

## King County Consortium Community Development Block Grant (CDBG) Guidelines

The following consortium requirements augment federal Community Development Block Grant (CDBG) Program regulations at 24 Code of Federal Regulations (CFR) Part 570 and requirements set forth in the three-year CDBG Interlocal Cooperation Agreements.

Local governments within King County's Consortium, nonprofit (501(c)(3) organizations and in limited circumstances, for-profit organizations may apply for CDBG funding. For-profit organizations would only be considered in the event of an emergency, and only for special economic development activities if based on an Area Benefit National Objective.

### Application Guidelines

#### 1. Minimum CDBG Proposal Request

Proposed human service projects shall have a minimum award of \$30,000. Capital projects, including housing repair, architecture and engineering and microenterprise, shall have a minimum award of \$50,000.

#### 2. Authorization to Apply for Consortium Funds

Applications for CDBG funds submitted by a nonprofit organization or local government must be signed by an authorized representative and accompanied by documentation that confirms that the application is authorized by the local government or nonprofit organization board of directors/or authorized official. A copy of the council or board minutes of the meeting at which a motion was passed, or other evidence of authorization, must be submitted as part of the application.

#### 3. Contingency Project(s) Requirement

Each CDBG Consortium Sub-region or Joint Agreement City shall choose a contingency project(s) in preparation for a potential increase/decrease in the CDBG funds available, as follows:

- A. One project shall be identified as the project that will receive additional funds, if the final allocation of CDBG funds from U.S. Department of Housing and Urban Development (HUD) is higher than anticipated, or for any other reason that causes more funds to be available than anticipated.

- B. One project shall be identified as the project that will receive a decrease in funds, if the final allocation of CDBG funds from HUD is lower than anticipated, or for any other reason that causes less funds to be available than anticipated.

The project(s) in A and B above can be the same project or two different projects.

4. Priority for One-Time Capital Project(s)

There is a priority to use CDBG capital funds primarily for one-time capital projects. This priority will not exclude projects that are ongoing in nature that desire to compete in the annual CDBG capital-funding round but will serve as a limitation on such projects subject to annual review.

5. Microenterprise Projects

Microenterprise beneficiaries shall either live in the area served by Consortium members or have a business address in the area served by the Consortium, or both.

Only non-profit organizations may apply for microenterprise projects and programs.

6. Special Economic Development Programs

Special Economic Development projects may be considered on a case-by-case basis only if based on an Area Benefit National Objective. However, eligibility of an activity per HUD regulations at 24 CFR 570 201-206 does not guarantee funding support from the Consortium.

7. Multi-Jurisdictional Capital Projects

(For projects physically located outside the King County CDBG Consortium)

- A minimum of 30 percent of the total population served by the project must be CDBG Consortium residents for a project application that is multi-jurisdictional, including both CDBG Consortium and non-consortium jurisdictions.
- A CDBG Consortium funding award must be proportionate to the percent of consortium residents to be served for a multi-jurisdictional project application that serves CDBG Consortium and non-consortium residents.

## 8. Consortium-Wide Applications

### Geographically-based Services

All project-based locations must be within the King County CDBG Consortium. For programs serving a distinct number of persons and/or households in the North/East and South Subregions, applicants shall allocate their requests, funding and numbers to be served, by respective Subregions. Consortium-wide applications would require the consent of both Subregions and be contingent upon available funding. Receiving funding in one Subregion does not guarantee receiving funding in the other.

Example: An applicant requests \$100,000 for a program that serves 60 persons/households in the South and 40 persons/households in the North/East. The applicant is allowed to invoice no more than \$60K for those served in the South.

## 9. Geographic Distribution Goal

The CDBG Consortium will review and monitor geographic distribution in the annual funding recommendation process to ensure there is geographic equity within Subregions.

Nonprofit project locations are to be recorded according to the geographic distribution of the clientele they serve rather than the physical location of the project.

## 10. Case by Case Evaluation of Phased Projects

Phased projects are those that apply for and are awarded funding in phases. Phased projects typically start with an application for funding for environmental and design costs in Phase I, with subsequent phases to cover construction costs, if or when the project begins construction. Phased projects will be evaluated for award from the consortium on a case-by-case basis. Funding conditions will be determined at the time of award approval to address project eligibility and timeliness of fund expenditure. There is no guarantee that funding will be available for all phases of a project.

## Project Guidelines

### 1. Community Facility Projects Involving Improvements to Leased Facilities

Applications submitted by nonprofit organizations requesting CDBG funding to improve real property leased from a public agency or private landlord, including churches, must include all of the following:

- A copy of the executed lease (with a term no less than that specified for the change of use restriction set forth in these guidelines).

- Signatures by the property owner, or his/her agent, wherein the owner certifies that they will allow the project proposed in the application to be implemented, that they will execute a promissory note naming King County for the applicable period, that they will not charge rents to the applicant in excess of their operating costs, and that they will name King County as an additional insured (loss payee) during the term of the promissory note.

## 2. Public Infrastructure Projects

CDBG-funded public infrastructure projects must be consistent with the adopted comprehensive plan and/or capital improvement program of the jurisdiction in which the project is located.

CDBG-funded public infrastructure projects involving reconstruction of existing public facilities in order to remove barriers to persons with disabilities must be consistent with the adopted comprehensive plan and/or capital improvement program *and* the Americans with Disabilities Act (ADA)/504 Corrective Action Plan of the jurisdiction in which the project is located.

Community water system projects located outside of King County's urban growth area must address severe health and safety deficiencies. These are conditions which, at a minimum:

- Have caused Public Health-Seattle & King County to classify the system as at-risk for transmitting water-borne illness, due to concerns regarding the safety of the water source pursuant to Washington Administrative Code (WAC) 246-291-130 and King County Board of Health Code, Title 12, or
- Have been identified by the Washington State Department of Health as the cause of a public water system routinely or potentially failing to comply with the primary drinking water standards or action levels established or referenced in WAC 246-290.

Community sewer and/or septic system projects located outside of King County's urban growth area must address severe health and safety deficiencies. These are conditions which, at a minimum:

- Have caused Public Health-Seattle & King County to classify on-site wastewater treatment systems as at-risk for failure pursuant to King County Board of Health Code, Title 13, or
- Have been identified by the Washington State Department of Ecology for routinely or potentially failing to protect water quality in compliance with the standards for public wastewater collection and treatment systems as referenced in WAC 173.

### 3. Restriction on Change of Use for CDBG-Assisted Facility Projects; Security Interest Required

The purpose of this guideline is to protect the public investment and to ensure that CDBG-assisted facilities are used for their intended public purpose for an appropriate length of time. For the purposes of restriction on change of use, emergency shelters and transitional housing are considered to be housing projects, not community facility projects, and therefore this policy does not apply to them. The requirement for a promissory note and security interest set forth below does not apply to real property owned by King County and the cities participating in the CDBG Consortium.

The term of the loan will be based on the amount of CDBG funding awarded as follows:

- \$50,000 to \$99,999 is five years from project completion
- \$100,000 or higher is 10 years from project completion

The loan shall be forgiven in its entirety at the end of the term, provided the assisted facility is used appropriately throughout the term. Project completion is defined as one year from the contract expiration date.

### 4. Reasonable Rents for CDBG Community Facility Projects

Community facilities receive CDBG funds to help them provide space at low cost to agencies, organizations or service providers offering services to predominantly low-and moderate-income persons during the term of the change of use restriction set forth in these guidelines.

During the term of the change of use restriction, a CDBG-funded community facility may be rented to another organization that serves low- and moderate-income persons, provided the rent charged is below reasonable market rate for such space and is based solely on actual operating costs (e.g., the cost of utilities, consumable goods, janitorial services). During the term of the change of use restriction, a CDBG-funded facility may be used at times for ineligible activities, such as rentals for private parties or for activities having charges or fees, provided these guidelines are followed:

- Such uses may not be scheduled so as to displace or conflict with eligible uses.
- Such uses must be given a lower priority than eligible uses when scheduling use of the facility.
- Such uses may not comprise more than 30 percent of the facility's regular operating hours during any single quarter of the calendar year.
- Reasonable market rents must be charged for use of the space as described in 2 CFR 200.465 a-c

## 5. Capital Project Completion Deadlines

Capital projects must be completed within 17 months of contract execution with a demonstrated effort to have all funds expended within one year.

- Extension requests will only be considered if the project is underway and will be completed within three months after the extension or at a time designated by the Joint Recommendations Committee (JRC). Evidence that the project is underway would include at the very least a signed construction contract, or, if it is an acquisition project, a signed purchase and sale agreement.
- Extensions must be authorized by the JRC and are not guaranteed.

## 6. Environmental Review Cost

Applicants should be prepared to pay the costs of engaging an Environmental Review Consultant. The Consultant must have an account in HUD's Environmental Review program HEROS. While the County can't recommend consultants, we can provide a list of consultants used on other capital projects.