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INTRODUCTION

Purpose: This Policy and Procedure Guide is designed to help public officials and citizens better understand the Community Development Block Grant (CDBG) Entitlement Program and to become more familiar with the specific way that the City of St. Marys administers their CDBG Program.

General

- A. PA Department of Community and Economic Development (DCED) Objective
 - a. To provide the Commonwealth's municipalities with grant funds needed to address local community development needs in the areas of housing, community facilities, economic development and public services.

- B. Background

- a. Since 1974, the United States Department of Housing and Urban Development (HUD) has administered the CDBG Program. Beginning in 1982, States were given opportunities to administer funds available through the HUD Small Cities Program. Pennsylvania elected to take advantage of the opportunity and began to administer the CDBG program.

In 1982 and 1983, the PA Department of Community Affairs (now DCED) distributed the CDBG funds throughout Pennsylvania to local governments on the basis of competitive applications for municipal needs.

In October of 1984, the Commonwealth enacted its own entitlement CDBG through Act 179. This Act requires that the Commonwealth's allocation be distributed according to specific formulas contained in Act 179.

In 1994 when the consolidation of Borough and Township created the City of St. Marys, we became an entitlement community. Currently the CDBG Program is administered by the City's Community and Economic Development Department.

- C. Elements

- a. The Commonwealth allows only local government units to apply for the CDBG program; in this case, the City of St. Marys.

Any local government grant recipient must demonstrate that no less than 70 percent (70%) of their CDBG funds benefit low-moderate-income residents.

Each project must be administrated in accordance with the federal Housing and Community Development Act of 1974, as amended and State Act 179 of 1984.

City of St. Marys Administration

A. Selecting Activities that Comply

Because the City of St. Marys is an entitlement city, as designated by Act 179 of 1984, a Community Development Block Grant is offered annually to be used for eligible activities throughout the municipality.

Any non-profit group, organization, association, etc. or any other eligible grant recipient as established through the PA Department of Community and Economic Development (DCED) guidelines should contact the City of St. Marys Community and Economic Development Coordinator to determine if the proposed activity meets three key components:

- The proposed project must be included within the listing of eligible activities within the CDBG guidelines. For example, acquisition of real property, public facilities and improvements, public service and rehabilitation. The CDBG Coordinator will assist in making this determination.
- The proposed project must not fall within the category of explicitly ineligible activities, despite its apparent inclusion within an authorized category. For example, while public facilities are generically eligible for assistance with CDBG funds, there is an explicit statutory bar to providing assistance to “buildings for the general conduct of government” under the category of Public Facilities and Improvements.
- The final and perhaps most critical component is determining if the proposed project can meet one of the National Objectives of the program. One example of meeting a National Objective is demonstrating the financial need of the project service area. This will be discussed in greater detail later.

It is essential to the success of a project that the CDBG Coordinator is aware of any proposed activity as early as possible. The telephone number for the City of St. Marys – Community and Economic Development Coordinator is 814-781-1718 ext. 225.

B. Establishing National Objective Compliance

The program must meet a National Objective to be considered an eligible activity. The three National Objectives include:

- Benefiting low and moderate income (LMI) persons in a service area
- Addressing slums or blight areas or a spot blight area; or
- Meeting a particularly urgent community development need.

No less than 70 percent of the City’s CDBG entitlement must be used to benefit LMI. Historically, 100 percent of the City’s funding has gone to benefit LMI projects.

C. Low to Moderate Income Survey Requirements

In almost all cases, previous CDBG projects have used low-to-moderate income (LMI) to fulfill the National Objective. LMI has almost always been determined using income survey data.

If census data cannot appropriately be used to justify the fundability of an activity, a survey must be conducted to determine the percentage of LMI people within the proposed activity's service area.

Each project and service area will be reviewed and the applicant and CDBG Coordinator will determine how the income survey will be conducted. According to the Department of Community and Economic Development (DCED) income surveys can no longer be conducted by anyone that has vested interest in the proposed project. In any case, survey data will be sent back directly to the City of St. Marys where it will be verified for accuracy prior to being accepted. These surveys are to be kept confidential.

For an activity to be considered fundable, the survey methodology must be adhered to and the results demonstrate that fifty-one percent (51%) or more of the persons within the service area are low and/or moderate income.

D. The Application Process

- A memo announcing the acceptance of preliminary applications will be forwarded to all applicants interested in being considered for funding.
- It shall be the responsibility of the applicant to contact the City of St. Marys' Community and Economic Development Coordinator/CDBG Coordinator to receive a preliminary application.
- It shall be the responsibility of the CDBG Coordinator to determine if a project meets DCED eligibility guidelines **but not to predict the success or failure a project might achieve during review.**
- All preliminary applications must be accompanied by a letter of support from the applicant's Board of Directors.

Any application received after the announced deadline may not be considered for funding.

- The CDBG Coordinator, when requested, will provide assistance in completing the preliminary application.
- All items for the preliminary application must be complete by the deadline to be considered valid.

E. The Selection Process

At the First Public Hearing of the City of St. Marys, all applicants are required to present their projects and answer any questions.

- All applicants are required to present their projects and answer questions at the Public Hearing as scheduled by the Community and Economic Development Coordinator/CDBG Coordinator.
- It shall remain the responsibility of the CDBG Coordinator to forward a memo to all applicants detailing the time and date of this meeting.

- Any applicant who does not attend or cannot provide a substitute capable of representing the applicant may not be considered for funding unless arrangements have been made prior with the CDBG Coordinator. This requirement may also be waived by the CDBG Coordinator, and will be directed, **in writing**, to applicants each funding year.

Depending on the amount of applications received, the City of St. Marys Community and Economic Development Department may hold a special Public Meeting to consider which projects to recommend to City Council and the amount of funding each project is to receive. It is the responsibility of the CDBG Coordinator to forward, **in writing**, this timeline to all applicants.

- The period between the application deadline and the prioritization meeting is reserved to research any outstanding questions relating to the proposed project. Inability to determine answers to any questions could jeopardize the success of the project.
- The CDBG Coordinator shall inform all applicants of the outcome of the Department's decision via letter.
- The City of St. Marys City Council will make all final decisions on projects and funding amounts.

If a project is accepted it shall not deviate from the request of the application, including but not limited to; the original scope of work; funding request, service area, etc. Any modifications may result in cost to the applicant to make these changes not only at the City level but with DCED. This will be discussed on a case by case basis.

- Recipients must acknowledge the award and agree to abide by and cooperate with all program guidelines by signing a Cooperation Agreement that will be forwarded to the applicant by the CDBG Coordinator.

F. Modifying an Application

If at any time during the application process, including after the funding awards are offered, any concerns or problems are discovered, the situation will be dealt with in the following manner:

1. The applicant will be immediately notified and informed about the perceived problem.
2. If the applicant disputes the problem then an appeal will be made to DCED to determine whether in fact a problem exists.
3. If DCED and the CDBG Coordinator then confirm a problem does exist, a reasonable solution will be considered to remedy the situation.
4. All proposed solutions should first be reviewed by DCED to be certain that all program guidelines are being followed.
5. If the solution is found acceptable by DCED then the City of St. Marys City Council will be informed of the situation and provided an opportunity to comment on the proposed corrective action.
6. If a majority of City Council rejects the proposal, then an alternate solution will be pursued when possible.
7. IF DCED CANNOT OFFER A VIABLE SOLUTION, OR IF A CONCENSUS OF CITY COUNCIL HAS NOT BEEN REACHED, THEN THE PROJECT WILL BE DENIED FUNDING.

8. If a project is denied funding then the funding amount will be redistributed in a manner agreed upon by City Council.

G. Submission of the City of St. Marys' CDBG Application to DCED

It shall be the responsibility of the CDBG Coordinator to develop and assemble the City of St. Marys' entitlement application and to forward it to DCED for review and approval. This application will, among other items, include a separate appendix for each proposed project. The submission deadline is determined by DCED.

- DCED may request additional information or clarification of an activity during the review process.
- The period of time that it takes for the Commonwealth to review and approve the City St. Marys' application and to execute a contract may vary widely from year to year. From the time the application is submitted to the City of St. Marys to the time that the funding is available may be in excess of 10/months to a year. The uncertainty of the date of fund availability must be taken into consideration when a project is being planned and costs are estimated.
 1. No activity may be advertised for bid until the Commonwealth issues a letter of funding approval, and
 2. The environmental review process has been completed with no significant findings.

H. Conclusion

The City of St. Marys has been successfully awarding Community Development Block Grant (CDBG) funds to strengthen the City of St. Marys community since 1994

While the program does not require a recipient contribution, the program operates under strict state and federal guidelines. In addition, local policies have been developed to further coordinate the process.

This manual was written to provide a background of the CDBG Program and to promote an understanding of how to apply for funding. It may be necessary to change or amend any or all of the information without notice. Updates, indicating such changes, will be forwarded as necessary.

Finally, the City of St. Marys is proud of the program accomplishments but realizes much of the success is due to the hard work and dedication of local people. By continuing this cooperative relationship, the City hopes to be able to keep the program running strong into the future.

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