitoring.

ii. Adoption of a Fair Housing Resolution by the Applicant/Grantee
Entitlement applicants must have a fair housing resolution adopted annually affirming its dedication to further Fair Housing Practices within its jurisdiction. This notice identifies typical discriminatory acts, informs residents of their rights under the fair housing law and that cases of suspected discrimination are to be reported to the Fair Housing Officer. **This Notice must be posted at prominent locations throughout the municipality and a record of the postings must be kept on file for monitoring.**

iii. All Entitlement applicants must annually undertake and report on actions to affirmatively further fair housing in accordance with the Fair Housing Guidance located in the Federal Resource Library: [dced.pa.gov/download/fair-housing-tip-sheet/59662](http://dced.pa.gov/download/fair-housing-tip-sheet/59662)

b. Competitive Applicants
Competitive applicants are not required to address the Fair Housing requirements at the application stage. Those competitive applicants that are selected for funding will be instructed to fulfill these requirements subsequent to notification of grant award.

2. Section 504

a. Entitlement Grantee with more than Fifteen 15 Employees

i. Section 504 Officer:
Entitlement applicants with over fifteen (15) employees must re-designate a Section 504 Officer annually within their municipality. This designation must be made in writing and at a public meeting. **A copy of this notice must be maintained in files locally and made available upon request.**

The Officer’s duties include:

– Compile and maintain a Self - Evaluation of the grantee’s facilities, hiring practices, and citizen participation, as well as each activity funded with the CDBG grant, to assure that there has been no discrimination in the providing of services based on race, color, national origin, sex, disability, religion, familial status, age, or ancestry. From this self-evaluation, the municipality will develop a Transitional Plan to provide a timetable and responsible entity to bring the municipality into compliance. The Section 504 Officer will oversee that the municipality follows the Transition Plan and brings the municipality into compliance. Please refer to the Federal Resource Library on DCED’s website at dced.pa.gov/library.

– The municipality will develop and maintain a grievance procedure that must also be adopted incorporating due process standards and allowing for prompt local resolution of any complaints of discrimination based on disability. Existing grievance procedures can often be adapted to satisfy this requirement. Any individual or authorized representative who believes that they have been denied opportunities or treated differently due to their race, color, national origin, sex, disability, religion, familial status, age or ancestry may file a complaint with the Section 504 Officer. The Officer must act on the complaint and maintain the records of the process for monitoring.

b. Competitive Applicants
Competitive applicants are not required to address the Section 504 requirements at the application stage. Those competitive applicants that are selected for funding will be instructed to fulfill these requirements subsequent to notification of grant award.
3. **Minority/Women Business Enterprise (MBE/WBE) Plan**
   It is required that all grantees receiving federal funds from DCED must promote the opportunity for full participation by minority and women's business enterprises ("MBEs" and "WBEs") in all housing and community development programs receiving funds from the Pennsylvania Department of Community and Economic Development. This includes all forms of procurement and contracting. Grantees are required to maintain sufficient documentation to verify that this requirement has been met.

   a. All **entitlement** applicants are reminded that they are to adopt and provide a good faith, comprehensive and continuing endeavor to their MBE/WBE Outreach Plan. One portion of the plan establishes minority owned business enterprise (MBE), and women owned business enterprise (WBE), minimum participation levels (MPLs) to be used as a guide in determining bidders’ compliance with Federal MBE and WBE requirements.

   **As part of the application process, the applicant must maintain documentation locally, on grantee letterhead, and must indicate:**
   
   i. the minimum participation level as established in their plan
   
   ii. the previous calendar year’s achievement of the MBE and WBE goals with the actual percentage of total contract awards that went to each category. (ie: 2016 application = 2015 achievement percentage)

   iii. actions to be taken by the applicant to achieve these goals in the current year if not achieved

   b. **Competitive Applicants**
   Competitive applicants that are awarded competitive grants will be required to adopt and follow an MBE/WBE Outreach Plan subsequent to notification of grant award, including minimum participation levels.

   **NOTE: Applicants for Competitive CDBG Funding** – Non-entitlement municipalities are encouraged to seek assistance in applying for funds through the County administrators.

4. **Reporting Requirements**
   DCED makes available its Reports Schedule to all grantees for the CDBG program. Required reports will include but not be limited to:
   
   - Applicant Data for Direct Benefit Activities
   - Beneficiary Report for Low Moderate Area Benefit Activities
   - Fair Housing
   - Labor Standards Enforcement Report
   - MBE/WBE Reports
   - Section 3 Summary Report
   - MAPR
   - Client Tracker Form
D. DCED Land Use Implementation

Since 2000, when the Growing Smarter land use bills were signed into law, DCED has been encouraging effective local land use planning while respecting private property rights. These measures have included a review for certain projects occurring on previously undeveloped property, requiring the grantee to submit a letter from the appropriate local and county planning agency where they exist.

1. Obtaining Information about Planning and Zoning

For projects funded with CDBG funds (beginning with the 2001), where infrastructure and/or construction of new facilities (public/community facilities, water/sewer facilities, housing, economic development, etc.) will occur on previously undeveloped property, the grantee must submit a letter from the appropriate local and county planning agency (where they exist) specifically identifying the project(s) and certifying that the project(s) is(are) in compliance with all applicable land use and comprehensive plans, and zoning and subdivision ordinances. This letter should be inserted after this page in the CDBG Application. Prior to submitting this letter, CDBG Program applicants must review the questions below regarding comprehensive planning and zoning ordinances to determine the applicability of the PA Municipal Planning Code.

• Is there an adopted municipal comprehensive plan?
• Is there an adopted county comprehensive plan?
• Is there an adopted multi-municipal or multi-county comprehensive plan?
• Is there an adopted county or municipal zoning ordinance or a joint municipal zoning ordinance?
• Is the proposed project consistent with these comprehensive plans and/or ordinances?

This requirement is not applicable to projects that occur on developed or previously developed property.
The following documents, plans, templates, and other resources are available on DCED’s website at the following link: [dced.pa.gov/library/federal program resource library]

- **Citizen Participation Plan and Sample Public Notices**  
  (Municipally adopted and reviewed annually)

- **Definition of Family versus Household Income**  
  (Required for eligibility)

- **Environmental Tip Sheets**  
  (Guidance and Required Documentation)

- **Fair Housing Notice and Sample Ad and Resolution**  
  (Required with application submission and annual action steps)

- **MBE/WBE Plan**  
  (Municipally adopted and implemented, when applicable)

- **Residential Anti-Displacement and Relocation Plan**  
  (Municipally adopted and reviewed annually)

- **Revisions and Modifications Templates**

- **Section 3 Plan**  
  (Municipally adopted and implemented, when applicable)

- **Three Year Activity Completion Extension Template**

*Please review and note which items require an annual review and update. This list will be updated periodically as the Center for Community and Housing Development updates program resources.*
Regional Offices
Pennsylvania Department of Community and Economic Development
dced.pa.gov

Southeast
*Bucks, Chester, Delaware, Lancaster, Montgomery* and Philadelphia counties

Department of Community and Economic Development
Aliyah Stanger, Director
110 North 8th Street, Suite 505
Philadelphia, PA 19107-2471
(215) 560-5830
Fax: (215) 560-5832
astanger@pa.gov

Northeast
*Bradford, Carbon, Columbia, Lackawanna, Luzerne, Montour, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne and Wyoming counties*

Department of Community and Economic Development
Paul Macknosky
2 North Main Street
Pittston, PA 18640
(570) 963-4122
Fax: (570) 654-6315
pmacknosky@pa.gov

Lehigh Valley
*Berks, Lehigh, Monroe, Lebanon, Northampton, Northumberland, Snyder, and Union counties*

Department of Community and Economic Development
Fadia Halma, Director
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225
(717) 877-8481
fhalma@pa.gov

Central
*Adams, Bedford, Centre, Clearfield, Clinton, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lycoming, Mifflin, Perry, and York counties*

Department of Community and Economic Development
Marita Kelley, Director
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225
(717) 720-7301
Fax (717) 783-4663
markelley@pa.gov

Southwest
*Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Fayette, Greene, Indiana, Somerset, Washington, and Westmoreland counties*

Department of Community and Economic Development
Johnna Pro, Director
301 Fifth Avenue, Suite 250
Pittsburgh, PA 15222
(412) 565-5098
Fax: (412) 565-2635
jopro@pa.gov

Northwest
*Cameron, Clarion, Crawford, Elk, Erie, Forest, Jefferson, Lawrence, McKean, Mercer, Potter, Venango, and Warren counties*

Department of Community and Economic Development
Kim Thomas, Director
100 State Street, Suite 205
Erie, PA 16507
(814) 871-4245
Fax: (814) 454-7494
kimbethoma@pa.gov

10/22/2019
Appendix A – CDBG Public Service Activities

A. Eligibility

Eligibility defined at Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. §3505(a)) and 570.482 of CDBG Entitlement Regulations. For additional information, please refer to the State Community Development Block Grant Program -- Guide to National Objectives and Eligible Activities.

Eligible CDBG public services include but are not limited to the following:

<table>
<thead>
<tr>
<th>Child Care</th>
<th>Job Training</th>
<th>Education Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>Recreation Programs</td>
<td>Public Safety Services</td>
</tr>
<tr>
<td>Fair Housing Activities</td>
<td>Services for Senior Citizens</td>
<td>Services for Homeless</td>
</tr>
<tr>
<td>Drug Abuse Counseling/Treatment</td>
<td>Energy Conservation Counseling &amp; Testing</td>
<td></td>
</tr>
<tr>
<td>Homebuyer Down payment Assistance</td>
<td>Welfare (excluding income payments)</td>
<td></td>
</tr>
</tbody>
</table>

Eligible public service costs include labor, supplies and materials.

To be eligible for CDBG funding, a public service activity must be:

- a new service, or
- a quantifiable increase in the level of an existing service

1. New Service

If it is a new public service activity (new to the community) at the time CDBG funds are first used to support the activity, it can be considered a new activity for three (3) consecutive years.(DCED’s policy) Therefore, CDBG funds could be used to support the activity in the second and/or third year without any consideration as to whether there is a quantifiable increase in the level of service from one year to the next.

2. Quantifiable Increase

At the time CDBG funds are first used for a public service activity that is already in existence, it must be demonstrated that as a result of the CDBG funds there will be a quantifiable increase in the level of the existing service. (The purpose of this requirement is to prevent CDBG funds from being used to merely replace other funds without an increase in the level of the public service.)

The quantifiable increase must be over and above the level of service provided by the local government, or by another agency or organization on behalf of the local government, through funds raised by the local government or received from the commonwealth.

The increase in the level of service must be an increase over that which existed in the twelve (12) months immediately prior to the submission of the application or modification proposing the use of CDBG funds for the service.

CDBG funds can only be used to pay for the quantifiable increase in the public service, except, if CDBG funds are substituted for federal or private funds, a quantifiable increase in the public service is not necessary. Again, CDBG funds may not be used to substitute for local or commonwealth funds.
3. **Questions on Eligibility**

   a. *Define quantifiable increase.*
      
      The regulations do not prescribe what constitutes a quantifiable increase. DCED’s policy takes the position, generally, that a quantifiable increase must be legitimate and not artificial, involving additional staff costs and time resulting in an increase in the number of clients served. With these general parameters, DCED considers each request. Examples of what has not been accepted include such requests as: a new van to replace an old one resulting in less breakdowns and less interruptions in service, possibly allowing for serving more clients; a dental service expanding the level of service from performing fillings and cleaning to orthodontics.

   b. *How does the three year timeframe work?*
      
      After a determination has been made that an activity qualifies as a new service or a quantifiable increase, that activity may be funded for the initial year and two successive years without further evaluation or qualification, provided the level of service stays the same.

      Whether CDBG was used only in the first year, for only two years or for all three years, the grantee cannot come back after year three and use CDBG funds for this particular public service on the basis that it is a new activity, or at the quantifiable increase in level of service that originally qualified it. (The “three-consecutive year” requirement applies to the activity and not to years of CDBG assistance). After the three years have expired, the activity must be qualified based on a quantifiable increase in the level of service.

   c. *Does CDBG funding in a public service trigger other compliance requirements, similar to CDBG funding of an infrastructure project?*
      
      Any private sector professional service or purchase of materials or supplies directly funded by CDBG must adhere to the competitive procurement requirements, as specified in DCED’s Contract/Procurement Manual. Provided CDBG funds are not used to fund any construction contract over $2,000 that may be undertaken to compliment the public service, federal wage rates would not apply. Adhering to the civil rights requirements applies to all activities.

B. **Fundability**

   Each public service activity must meet either the low and moderate-income benefit or slum and blight national objective. Low and moderate income can be met either by area benefit or limited clientele. Limited clientele must be based on documentation that clearly shows that 51% or greater of the beneficiaries will be, or has been in the case of an existing service, low and moderate income. Public service activities may also be qualified based on the area slum and blight category.
Appendix B – Service Areas and Survey Methodology for Area Benefit Activities

Definition – Area Benefit (570.483 (b)(1))
An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate-income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries, but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under the criterion.

A. Process

1. Determine Service Area Boundary
   a. Problem/Solution
      What is/are the problem(s), or need(s)? What is the solution? Where multiple problems or needs are to be addressed, are they clearly delineated, and is there a primary problem or need? Who principally or primarily will be served?
   b. Nature/Type Activity
      Does the nature or type of activity inherently help to determine the service area, i.e., direct benefit, or area wide in nature (new sanitary sewer collection or water distribution; neighborhood park or Central Business District [CBD] improvements)?
   c. Level of Funding
      Are there sufficient funds to meet the need or solve the problem, or if only partially, will proposed activity be functional, and beneficiaries able to be determined?
   d. Document Service Area Boundary
      After considering the activity problem and solution, the nature and type of activity, and the level of funding, determine and document the appropriate boundary of the service area.

2. Document Low and Moderate-Income Percent for Activity’s Beneficiaries
   a. American Community Survey (ACS) Data
      If service area boundary coincides with HUD provided Low/Moderate Income Summary 2011-2015 Data, determine if the data is equal to or greater than 51% low and moderate income, and document results. (Refer to HUD CPD Notice 19-02 dated February 14, 2019.)

      If service area nearly coincides with ACS data, consult with DCED to evaluate the data and determine if it is reasonable to justify the low and moderate-income benefit. ACS data for different census geography (i.e., Census Tract [CT], Census Designated Place [CDP], or Block Group [BG]) may be added to determine over all LMI percent.
   b. Survey
      If ACS data cannot appropriately be used, a survey may be conducted to determine the percentage of low and moderate-income people within the service area.

      Surveys must be conducted and evaluated in accordance with HUD’s most current CPD Notice on Survey Methodology.
B. Determining Service Areas Examples

1. Streets
   a. Dead End/Cul-de-sacs
      Street that serves only those residents living along the street; survey must be done unless it serves presumed low-moderate beneficiaries, i.e., public housing.
   b. Local/Neighborhood Street
      • Through street with primary beneficiaries being that street.
      • Can be justified by using smallest census geography for a borough or city (i.e., B.G.), or by doing survey of street.
      • In townships where there may only be E.D.’s, and the village service area does not coincide with an E.D., then survey is needed.
   c. Minor Collector (arterial)
      • Street that certainly serves more than a block group or neighborhood, but due to traffic patterns, land use, etc., the primary beneficiaries are less than the entire City, Borough or Township. This area might combine a number of block groups, CT’s of ED’s.
      • Cannot isolate one smaller area for low-moderate benefit.
   d. Major Collector (arterial)
      • Street that serves the entire municipality (e.g., main street).
      • In some instances where main street carries a lot of truck traffic or cars from one municipality to another, it is acceptable to limit the service area to the local jurisdiction in most instances.
      • Cannot isolate small area for low-moderate benefit.

2. Storm Sewers
   While rehab of streets only is not too complicated in understanding the improvement, storm sewers can become very complicated.
   • What is the problem? Engineer’s analysis can be very helpful.
   • Is the problem and solution limited or comprehensive in solving a number of problems? Is problem localized or system-wide?
   • Is problem more a storm water effect on residences, or a street problem?

3. Multiple Problems
   • Some activities have multiple problems that need directed to determine if there is a primary reason for activity (storm water, sanitary, water, street problems).
   • Engineer’s analysis is important.

4. Renovations-Sanitary Sewer/Storm/Water
   • Localized or system-wide effect? What is primary? Source, distribution, collection, treatment, pressure, etc.
   • If the problem is an inflow or infiltration issue, the jurisdiction needs to look at who is being served by the sewage treatment plant.
5. **New Water/Sanitary Sewer**
   - Easier to deal with when connection / tap-in to system determines beneficiaries.
   - Up until time of fundability determination, grantee responsible for ensuring low-moderate benefit. After fundability determination, grantee not responsible for people moving in or out, and low-moderate not met.
   - Size of lines may be questionable in relation to service area, or knowledge of new development by grantee that is not included in service area that is under construction.
   - Prior to installation of any new system or extension, jurisdiction must insure no new development or significant changes to the service area have or will occur.

6. **Parks**
   - Nature of the park where improvements are made.
   - Type of facilities constructed or improved.
   - Primary service area & agency responsible for operation/maintenance

7. **Fire Stations**
   - Logical service area for station, excluding multi-alarm fires (eg: Primary response area is defined by the fire department).

8. **Central Business District (CBD)**
   - Logical service area for the downtown will primarily be the municipality.