



**Community Development
Block Grant Program**

**PROGRAM POLICY
MANUAL**

**Office of Community Development
July 2010**

CDBG PROGRAM POLICY MANUAL

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INTRODUCTION

The Program Policy Manual establishes the framework guiding the operation of the Washington County Community Development Block Grant (CDBG) Program. It provides an approach for making decisions, ensuring the program is operated in a fair and consistent manner, as well as providing all program participants with an understanding of how the County manages its CDBG Program.

Information included in this document is derived from three main sources:

- Federal requirements that impact local policies and procedure;
- Growth, demographic shifts, and changes in need that necessitate adjustments in the local program; and
- Knowledge gained from managing the program since 1979.

This manual replaces the CDBG Program Policy Manual dated July 2002. The program policies contained in this document are adopted by the Board of County Commissioners and are binding. Any variances with policy contained in this document, or changes in policy, must be considered and endorsed by the Policy Advisory Board (PAB), and approved by the Board of County Commissioners. Changes shall be dated and sent to holders of the Manual. For successive planning and funding cycles, a new document will only be prepared when necessary.

This Program Policy Manual complements the Washington County Consolidated Plan. The plan describes the structure and process for administration of the County's CDBG Program. It also identifies needs within the County; objectives to address those needs; and the basis for allocating funds between program activities developed to meet those objectives.

This manual is a companion to the CDBG Program Operating Manual, June 2005, which includes detailed instructions for project management and procedures to ensure federal and local contract compliance and demonstrate fiscal accountability. Another important publication, the Washington County CDBG Housing Rehabilitation Programs and Policies, contains descriptions of CDBG funded Housing Rehabilitation Programs. All of these documents are available through the Washington County Office of Community Development (OCD).

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FUNDING ALLOCATION AND PROJECT SELECTION

1.1 CONSOLIDATED PLAN

1.1.1 CONTENTS

The current Consolidated Plan identifies community development needs and program objectives to address those needs. It includes a funding allocation formula by program category, as well as specific criteria for the selection of projects within each funding category. The plan includes the process that is used to select projects.

1.1.2 ENDORSEMENT

The Consolidated Plan is developed with citizen input, as outlined in the Citizen Participation Plan (Policy 4, Citizen Participation). The PAB endorses the plan for presentation to the Board of County Commissioners, which adopts the plan by formal action. The Consolidated Plan is submitted to the Department of Housing and Urban Development (HUD) and is the basis for the County's expenditure of several HUD funded programs, including the CDBG program.

1.1.3 DURATION

This Policy Manual covers the Consolidated Plan cycle 2005 – 2010. The Consolidated Plan will be developed and approved by the spring of the year preceding the beginning of each five-year planning cycle, and the allocation formula, objectives, and program policies included in the Plan are in effect for five years. Project intake will occur annually.

1.1.4 CDBG CONSORTIUM

The Washington County CDBG consortium consists of jurisdictions, which are signatories to the Urban County Intergovernmental Cooperation Agreement, as required by HUD. This includes the County itself and all of the municipalities therein, with the exception of the City of Beaverton. Planning and subsequent programming activities are limited to the geographic areas that comprise the Washington County CDBG Consortium. The Washington County CDBG program may elect to jointly fund activities with other entitlement(s), provided each entitlement shares funding costs on a proportionate basis, representing the residency of clients.

1.2 FUNDING ALLOCATIONS

1.2.1 PROGRAM ADMINISTRATION

The County will set-aside twenty percent of each annual entitlement for general administration and planning, as permitted by federal law. Generally, program administrative costs are less than twenty percent (20%). Any surplus administrative funds may be assigned by the process outlined in Policy 0, Reprogrammable Funds.

1.2.2 PROJECT CONTINGENCIES

Up to ten percent (10%) of each annual entitlement will be set aside for costs that were not anticipated at the time when projects were developed. The process for accessing these contingency funds is described in Policy 2, Contingency Funds.

1.2.3 FUNDING FORMULA

After funds have been designated for general administration, contingencies and public services, funds shall then be allocated among program categories in the proportions identified in the Consolidated Plan. Competitive project proposals will be accepted within the following categories: Public Facilities, Infrastructure Improvements, and Public Services. Funds will be set aside on a percentage or dollar value basis for non-competitive activities specified in the Consolidated Plan, including housing rehabilitation, weatherization, fair housing and Community Housing Development Organization (CHDO) resident services. OCD will manage housing rehabilitation efforts, while the County will contract with the Rebuilding Together*Washington County for the provision of rehabilitation activities, Community Action for the provision of weatherization activities, Tier 1 CHDOs for resident services and appropriate agencies for Fair Housing activities as identified in the Fair Housing Plan.

1.2.4 PROGRAM AREAS NOT FUNDED: PLANNING AND ECONOMIC DEVELOPMENT

The Washington County CDBG program will not award grants for general planning or economic development activities. The federal government requires that funding for planning activities be drawn from the twenty percent (20%) administrative funding cap, and the PAB has allocated those funds for CDBG administration.

1.2.5 FUNDING YEAR

Funding will be allocated from a single year's entitlement. This avoids difficulties that could result from changes in federal funding levels or regulations.

1.3 PROJECT SUBMISSION REQUIREMENTS

1.3.1 NEEDS ASSESSMENT PROCESS

As part of the five year consolidated planning process, an assessment will be conducted to identify the needs of the low and moderate-income residents of Washington County. The needs assessment will commence with a Needs Assessment Workshop and will conclude with the submittal of Needs Questionnaires. It is advised that any organization submitting a Needs Questionnaire should have sent a representative to the Needs Assessment Workshop. In addition, all agencies submitting a Needs Questionnaire must include the signature of the Agency Director or Department Head indicating they have reviewed and concur with the submission of the form. Sponsors must be aware that in order to submit a project proposal, a need must have been submitted resulting in the development of a specific objective to meet the need.

1.3.2 NATIONAL AND COUNTY OBJECTIVES

All proposals must address a national objective of the CDBG Program, as well as a long range and short term County program objective, as identified in the Consolidated Plan. National Objectives specify that an activity must:

- A. Benefit low and moderate-income persons;
- B. Aid in the prevention or elimination of slums or blight; or
- C. Meet urgent needs that threaten the health or welfare of a community.

The federal government requires that at least seventy percent (70%) of program funds must be used to address the first objective, benefit to low and moderate-income persons. OCD will ensure this, when it allocates funds between activities, each year. The federal government details the specific requirements for demonstrating that a project addresses a national objective. These are included in the Consolidated Plan, and discussed briefly in Policy 06, 5.6 Compliance with National Objectives.

1.3.3 COMPETITIVE PROGRAM CATEGORIES

Each proposal must be submitted for funding under a specific program category identified in the Consolidated Plan. The proposal must comply with specific requirements for activities within that category, identified in Policy 3, Requirements for Applications and Projects.

1.3.4 DEADLINE FOR SUBMISSION OF PROPOSALS

The PAB will establish a specific date by which time all application materials must be received at OCD. The application materials, made available by OCD, will include the deadline for the submission of project proposals and all required materials. Applications will be rejected if materials are not submitted by the specified deadlines.

1.3.5 ENDORSEMENT OF PROPOSAL BY GOVERNING BODY

Non-profit agencies and cities applying for CDBG funding must document endorsement for submission of each application by formal action of their Board of Directors or City Councils, as appropriate. County applications must bear the signature of the appropriate Department Head. Absent proof of such approval and authorization, by the specified time, applications will be rejected. Applicants should contact OCD regarding this requirement, if they lack a formal governing body.

1.4 PROJECT SELECTION

1.4.1 STAFF ANALYSIS AND CUT-OFF DATE FOR CHANGES TO APPLICATIONS

The project selection process is identified in the Consolidated Plan. Following receipt of completed project proposals, OCD staff may request additional information from applicants to clarify applications. The PAB shall establish a final date, after which sponsors will not be allowed to make changes to their proposals. Staff prepares a preliminary analysis of each proposal, and sends it to the applicant and to the PAB.

1.4.2 APPLICANT PRESENTATIONS

The PAB shall sponsor a meeting to provide applicants the opportunity to present their proposals and to respond to the staff analysis and questions posed by the PAB.

1.4.3 MINIMUM POINT CUT-OFF

At the PAB meeting prior to the meeting at which the PAB will rate projects, the PAB may establish a minimum point cut-off in each competitive category. Any project which scores below that cut-off shall not be funded.

1.4.4 PROPOSAL EVALUATION

The PAB will hold one or more special meetings to evaluate proposals in accordance with the project selection criteria included in the application packets, or as amended by the PAB.

1.4.5 PROJECT RANKING AND FUNDING RECOMMENDATIONS

Following the PAB's rating of applications, projects will be placed on a list, valid through June of the program year, by competitive program category, in rank order, based on the scores received during the PAB's evaluation. The PAB will identify and endorse a list of proposed projects, based on their rank order, and the percentages identified for each program category by the allocation formula included in the Consolidated Plan to the extent that funds are available in each program year.

Should a tie occur in the ratings and rankings at the cut-off point for a category's funding, the tie shall be resolved through a vote by PAB members who are in attendance at the next PAB meeting that occurs after the rating and ranking process. Should a tie occur in that vote, a second vote will be held at that meeting, immediately following the first vote.

1.4.6 ANNUAL ACTION PLAN

Projects included on the proposed list, endorsed by the PAB (see Policy 1.4.5, Project Ranking and Funding Recommendations), will be included in the County's Action Plan, conforming to federal formatting and processing requirements. The PAB will consider the Action Plan and recommend its endorsement by the Board of County Commissioners.

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AMENDMENTS TO ACTIVITIES

1.5 CHANGES TO CDBG FUNDED ACTIVITIES

From time to time, it may be necessary to terminate a previously approved activity; add a new activity; or alter the purpose, cost, scope, location, or beneficiaries of an activity. OCD will inform the PAB of any such proposed changes to CDBG funded activities. In some cases, the change may require an amendment to the County's Action Plan. The nature of public notice and the comment period will vary, depending on the magnitude of the change.

1.6 PAB REVIEW

The PAB will review how the proposed change alters the purpose, cost, scope, location, or beneficiaries identified in the sponsor's project proposal, or if already executed, the activities described in the contract/agreement between the County and the sponsor; and may reevaluate the project, using this new information. Should the reevaluation result in a significant reduction in the number of points that the proposal received during the evaluation process, the PAB may recommend removal of the activity from the list of proposed projects, or termination of the project.

1.7 CITIZEN INPUT

Citizens will be notified whenever the PAB, at a regularly scheduled meeting, will review a proposed substantial change. Interested citizens will have the opportunity to comment on any proposed changes at the PAB meeting. The PAB shall consider any comments made by citizens and, if deemed appropriate, modify the change under consideration. OCD staff will make the changes in accordance with the County's Citizen Participation Plan. In conformance with federal requirements, this plan includes the process for amending the County's Consolidated Plan. (For further information on public input, see Policy 4, Citizen Participation.)

1.8 NOTIFICATION OF BOARD OF COUNTY COMMISSIONERS

The OCD Program Manager will inform the Board of Commissioners whenever the PAB approves an alteration to the list of CDBG funded activities that requires a substantial amendment to the Action Plan.

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REPROGRAMMABLE FUNDS

1.9 SOURCES

Reprogrammable funds are derived from a number of sources, including projects that are withdrawn, suspended, or canceled; surplus funds that result from completing a project under budget; unobligated administrative or contingency funds; and program income. Sponsors shall report surplus funds that will be returned to the County's CDBG program, as soon as they are identified. The Program Manager shall periodically report on the status of reprogrammable income, to the PAB, and shall recommend the allocation of reprogrammable income to eligible activities.

1.10 USES

Reprogrammable income shall be used to address the following needs, which are in order of priority, should multiple requests be received:

- 1) urgent need, as defined in Policy 1.12, Urgent Need, below;
- 2) contingencies for ongoing projects (see Policy 2, Contingency Funds);
- 3) housing rehabilitation or development initiatives; and
- 4) all other requests.

1.11 ELIGIBILITY OF ACTIVITIES

The Program Manager shall determine the eligibility of all out-of-cycle requests for funds. The Program Manager shall reject all such requests that are not consistent with the funding priorities described above and objectives included in the Consolidated Plan. An applicant whose urgent needs request (see below) has been initially rejected by OCD, may file a written appeal to the PAB, through the Office of Community Development, within thirty calendar days from the date of rejection.

1.12 URGENT NEED

To be eligible to receive reprogrammable income as an "urgent need," a project must address the following:

- a. meet federal eligibility requirements;
- b. meet the definition of urgent need included in current CDBG regulations; and
- c. address a need identified as "emergency," as endorsed by the governing body of a participating jurisdiction or nonprofit agency.

1.13 ENHANCEMENTS TO EXISTING PROJECTS

Sponsors may request reprogrammable funds for additional activities to benefit the original beneficiaries of a project. For such purposes, the Program Manager may authorize the use of up to \$10,000 for a project. The Program Manager shall submit requests in excess of \$10,000 to the PAB.

1.14 ADDITIONAL ACTIVITIES

The Policy Advisory Board shall recommend to the Board of County Commissioners the reprogramming of funds for any new activity, as discussed in Policy 0, Amendments To Activities.

2. CONTINGENCY FUNDS

2.1 ANNUAL ALLOCATION

The Policy Advisory Board will allocate up to ten percent (10%) of each annual entitlement for project or program contingencies. These funds will be available to project sponsors on a first-come, first-serve basis.

2.2 PURPOSE

Contingency funds are set aside for project costs that the sponsor was not able to anticipate at the time the proposal was submitted. Costs for activities not included in the original proposal, and that are the result of either an omission or oversight on the part of the sponsor, may not be eligible for contingency funds, unless it can be demonstrated that the contingency request is necessary to complete the project.

2.3 LIMITATIONS ON CONTINGENCY FUNDS

The Office of Community Development will inform the PAB of all appropriations of contingency funds. When the joint balance of contingency funds and reprogrammable income falls below a level considered adequate to sustain the current active project caseload, staff will recommend that the PAB limit the level of CDBG participation in any cost overruns. The level of reduced participation will be established by the PAB, taking into consideration the following:

- a) the amount of funds remaining in the accounts;
- b) the number of active projects in progress;
- c) complexities associated with completing active projects; and,
- d) any market or labor condition(s) that could jeopardize several, rather than a single project.

When the PAB limits the use of contingency funds, and the sponsor cannot make up any shortfall, the sponsor will be required to reduce the size or scope of the activity or withdraw the project.

2.4 REQUESTS FOR CONTINGENCY FUNDS

Sponsors must request contingency funds in writing. These funds should be requested prior to incurring costs. Requests for contingency funds for costs already incurred will not be considered unless they are the result of cost increases on unit price contracts. The request shall state the reasons for the request and the amount of funds requested. The sponsor must demonstrate that efforts have been made to contain cost overruns and to fund the additional expense from a source other than Community Development Block Grant funds.

2.5 PROCUREMENT AND CONTRACTING REQUIREMENTS

The County's CDBG Program is subject to federal and county procurement and contracting requirements. The Office of Community Development (OCD) Program Manager is authorized to process one contingency request per project, at or below

\$10,000. OCD will inform the PAB of any such appropriation of contingency funds. Subsequent requests, regardless of dollar value, must be approved by the PAB. Furthermore, depending on the amount and value of a request, the contingency awards may require contract amendment and approval by the County Administrator or the Board of County Commissioners.

2.6 DENIAL OF AWARD

Should OCD deny a request for contingency funds, the sponsor may appeal the denial to the Policy Advisory Board. Should the PAB deny a request, the sponsor may appeal to the Board of County Commissioners.

3. REQUIREMENTS FOR APPLICATIONS AND PROJECTS

3.1 GENERAL

Based on federal and local regulations, community values, and experience through program management, many policies have been developed that guide the selection of projects and their administration. The initial portion of this section includes general policies that affect most or all project activities, followed by sections that are particular to activities funded under specific program categories.

3.2 MATCHING FUNDS

The Washington County CDBG Program encourages sponsors to seek support from other sources, as a match to CDBG funds. This allows CDBG funds to be used for a wider range of projects, and to leverage funds from other sources.

3.2.1 PROJECT APPLICATIONS

Project applicants are required to include information regarding the amount and sources of funds for a project. Matching funds are those funds that are essential to the implementation of the specific project, and do not include non-CDBG eligible payments or services to clients, or funding for similar or related projects, which can occur independently of the project. Staff will recommend that the PAB disallow consideration of funds as match that do not directly support a project.

3.2.2 EVIDENCE OF MATCH

OCD shall require sponsors to provide written evidence to OCD, substantiating the availability of any pledged matching funds, in the amount stated in the project proposal, within 90 days from the date the Policy Advisory Board initially approves the list of projects for the upcoming program year. The availability of pledged matching funds means “all approvals, guarantees, or third party commitments from foundations, state and local governments, or other funding entities” have been received which will enable the sponsor to obligate the pledged matching funds.

3.2.3 FAILURE TO PROVIDE EVIDENCE OF MATCH

If the sponsor fails to submit the evidence of match, or, if the PAB finds the evidence unacceptable, the PAB may reevaluate the rank order of the project, given the decreased level of match, and, if appropriate, reject the proposal.

5.3 APPLICANTS SPECIFY PRIORITIES

Applicants for activities in the categories of Public Facilities and Infrastructure Improvements must indicate the priority for each project, between all projects submitted in these two categories, on the project application forms. For example, an applicant may have submitted three projects, two in the category of Infrastructure Improvements, and one in the category of Public Facilities. Among the three applications, the applicant must identify which project is first, second, and third priority.

5.4 PROJECT MANAGEMENT

It is critical that CDBG funded projects are successfully managed. Through the application and funding process, the program attempts to ensure that qualified people will manage the funds and activities, to ensure compliance with all requirements.

5.4.1 APPLICATION

As part of the application process for CDBG funds, applicants are asked to describe their capacity for management of a project. This information is evaluated in the project rating process. Applicants may use existing staff to meet management requirements if qualified personnel are available. Otherwise, applicants are generally expected to procure the services of qualified professionals for this function, and to include these costs in their project budgets.

5.4.2 PROJECTS SELECTED FOR FUNDING

Staff may request supplementary information regarding project management prior to authorizing the expenditure of funds, or during the course of a project. If OCD determines that direct management of a project by the applicant or sponsor is infeasible, or is not functioning properly, OCD will manage the project, procure professional managers, or terminate the project, depending on the nature of the activity. Management costs will be charged to the project budget.

5.5 TIMELY PERFORMANCE

The federal government requires that CDBG funds be drawn from the US Treasury in a timely manner. If the County, as an entitlement jurisdiction, has more than 1.5 times the entitlement grant amount for its current program year in the US Treasury, it will be subject to sanctions that could eventually lead to the loss of program funds. To ensure Washington County is not subjected to penalties, all sponsors are expected to maintain an acceptable level of performance by completing projects during the project year specified in the contract agreement. The following policies are intended to maintain timely levels of performance:

- a) Applicants are asked to provide a schedule of tasks and time-frames in the project application;
- b) Sponsors are required to submit project milestones in the project agreement between the County and the sponsor;
- c) Each project will be periodically reviewed to insure that progress is being made; and
- d) Sponsors must submit requests for project extensions in writing, explaining the reasons for the request. Extensions will be approved only as a result of extenuating circumstances.

5.6 COMPLIANCE WITH NATIONAL OBJECTIVES

The federal government requires that all CDBG funded projects address a national objective of the program. Given the rapid development of the County, demographic changes may occur in the service area of an activity, between the time of its selection and funding. OCD will inform the PAB if there are any indications that the income level

of the service area of an activity has changed so that the project no longer qualifies for CDBG funding. The PAB will reconsider its decision to fund the project, given the changes in the service area.

5.7 MAINTENANCE OF RECORDS

Pursuant to 24 CFR 570.502(a)(16) sponsors shall maintain all project records for four years after the activity is listed for the final time on the Consolidated Annual Performance and Evaluation Report. Sponsors should contact OCD if they are unsure about this requirement. These records must include all data and information that were used to qualify the project as meeting a national objective of the CDBG program. For capital improvement projects, census information, raw survey data, and any other information that was used to income qualify the project must be retained. For public service projects, sponsors must retain information documenting the income status of individual clients.

5.8 MONITORING AND REPORTS

Sponsors shall provide information on a timely basis for project monitoring and reports required by federal regulations or local program policy.

5.8.1 AUDITS

Sponsors are responsible for obtaining audits in accordance with federal regulations as specified in their agreement with the County. (Non-federal entities that expend less than \$500,000 a year in federal awards are exempt from federal audit requirements for that year, but records must be available for review by HUD and OCD.) Audits shall be performed by an independent auditor in accordance with generally accepted governmental auditing standards covering financial and compliance audits. Generally, the audit shall insure that the sponsor maintains the following:

- a) adequate identification of source and application of funds;
- b) control over and accountability for all funds, property, and other assets;
- c) comparison of actual outlays with budgeted amounts;
- d) accounting records supported by source documentation; and
- e) a system to assure timely and appropriate resolution of audit findings and recommendations.

5.8.2 DIRECT BENEFIT REPORTING

The federal government requires that the county provide specified information on each beneficiary of public service activities annually. To complete the report, sponsors are required to provide the following information about each client: household income, race, ethnicity, disability, and whether it is a female-headed household. Sponsors shall report this information to OCD with every submittal of their request for reimbursement. Sponsors shall retain these records as long as the direct benefit activity receives CDBG funds and according to policy 5.8 above.

5.8.3 PROJECT MONITORING

Staff of OCD will monitor each project at least annually, to ensure compliance with federal and local requirements. Further information on project monitoring and the project monitoring checklist are included in the Operating Manual.

3.9 TRANSFER OF SPONSORSHIP

3.9.1 REASONS FOR TRANSFER

In the event that a sponsor is unable to successfully complete a CDBG funded project, and if the need for the project continues, OCD staff will recommend to the PAB that sponsorship of the project be transferred to another organization.

3.9.2 PROCESS

The PAB and the Board of County Commissioners must approve the transfer of sponsorship for a project. The original sponsor shall forward all CDBG funded deeds, titles, certificates, architectural, engineering and related plans and any CDBG-acquired property to the County. The County shall solicit proposals for sponsorship from qualified agencies or jurisdictions to identify potential sponsors for the activity. Proposals will be evaluated by OCD staff and the Policy Advisory Board. Following PAB selection and approval of a new project sponsor, the County will enter into an agreement for services with the sponsor.

3.10 PROGRAM INCOME

3.10.1 DEFINITION

Program income is any money accruing to a sponsor, or former sponsor, directly generated by the use of CDBG funds. When program income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Some examples of program income follow:

- a) proceeds from the sale or long-term lease of equipment or real property purchased or improved with CDBG funds (See Policy 3.12.1, Securing the County's Interest in Real Property, for requirements for proceeds of property acquired or improved with more than \$25,000 of CDBG funds.);

- b) gross income from the use or rental of real or personal property acquired, constructed or improved by the sponsor with CDBG funds, less costs incidental to the generation of the income;
- c) payments of principal and interest on loans made using CDBG funds;
- d) interest earned on funds held in revolving fund accounts.

3.10.2 EXCLUSIONS

Program income does not include income earned by clients of a CDBG funded facility, such as employees working on a subcontract basis in a sheltered workshop; proceeds from fund-raising activities carried out by sponsors receiving CDBG assistance; and funds collected through special assessments made against property owned and occupied by households that are not income qualified, where such assessments are used to recover the non-CDBG portion of a public improvement.

3.10.3 REQUIREMENTS

Sponsors shall report all program income generated through the use or disposition of CDBG funded activities or facilities. The disposition of those funds will be subject to review and approval by the OCD Program Manager and the PAB. The County reserves the right to determine whether program income not used to continue or benefit the CDBG-supported activity should revert back to the CDBG Program as reprogrammable income.

3.11 ANTI-DISPLACEMENT

3.11.1 ACQUISITION AND DISPLACEMENT

Federal law governing acquisition and relocation is quite detailed, and may increase the cost of a project. These laws may apply retroactively to an activity, if it is selected for CDBG funding. Consequently, applicants should be aware of these requirements prior to submitting a project proposal. Further information on acquisition and displacement is included in the CDBG Operating Manual.

3.11.2 DISPLACEMENT DISCOURAGED

Washington County discourages the displacement of persons, families, or businesses for CDBG funded activities. Project evaluation criteria discourage displacement by reducing the number of points an application will receive if the project requires displacement. Project activities which are not part of the competitive project selection process, such as housing rehabilitation, will be evaluated on a case-by-case basis to minimize displacement, and will only be undertaken if the benefits of rehabilitation clearly outweigh the cost displacement.

3.11.3 APPLICABILITY OF DISPLACEMENT POLICY

Tenants of residential properties who are permanently and involuntarily displaced as a result of acquisition, demolition, conversion to another use, or substantial rehabilitation, assisted in whole or in part by CDBG, will be entitled to the relocation assistance as

required by federal statute. Any business, farm operation, or nonprofit organization which is permanently or involuntarily displaced, as a result of acquisition or substantial rehabilitation assisted in whole or in part by CDBG funds, will be entitled to reasonable moving and related expenses, as required by federal law. Property owner-occupants who voluntarily sell their property to a government or nonprofit agency will not be considered to be eligible to receive relocation or displacement assistance.

3.11.4 COST OF DISPLACEMENT

OCD will establish the criteria for just compensation and the sum to be paid for reasonable and necessary relocation costs, based on federal regulations. Project budgets must include funds for the cost of displacement, including relocation benefits. If project funds are not available for relocation benefits, no displacement may result from the activity. Applicants and project sponsors are encouraged to consult the CDBG Operating Manual for further information on required procedures relating to acquisition and displacement.

3.11.5 RESIDENTIAL ANTIDISPLACEMENT AND RELOCATION ASSISTANCE PLAN

Appendix A, of this manual, is the “Residential Antidisplacement and Relocation Assistance Plan” for the Washington County CDBG Program, and includes requirements for replacement housing, responsibility for relocation payments, and steps to minimize the displacement of persons from their homes.

3.12 PUBLIC FACILITIES

3.12.1 SECURING THE COUNTY’S INTEREST IN REAL PROPERTY

3.12.1.1 Requirement

If a sponsor receives in excess of \$25,000 to improve or acquire real property, the sponsor will be required to enter into an agreement with the County, securing the County’s interest in the property. This agreement shall generally be in the form of a trust deed and promissory note. The trust deed shall be recorded in the Deed Records of Washington County. The agreement will specify that, in the event the recipient disposes of the property or changes its use so that it no longer meets a national objective of the CDBG program, the sponsor shall be required to reimburse the County in the amount of the current fair market value of the property, less any portion of value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to the property. The term of the agreement will be twenty years for rehabilitation and thirty years for new construction.

3.12.1.2 County May Retain Title

The County may, at its option, hold title to the property rather than be named as a secured party in the Agreement. In either case, the sponsor shall guarantee to use the real property or facility for the purpose for which it received Community Development Block Grant funds.

3.12.2 PROHIBITION AGAINST REIMBURSING DEBT

Federal law prohibits the use of CDBG funds to pay existing debt. Consequently, sponsors must keep OCD apprised of the status of the closing on property, to ensure that CDBG funds will be available at the time of closing, for the acquisition of a public facility.

3.12.3 FEES

Excessive charges for the use of facilities assisted with CDBG Program funds, which have the effect of precluding low and moderate-income persons from using the facilities, shall not be permitted.

3.12.4 OPERATION AND MAINTENANCE

As required by federal regulations, sponsors shall be required to operate and maintain CDBG funded facilities. Neither the County nor the CDBG Program shall have any responsibility for operation and maintenance. OCD will take appropriate action to ensure that sponsors operate and maintain facilities or improvements to protect the value of the CDBG Program investment. OCD will advise the PAB of any problems or necessary action to be taken.

3.12.5 HOURS OF OPERATION

Public Facilities shall be open for the use of the general public during all normal hours of operation.

3.12.6 CHANGES IN USE OF FACILITY

The sponsor must continue to operate the facility for the original purpose for which CDBG Program funds were awarded. Changes of use shall be governed by the current HUD regulations and must be further approved by the PAB and Board of County Commissioners.

3.13 INFRASTRUCTURE IMPROVEMENTS

3.13.1 LOCAL IMPROVEMENT DISTRICTS

Sponsors shall be required to pay the local improvement district assessments made against properties owned and occupied by low and moderate-income persons, when such assessments are used with CDBG funds to install a public facility or improvement. In such cases, no CDBG funds shall be expended prior to formation of the local improvement district.

3.14 PUBLIC SERVICES

3.14.1 INCOME ELIGIBILITY

The Washington County CDBG Program requires that all of the beneficiaries of a public service project must meet the income eligibility requirements of the program. Every year, the federal government provides OCD revised income standards for the community, based on increases in the region's median income. OCD distributes this

information to project sponsors, who must use the new income standards to qualify clients.

3.14.2 DURATION OF PROJECT AND FUNDING SOURCE, BY YEAR

Public service activities may request funding for up to three years. Regardless of the duration of a project, the CDBG program will allocate all funds from a single year's entitlement. This ensures that the funds will be available to complete the project, even if the federal government reduces the County's entitlement.

3.14.3 FUNDING LIMIT

Public Service project sponsors may neither apply for, nor receive, more than \$75,000 per project.

5.14.4 PUBLIC SERVICES SET ASIDES

OCD shall set aside funding within the Public Services category in amounts or percentages for activities as identified in the current Consolidated Plan.

5.15 HOUSING

5.15.1 ADMINISTRATION

OCD will administer the CDBG housing rehabilitation program. OCD may recommend that the following services be subcontracted: housing rehabilitation; weatherization; and the provision of special housing needs. OCD may select the sponsors of these activities, through negotiation rather than through the regular project selection process, and will apprise the PAB of any such subcontracted activities.

5.15.2 HOUSING REHABILITATION

OCD offers housing rehabilitation programs that are described in a separate document, Washington County CDBG Housing Rehabilitation Programs, approved by the County Board of Commissioners. That document includes specific policies that apply to the repair and/or rehabilitation of privately owned residential dwellings.

4. CITIZEN PARTICIPATION

4.1 RELATIONSHIP WITH “CITIZEN PARTICIPATION PLAN”

The CDBG Program’s citizen participation policies dovetail with those included in the “Citizen Participation Plan” for the County’s Consolidated Plan. While that plan fulfills the statutory requirements for citizen participation included in federal rules for the Consolidated Plan, these policies guide the management of the County’s CDBG Program, ensuring opportunities for area residents to participate in all phases of the program.

4.2 PURPOSE

These policies are designed to ensure that citizens, particularly low and moderate-income residents, are provided reasonable and timely information about the County’s CDBG program, including the amount of funds available and the types of activities that are eligible for funding; and have the opportunity to participate in the processes for planning and determining the use of CDBG funds.

4.3 POLICY ADVISORY BOARD

4.3.1 MEETINGS

Policy Advisory Board (PAB) meetings conform to the Oregon Open Meetings Law, enabling citizens to attend and participate in the discussion of any CDBG related matter. Generally, the PAB meets monthly to consider issues of program policy, contingency fund requests, and any other items relating to the management of the program. Annually, the PAB recommends activities for funding to the Washington County Board of Commissioners, through inclusion in the County’s Action Plan.

4.3.2 PUBLIC HEARINGS

The PAB will hold public hearings on the development of the Consolidated Plan. OCD will ensure the provision of reasonable notice of hearings, and that hearings are held at times and locations convenient to potential or actual project beneficiaries. Meetings will be accessible for persons with disabilities.

4.4 CONSOLIDATED PLAN DEVELOPMENT

OCD will provide public notice and direct mailings to inform citizens, nonprofit organizations, and municipalities about the process to update the Consolidated Plan and solicit their input into the assessment of County needs. OCD will seek the participation of non-English speaking residents through bilingual notices, and either hold bilingual meetings, or have translators available, on request.

4.5 CDBG APPLICATION PROCESS

OCD will provide public notice and direct mailings to inform citizens, nonprofit organizations and municipalities about the CDBG application process. In addition, OCD will provide workshops for potential applicants for CDBG funds, to explain the program

and process. OCD will provide technical assistance to interested groups, nonprofit organizations, or cities, as they prepare applications.

4.6 COMPLAINTS

Persons or organizations that have a complaint about the CDBG program or any funded activities, should, if possible, submit their concerns in writing to OCD or the sponsor of a project, as appropriate. OCD staff or the sponsor shall respond, in writing, within 15 days of the date of receipt of a complaint. Testimony received at public hearings, if properly addressed, will not require a written response.

4.7 GOVERNING BOARD OR CITY COUNCIL APPROVAL OF APPLICATIONS

To substantiate that project applicants involved citizens, all applicants (government and nonprofit agencies) must obtain the formal approval of their executive board or governing body. Evidence, in the form of a board approved resolution or minutes, shall be attached to each proposal submitted for funding. (See Policy 1.3.5, Endorsement of Proposal by Governing Body)

5. NONDISCRIMINATION ON THE BASIS OF DISABILITY

All sponsors of CDBG funded activities must comply with the Americans with Disabilities Act and with Section 504 of the Rehabilitation Act of 1973. Sponsors shall conduct self-evaluations to ensure they are in compliance with these Acts, and provide the completed checklist to OCD. Further information on compliance, including a self evaluation checklist, is included the CDBG Operating Manual. Below is a summary of the nondiscrimination policies of this program, relating to disability:

1. No otherwise qualified individual with disabilities, shall, solely by reason of disability, be excluded from participation in, denied benefits of, or be subjected to discrimination under any program or activity receiving federal assistance.
2. All sponsors of CDBG funded projects shall adopt a policy of nondiscrimination on the basis of disability.

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Appendix-A Residential Antidisplacement and Relocation Assistance Plan under Section 104(d) of the Housing and Community Development Act of 1974, as Amended

Washington County will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to a use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR 570.606(c)(1).

All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing Washington County to provide funds for a CDBG activity that will directly result in demolition or conversion, Washington County will make public by publication in a newspaper of general circulation and submit to HUD the following information in writing:

1. A description of the proposed assisted activity;
2. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a result of the assisted activities;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. To the extent known, the address, number of bedrooms, and location, on a map of the replacement housing that has been or will be provided;
5. The source of funding and a time schedule for the provision of the replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy;

7. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of lower-income households in the jurisdiction.

If information on the specific location of replacement housing and other data in items 4 through 7 are not available at the time of the general submission, Washington County will identify the general location of such housing on a map and complete disclosure and submission requirements as soon as the specific data are available

The Washington County Office of Community Development is responsible for tracking the replacement of low/moderate-income housing and ensuring that it is provided within the required period.

The Washington County Office of Community Development is responsible for ensuring requirements are met for notification and provision of relocation assistance, as described in Paragraph 570.606(c)(2), to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low/moderate-income dwelling unit to another use in connection with a CDBG assisted activity.

The Washington County Office of Community Development is responsible for providing relocation payments and other relocation assistance to any low/moderate-income person displaced by the demolition of any housing or the conversion of low/moderate-income housing to another use.

Consistent with the goals and objectives of activities assisted under the Act, Washington County will take the following steps to minimize the displacement of persons from their homes:

1. Schedule rehabilitation of apartment units to allow tenants to remain housed during and after rehabilitation.
2. Establish facilities to house persons who must be relocated temporarily during rehabilitation.
3. Plan projects to minimize and/or prevent the adverse impacts of displacement.
4. Encourage projects that do not cause displacement by providing additional weight during the ranking of projects.
5. Provide advisory services that will include such measures, facilities and services necessary to determine relocation needs, preferences, or other assistance for which the person may be eligible.
6. Establish deferred loans for rehabilitation or repairs to property owners who agree to limit rent increases for five to ten years.

Appendix B Glossary and Acronyms

Action Plan	A County document, prepared annually, that includes specific projects scheduled to receive funds from the Department of Housing and Urban Development during the fiscal year, through several programs, typically including CDBG, HOME, Emergency Shelter Grant (ESG), and American Dream Downpayment Initiative (ADDI).
CDBG	Community Development Block Grant Program. A program funded by the Department of Housing and Urban Development that provides funds to participating communities, on a formula basis, that can be used for a wide range of purposes, provided activities address a national objective of the program.
Consolidated Plan	A publication that describes the County's housing and non-housing needs and community development priorities and strategies for the expenditure of funds made available to the County, from the Department of Housing and Urban Development over a five year planning period.
HOME Program	A program sponsored by the Department of Housing and Urban Development that provides funds to participating communities, on a formula basis, to assist in the development and rehabilitation of affordable housing.
HUD	United States Department of Housing and Urban Development.
Low and Moderate-Income Persons	Persons living in households with an income that is less than 80% of the median income of the Portland area.
OCD	Washington County Office of Community Development.
CDBG Operating Manual	Publication of the Office of Community Development that includes procedures for compliance with federal and local requirements.
PAB	Policy Advisory Board.
Urban County Intergovernmental Cooperation Agreement	An agreement between Washington County and participating jurisdictions, covering the CDBG and HOME programs, that includes the requirements and responsibilities of each party.

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