



CDBG Subrecipient Application Materials

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INTRODUCTION

The Housing and Community Development Act of 1974 (HCDA), authorized HUD to create the Community Development Grant (CDBG) Program. The program seeks to provide decent housing, a suitable living environment, and expand economic opportunities for low- and moderate-income persons.

The City of Meriden is an Entitlement Community participant in the Community Development Block Grant Program. To continue participation in this program, the City contractually agrees with HUD to implement the Housing and Community Development Act of 1974 and related CDBG program regulations in 24 CFR 570. All CDBG allocations are subject to the regulations detailed in 2 CFR Part 200.

Each year, the City of Meriden solicits proposals from non-profit organizations, government agencies, and City of Meriden Departments that operate programs benefiting low- and moderate-income persons. The CDBG Program is administered and monitored by the City's Department of Economic Development. The City is authorized by federal regulations to spend up to \$220,000 of its CDBG entitlement funds on Public Service programs that benefit low- and moderate-income persons, and up to twenty percent (20%) on Program Administration¹. The remainder of the funding can be used for programs or projects that meet one of the three National Objectives and meet a Goal or Objective in the 2025-2029 Consolidated Plan. Projects eligible for funding include public service activities and public facility improvements.

Within the City's overall allocation of CDBG funds, a minimum of 70% of the funds must be used for programs or projects that meet the low- and moderate-income benefit objective. Governmental activities serving the City as a whole must demonstrate that 51% of the participants or beneficiaries of the program or project are low- and moderate-income households. Each CDBG funding recipient must agree to provide documentation of the income levels and other demographics of the participants in the program in order to comply with HUD regulations.

CDBG KEY DEFINITIONS

Action Plan: An annual update to HUD regarding the Consolidated Plan.

Consolidated Plan: The Consolidated Plan (ConPlan) is prepared by the grantee in accordance with 24 CFR Part 91, and describes needs, resources, priorities, and proposed activities to be undertaken with respect to CDBG program. An approved ConPlan is one which has been approved by HUD.

Contractors: A contractor is an entity paid with CDBG funds in return for a specific service (e.g., construction). Contractors must be selected through a competitive procurement process based on the City's procurement standards.

Copeland Anti-Kickback Act: Makes it a criminal offense for a person to induce anyone employed in the construction, completion, or repair of any public building, public work, or building, or work financed in whole or in part by loans or grants from the United States, to give up any part of the compensation to which the employee is otherwise entitled. The Act also regulates payroll deductions, specifies methods of paying wages to covered employees, and requires the submission of weekly payrolls in conjunction with statements of compliance by all contractors in a format that meets the requirements of 29 CFR Section 5.5.

Davis-Bacon Act: The Act is triggered when construction work over \$2,000 is financed in whole or in part with CDBG funds. It requires that workers receive no less than the prevailing wages being paid for similar work in the same area.

Draw down: Refers to the process of requesting and receiving CDBG funds. Grantees draw down funds from a line of credit established by HUD, while subrecipients draw down funds from the grantee.

Executive Order 11246: This Executive Order applies to all federally assisted construction contracts and subcontracts. It provides that no person shall be discriminated against based on race.

Grantee: Each entitlement community, or grantee, administers its local CDBG program in accordance with

¹ In the event of an award amount variation, the City will follow the guidelines set forth in the Contingency Plan for Annual Action Plan Allocation outlined in Consolidated Pan.

program requirements.

Household: All the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

Income: Grantees may select any of three definitions of income: (1) Annual income as defined under Section 8; (2) Annual income as reported under the Census long form; or (3) Adjusted gross income as defined by the IRS Form 1040. The City of Meriden will use selection (1) as defined under Section 8.

Limited Clientele, Presumed Benefit: Persons (or groups of persons) can be presumed to be principally LMI, according to HUD. These include abused children, battered spouses, elderly persons (age 62 and over), adults meeting the Bureau of the Census' definition of severely disabled, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.

Low and Moderate Income: Low and moderate income (LMI) means family or household annual income less than the Section 8 Low Income Limit, generally 80% of the area median income, as established by HUD.

Low-Income Household/Family: A household/family having an income equal to or less than the Section 8 Very Low-Income limit (50% of the area median income) as established by HUD.

Moderate-Income Household/Family: A household/family having an income equal to or less than the Section 8 Low Income limit (80% of area median income) established by HUD, but greater than the Section 8 Very Low-Income Limit (50% of area median income) established by HUD.

Section 109 of Title 1 of the Housing and Community Development Act of 1974: This section of Title 1 provides that no person shall be excluded from participation (including employment), denied program benefits, or subject to discrimination based on race, color, national origin, or sex under any program or activity funded in whole or in part under Title I of the Act.

Section 3 of the Housing and Urban Development Act of 1968, as amended: Requires the provision of opportunities for training and employment that arise through HUD-financed projects to lower-income residents of the project area, to the greatest extent feasible and consistent with Federal, State, and local laws and regulations. Also required is that contracts be awarded to businesses that provide economic opportunities for low- and very low-income persons residing in the area. Amendments to Section 3 in 1992 included requirements for providing these opportunities in contracts for housing rehabilitation, including lead-based paint abatement, and other construction contracts.

Section 504 of the Rehabilitation Act of 1973: It is unlawful to discriminate based on disability in federally assisted programs. This section provides that no otherwise qualified individual shall, solely by reason of his or her disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal funding assistance. Section 504 also contains design and construction accessibility provisions for multi-family dwellings developed or substantially rehabilitated for first occupancy on or after March 13, 1991.

Subrecipient: An entity that assists the grantee to implement and administer its program. Subrecipients are generally nonprofit organizations that assist the recipient to undertake one or more activities on behalf of the grantee, such as housing rehabilitation.

The Age Discrimination Act of 1975: This Act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination based on age under any program or activity receiving Federal funding assistance. Effective January 1987, the age cap of 70 was deleted from the laws. Federal law preempts any State law currently in effect on the same topic including: KRS 18A.140; KRS 344.040; 101 KAR 1:350 Paragraph 11; 101 KAR 1:375 Paragraph 2(3); 101 KAR 2:095 Paragraphs 6 and 7.

The Americans with Disabilities Act of 1990 (ADA): This Act modifies and expands the Rehabilitation Act of 1973 to prohibit discrimination against "a qualified individual with a disability" in employment and public accommodations. The ADA requires that an individual with a physical or mental impairment who is otherwise qualified to perform the essential functions of a job, with or without reasonable accommodation, be afforded equal employment opportunity in all phases of employment. Kentucky adopted this Act in 1992 with the enrollment and passage of Senate Bill 210.

The Equal Employment Opportunity Act: This Act empowers the Equal Employment Opportunity Commission (EEOC) to bring civil action in Federal court against private sector employers after the EEOC has investigated the charge, found “probable cause” of discrimination, and failed to obtain a conciliation agreement acceptable to the EEOC. It also brings Federal, State, and local governments under the Civil Rights Act of 1964.

The Fair Housing Amendment Act of 1988: This Act amended the original Fair Housing Act to provide for the protection of families with children and people with disabilities, strengthen punishment for acts of housing discrimination, expand of the Justice Department jurisdiction to bring suit on behalf of victims in Federal district courts, and create an exemption to the provisions barring discrimination on the basis of familial status for those housing developments that qualify as housing for persons age 55 or older.

Title VI of the Civil Rights Act of 1964: This Act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination based on race, color, and/or national origin under any program or activity receiving Federal financial assistance.

Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act): This Act prohibits discrimination in housing based on race, color, religion, sex and/or national origin. This law also requires actions which affirmatively promotes fair housing.

[Useful Links](#)

Community Development Block Grant Program on the HUD Exchange

<https://www.hudexchange.info/programs/cdbg/>

Community Development Block Grant Regulations 24 CFR 570

<https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-570>

Playing by the Rules: A Handbook for Subrecipients on Administrative Systems:

<https://www.hudexchange.info/news/updated-playing-by-the-rules-a-handbook-for-cdbg-subrecipients-on-administrative-systems-now-available/>

The handbook is designed to help subrecipients understand the administrative requirements that apply to the use of federal funds for the delivery of CDBG programs and activities.

Basically CDBG Manual

<https://www.hudexchange.info/resource/19/basically-cdbg-training-guidebook-and-slides/>

This manual assists Community Development Block Grant (CDBG) Entitlement grantees in the implementation of their programs. From national objectives and eligible activities to the details of administration, financial management, and other federal requirements, these resources are valuable for every CDBG program practitioner.

Uniform Administrative Requirements, Cost principles, and Audit Requirements 2 CFR 200

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

<https://www.hudexchange.info/trainings/courses/financial-management-201-2-cfr-part-200-online-module/>

[Environmental Requirements](#)

<https://www.hudexchange.info/programs/environmental-review/>

No funds shall be committed to a CDBG-funded project until:

- The City completes the appropriate environmental review and public notification process.
- HUD approves a certification of compliance (Environmental Certification) with environmental laws and Request for Release of Funds from environmental conditions.

Close communication with the City is important during this process. You will be anxious to start your project, but actions that you may be inclined to undertake prior to starting your project may be deemed to be “choice-

limiting actions.” Such actions can negate the environmental review process and render the entire activity ineligible for CDBG funds. You may not undertake any choice-limiting actions prior to the notices, publications, waiting periods, and determinations that 24 CFR 58 requires.

Record-Keeping and Reporting Requirements

Three basic categories of records:

- Administrative records
- Financial records
- Project/case files

General CDBG standard = records must be accurate, complete, and orderly.

Each activity should have a project or case file that includes:

- A full description of the activity, including the location, amount of CDBG funds budgeted, obligated, and expended.
- The provision under which the activity is eligible.
- Records demonstrating compliance with a national objective.
- Characteristics and numbers of beneficiaries.
- Determinations required for eligibility.
- The amount budgeted for the activities.
- Compliance with other program requirements, i.e., lead-based paint, fair housing, and equal opportunity, etc.
- Status of case/project.

Record Retention (24 CFR 570.502(a)(7)(ii)):

General Rule: Keep records for each CDBG activity for at least 3 years, either from the end of the subrecipient agreement or from the date the activity is last reported in the annual performance and evaluation report, whichever is later.

Subrecipient reporting to the City:

- Sub-recipient Quarterly Report
- Reimbursement Request Invoice
- Time Distribution Sheet (for salary/wage expenses only)

****forms have been revised and are effective 7/1/2025**

Closeout Process

The subrecipient agreement closeout process allows the City to confirm that all required work under the agreement has been completed. This includes the resolution of all financial, administrative, and performance requirements for the program or project funded through the agreement. The Federal regulations applicable to the CDBG program include few specific requirements relative to a subrecipient project’s closeout. The lack of specific Federal requirements means that there will be some variation in closeout procedures among communities. Nonetheless, many grantees, through the incorporation of appropriate language in their subrecipient agreements, require that their subrecipients follow closeout procedures that are similar to the ones that the grantees themselves must follow under 24 CFR 570.509.

Closeout is initiated when:

- All CDBG costs have been incurred.
- Work has been completed.
- Other responsibilities under agreement have been met (e.g., national objective has been met).

When the City has determined that you have met these criteria or upon the expiration or termination of the subrecipient agreement, 24 CFR 570.502(a)(8) stipulates that the City will follow procedures in 2 CFR 200.344 for closing out subrecipients. The City usually will require that you provide final versions of all financial, performance, and other reports that were a condition of the award. These reports may include:

- A final performance or progress report.
- A financial status report (including all program income).
- A final request for payment.
- A final inventory of property in your organization's possession that was acquired or improved with CDBG funds. The inventory should identify real property acquired with over \$25,000 of CDBG funds including its current use, to facilitate compliance with requirements for the continuing eligible use of property in 24 CFR 570.505.

As specified in 2 CFR 200.345, the closeout of a CDBG award to a subrecipient does not affect:

- The City's right to disallow costs and/or recover funds on the basis of a later audit or other review.
- Your organization's obligation to return funds due to the City from subsequent refunds, corrections, or other transactions.
- Your responsibilities for records retention as specified in 2 CFR 200, Subpart D—Post Federal Award Requirements, Records Retention and Access, including 2 CFR 200.334-338, as modified by 24 CFR 570.502(a)(7)(ii).
- Your organization's responsibilities for property management and disposition:
 - For real property in 24 CFR 570.503(b)(7).
 - For other property, as applicable in 2 CFR 200, Subpart D, Post Federal Award Requirements, Property Standards, including:
 - 2 CFR 200.310 (Insurance coverage).
 - 2 CFR 200.312 (Federally owned and exempt property).
 - 2 CFR 200.313 and 24 CFR 570.502(a)(6) (Equipment).
 - 2 CFR 200.314 (Supplies).
 - 2 CFR 200.315 (Intangible property).
 - 2 CFR 200.316 (Property trust relationship).
 - Audit requirements in 2 CFR 200, Subpart F.



Reimbursement Requirements for Eligible CDBG Expenses for Public Services

Reimbursement Eligibility

Reimbursement requests will not be accepted until the subrecipient agreement has been fully executed. Any expenses incurred prior to the execution of the subrecipient agreement will not be eligible for reimbursement. Subrecipients shall not begin any work on a CDBG funded activity until the City has given approval to proceed.

Eligible Public Facility and Improvements Expenses

CDBG Eligible Public Service Activities include:

- Employment services (e.g., job training);
- Crime prevention and public safety;
- Child care;
- Health services;
- Substance abuse services (e.g., counseling and treatment);
- Fair housing counseling;
- Education programs;
- Energy conservation;
- Services for senior citizens;
- Services for homeless persons;
- Welfare services (excluding income payments);
- Down payment assistance (also refer to Chapter 4); and
- Recreational services.

CDBG funds may be used to pay for labor, supplies, and material as well as to operate and/or maintain the portion of a facility in which the public service is located. This includes the lease of a facility, equipment, and other property needed for the public service.

To utilize CDBG funds for a Public Service, the service must either:

- ✓ Provide a new service or
- ✓ Demonstrate a quantifiable increase in the level of an existing service

Ineligible Expenses

CDBG ineligible Public Service activities include:

- The provision of “income payments” is an ineligible CDBG activity if these payments are provided as a grant:
 - Income payments are payments to an individual or family, which are used to provide basic services such as food, shelter (including payment for rent, mortgage, and/or utilities) or clothing.
- Political activities are ineligible

Submitting for Reimbursement

Evidence of paid expenses are required for all reimbursement packages. Appropriate evidence includes receipts, not invoices. This also excludes copies of bookkeeping entries. While an invoice is a request for payment, a receipt is the proof of payment. When requesting payment for salaries/labor, a timesheet documenting time spent on the program as well as all applicable pay stubs are required.

Reimbursement packages must include the following:

- Completed Reimbursement Request Invoice (be sure to indicate the quarter)
- Completed **Quarterly Performance Report** performance report (be sure to indicate the quarter)

- Proof of all payments/expenses

When requesting reimbursement for staff salaries, wages and stipends, in addition to the above list you must also submit:

- a completed **Time Distribution Record**
- appropriate internal time sheets that demonstrate tracking of CDBG funded hours
- evidence the payroll payment has been processed (payroll register, cancelled check, etc.)

Reimbursements will only be processed for the expenses incurred during the operating period and listed in the program budget summary identified on the **Project Budget Detail**. For example, if the submitted Project Budget Detail states the intended use of the \$5,000 award is for program supplies, the agency may not submit reimbursement requests for salaries.

Financial Management Systems

Subrecipients funded through CDBG are required to have a financial management system (i.e, QuickBooks, MoneyMinder) in place to accurately account for CDBG funds.

I have read and understand the reimbursement process for CDBG awards.

Organization

Name

Title

Date