**MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

**First National Bank Building**

**332 Minnesota Street, Suite E200, Saint Paul, MN 55101**

**Small Cities Development Program Unit**

**(651) 259-7449 / 1-800-657-3858**

**https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp**

**COMMUNITY DEVELOPMENT BLOCK GRANT CORONAVIRUS (CDBG-CV)**

**APPLICATION GUIDE**

**BACKGROUND**

The Minnesota Department of Employment and Economic Development (DEED) received a special allocation of the Community Development Block Grant (CDBG) funds from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) funds. This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed by President Trump on March 27, 2020, to respond to the growing effects of this historic public health crisis.

DEED will administer the ***Community Development Block Grant Coronavirus (CDBG-CV)*** to support Minnesota’s COVID-19 response efforts. The CDBG CARES Act funding (CDBG-CV) is being directed towards projects that assist communities, particularly low-to-moderate income communities, in preventing, preparing for, and responding to the novel coronavirus (COVID-19) pandemic. The State of Minnesota is seeking applications for activities listed in the Eligibility category.

**FUNDING AVAILABILITY**

State of Minnesota has been awarded the following in 3 funding rounds:

|  |  |
| --- | --- |
| Round 1 - non-entitlement jurisdictions | $ 11,217,782 |
| Round 2 - entitlement and non-entitlement jurisdictions | $ 17,464,118 |
| Round 3 - entitlement and non-entitlement jurisdictions | $ 8,918,968 |
| Total CDBG-CV funds awarded to the State of Minnesota | $ 37,600,868 |

The U.S. Department of Housing and Urban Development (HUD) is exercising its authority to establish a six-year period of performance and expenditure deadline in the CDBG-CV grant agreement. In addition, to further ensure the expedited use of funds, HUD is imposing an alternative requirement that each grantee must expend at least 80% of all CDBG-CV funds no later than the end of the third year of the period of performance established by the CDBG-CV grant agreement.

## **SUBMISSION REQUIREMENTS**

**DEED will accept applications due on or before June 1, 2021 by 4:30 pm.**

**Applicants must submit two application packets: one original packet and one copy of the application containing all the supporting documents. Both applications should be printed in color.** The original application must have original signatures of the chief elected official in all documents requiring official signatures.

**Submittal Options**

1. Application Packets can be mailed to:

Department of Employment and Economic Development

Business and Community Development Division

1st National Bank/DEED

Minnesota Street, Suite E200

Saint Paul, MN 55101

Attn: Small Cities Development Program Unit

or

1. Hand-delivered - During COVID-19, DEED’s front desk office is closed. Please contact Irene Dassier at (651) 259-7449 to schedule a day and time to drop off the application or follow instructions on the cart in front of the DEED reception area.

**Please complete the entire application and refer to the checklist and the required documentation list for each application.**

DEED will not consider any **CDBG-CV Program** applications for awarding if there are any requirements or required documentation missing or incomplete:

* Applicant is not an eligible non-entitlement local unit of government or an entitlement jurisdiction;
* Applicant did not submit one complete original application packet and one complete copy of the application packet.
* The Grantee Summary Information Sheet (GSIS) was not completed.
* The Application Cover Sheet was not signed by the elected or the authorized officer.
* All required attachments were not included in the application packet;
* All or some identified eligible activities in the application did not address a National Objective;
* Previous CDBG or SCDP grants were not administered in compliance with applicable regulations, and all monitoring and audit findings on closed or open grants were not resolved;
* Applicant or identified sub-recipient appears on the Federal or State Suspension of Funds list.

**Deliberate Misrepresentation of Information (commonly called fraud)**

Applications will be reviewed based on the information and data given by the applicant whose chief elected official has certified the correctness of the contents. ***Any determination that deliberates misrepresentation (or fraud) has occurred will result in the disqualification of the applicant and/or the rescission of a grant at any point from the award to closeout.***

**ELIGIBLE APPLICANTS**

Eligible applicants are non-entitlement and entitlement jurisdictions that (1) meet specific funding and threshold criteria and (2) meet a specific level of readiness to proceed.

Non-entitlement jurisdictions include units of general local government which do not receive CDBG funds directly from HUD (incorporated municipalities under 50,000 and counties under 200,000 in population)

Entitlement communities include the Cities of Bloomington, Coon Rapids, Duluth, Eden Prairie, Mankato, Minneapolis, Minnetonka, Fargo/Moorhead, Plymouth, Rochester, St. Cloud, St. Paul, Woodbury, and the Counties of Hennepin, Anoka, Dakota, Ramsey, Washington, and St. Louis.

DEED will also consider eligibility based on the applicant’s ability to demonstrate in their application their past and current performances on CDBG programs and if there are any unresolved audit and monitoring findings on active CDBG grants. These minimum performance requirements measure an applicant's capacity to adequately implement and administer the ***State of Minnesota CDBG-CV*** program.

Each applicant is required to certify that it possesses legal authority to carry out the proposed activities. Unless contradictory evidence is submitted to DEED, the SCDP unit will accept the applicant's certification of legal authority.

**ELIGIBLE** **PROJECTS**

The ***State of Minnesota CDBG-CV*** Program **must** be used to prevent, prepare for, and respond to coronavirus (COVID-19) pandemic and **must** meet a National Objective. The activities must be most critical to the locality and primarily for low-and-moderate income (LMI) residents.

Activities must be based on needs substantiated by the local government applicant. Applicants are encouraged to coordinate with State and/or local health authorities before undertaking any activity to support state or local pandemic response.

The State of Minnesota is requesting applications from applicants for participation in the CDBG-CV program to address one of the following specific needs identified for this funding.

* **Public Service:** Grantees may provide a new or increased level of a public service. All activities typically provide services to LMI persons, LMI clientele or to LMI persons residing in a qualified area. The priority in this category is subsistence payments to prevent evictions/foreclosures and utility disconnections, food distribution, COVID-19 testing kits, expansion of food delivery and supplies.
  + Provide funds to income-eligible residents economically impacted by the COVID-19 pandemic to make rent payments, mortgage assistance or utility payments for up to 6 months of continuous assistance, this includes covering past due payments as long as duplication of benefits (see page 5) do not apply. Assumed maximum assistance of $120,000 per community.
  + Provide Testing Kits and Personal Protective Equipment (PPE) to help reduce the risk of exposure to COVID-19. PPE includes and is not limited to gloves, masks, safety plexiglas shield barriers or other approved PPE supplies to be utilized/distributed within grantee jurisdiction to comply with social distancing requirements. Assumed maximum assistance of $40,000 per community
  + Support food shelves/pantries by providing increased access to food and delivery support to those economically impacted by the pandemic and/or inability to access nutritious food. Assumed maximum assistance of $35,000 per building.

Total allocation of CDBG-CV funds for this category is $3,000,000 for housing assistance, $1,000,000 for testing kits and PPE and $1,000,000 for food shelf assistance.

Examples of ineligible public service activities include revolving loan funds, loans, purchase of local government vehicles (e.g., police cars, fire trucks), and salaries including overtime payments for local government employees. CDBG CV funds cannot be used for public utility payments that are owned and operated by municipalities. Contact SCDP rep for more details.

* **Retrofitting Building and Commercial Rehabilitation:** The priority in this category is the rehabilitation of existing food shelves/pantries and commercial buildings to address social distancing requirements for health and safety purposes, and improvements to air circulation via HVAC systems. This category also includes improvements and rehabilitation activities such as repurposing buildings into COVID patient treatment centers and already existing shelters, such as homeless and temporary housing shelters. The total allocation of the State of Minnesota CDBG-CV funds for this category is $4,500,000. Assumed maximum amount of $25,000 to commercial building owners, assumed maximum amount of $100,000 to repurposing buildings into a COVID patient treatment centers, assumed maximum amount of $20,000 to food shelves/pantries and assumed maximum of $600,000 to rehabilitate existing shelters or other facilities to be used for emergency shelter.
  + **Broadband Development:** The priority in this category is to provide broadband infrastructure and/or components; enhancing internet access to support increased connectivity for telework, telemedicine, tele-learning and tele-visits. This activity will typically benefit LMI persons, LMI clientele or LMA; LMI persons residing in a qualified area. Financing will be provided through grants. Funds can be used for the cost of a tower and middle mile infrastructure if last mile infrastructure will be included and will serve as the final leg in connecting the broadband service provider’s network to the end-user customer’s on premise. The Broadband Development activities may request an assumed maximum of $5,000,000 per project.

**NATIONAL OBJECTIVES**

The three National Objectives are:

(1) benefit to low-and-moderate income (LMI) persons;

(2) prevention or eliminating slums or blight; (S&B) and

(3) urgent need (URG)

**National Objective Definitions - Low and Moderate**

1. **Benefit to LMI persons**: Benefit to LMI persons may be either **direct** or **area-wide** benefit.

**□** Direct benefits are those activities that serve certain persons (e.g., housing assistance).

□ Area-wide benefits are those activities that benefit communities and are not participant specific (e.g., neighborhood facilities, broadband).

**Households Defined:**

LMI households in metropolitan areas are defined as those with incomes equal to or less than eighty percent (80%) of the median family income of the metropolitan area. For families residing in non-metropolitan areas, LMI is defined as eighty percent (80%) or less of the median income of the county. Please use the “2020 or the most current Income Limits” published (HUD) defines income limits for LMI families per family size for non-metropolitan and metropolitan areas of the state. Income limits are available on the HUD Exchange website using this link: <https://www.huduser.gov/portal/datasets/il.html>.

***Applicants must ensure that area-wide benefits at least 51% LMI persons, and direct activities benefits 100% LMI persons.***

1. **Slum and Blight Area Defined: *(This national objective is most unlikely to be used in the CDGB-CV grant)***

To qualify under the National Objective of slums/blight on an area basis, an activity must meet the following criteria:

1. Meet the definition of a slum, blighted, deteriorated or deteriorating area as defined at Minnesota Statute 469.002 Subdivision 11; and

2) At least 25% of the buildings are deteriorated or deteriorating, and have at least one of the following characteristics: Physical deterioration of building or improvement; Abandonment of property; Chronic high turnover or vacancy rate; Significant decline in property value or abnormally low property value in relation to other areas of the community; or Known or suspected environmental contamination; OR

3) At least two public improvements are in a general state of deterioration

1. **Urgent Need Defined:**

This objective is to meet community development needs that are deemed to be urgent because existing conditions pose a serious and immediate threat to the health and welfare of the community, and other financial resources are not available to meet the need.

***Grantees must serve at least 51% LMI persons for broadband development activities and some public service activities.***

More detailed information are available on the website link: [HUD CDBG National Objectives](https://www.hudexchange.info/sites/onecpd/assets/File/CDBG-National-Objectives-Eligible-Activities-Chapter-3.pdf).

**AWARD AMOUNTS**

DEED will award CDBG-CV funds on a competitive application ranking basis focused on local needs identified by the community.

The assumed maximum grant amount request per grantee is indicated in the applications. Applicants should consider feasibility as it relates to the overall cost of any project. Administration cost is limited to a maximum of 13% of the total awarded grant. Of the administration portion of the awarded grant amount, up to 5% can be requested for start-up expenses. The administration costs are also subject to following proper procurement regulations at 2 CFR 200. See[OMB Circular 2 CFR 200.458](https://www.federalregister.gov/documents/2020/08/13/2020-17468/guidance-for-grants-and-agreements).

Applicants need to demonstrate how their projects will assist in preparing, preventing or responding to the health and economic impacts of COVID-19.

**MATCHING FUNDS REQUIREMENT**

The ***State of Minnesota CDBG-CV*** does not have a matching fund requirement.

**GRANT PERIOD**

The grant period for ***State of Minnesota CDBG-CV*** projects is 32 months.

**DUPLICATION OF BENEFITS REQUIREMENTS**

Federal law requires DEED to conduct a duplication of benefits review for each CDBG-CV eligible activity. A duplication of benefits occurs when assistance is provided to a person or entity (i.e., beneficiary) and that person or entity receives assistance for the same need from other funding sources and the total combined amount of assistance surpasses the amount required to address the need. The funding sources not only includes CARES Act sources, but also other federal, state, philanthropic, and local government sources. For a list of other likely federal sources and guidance, see <https://www.hudexchange.info/resource/6097/cdbg-coronavirus-response-grantee-resources-related-to-preventing-duplication-of-benefits/>.

DEED will recapture all funds associated with a duplication of benefits. To alleviate issues, applicants must develop and maintain adequate procedures to prevent a duplication of benefits. Procedures must include that persons/entities receiving CDBG-CV funds must repay duplicate assistance and a method to assess whether CDBG-CV funds will duplicate financial assistance that is already received or likely to be received by acting reasonably. A copy of the duplication of benefits procedures must accompany the CDBG-CV application. CDBG-CV grants will be subject to oversight, reporting, and requirements that each grantee have adequate procedures to prevent the duplication of benefits.

### **APPLICATIONS WITH MULTIPLE ACTIVITIES**

# Applicants may submit applications that include multiple activities in the *CDBG-CV Program,* each activity must meet a National Objective *(refer to definitions above)*. There are instances when activities can qualify under more than one National Objective category.

# Important to Note*: Proposed funded activities that fail to meet a National Objective and/or program requirement may result in DEED eliminating the activity from the application and disqualifying the activity for funding.*

## **LOCAL GOVERNMENT ROLES AND RESPONSIBILITIES**

The local government’s roles and responsibilities are outlined in 24 CFR Part 570.501. As the applicant, the local government is responsible to ensure the following:

* **Management and Oversight**: The elected officials are legally, financially, contractually, and programmatically responsible for the CDBG-CV project. The local government is responsible to the State of Minnesota and the Federal government even if they have a contract administrator or sub-recipient relationship.
* **Financial Management**: The local government must ensure proper accounting of funds to avoid disallowed costs. This includes accurate identification and support of project costs and cash balances, and proper internal controls.
* **Grant Agreement (24 CFR Part 570.501 and .502):** If awarded, the local government will receive a grant agreement and funding approval from the State. These documents are contractually binding and cannot be changed without State approval.

## **USE OF AN EXPERIENCED ADMINISTRATOR**

The local government applicant must have the capacity to administer the proposed project with either its own CDBG-experienced staff, an experienced CDBG administrator consultant, or other experienced staff/administrator that has administrated similar grants or projects outside of CDBG funding (e.g. experienced consultant, Council of Government, non-profit). “Experienced” to administer proposed project for this application is defined as, someone who has successfully administered CDBG projects or similar projects from other state or federal related funding sources.

## **PROGRAM AMENDMENTS, BUDGET AMENDMENTS AND BUDGET REVISIONS**

Grantees must contact the DEED Representative assigned to the grant to discuss any proposed changes to the approved application. The grantee will submit a grant amendment, narrative description, budget amendment, and/or budget revision process for DEED’s approval.

## **RANKING/SCORING CRITERIA**

*The* ***CDBG-CV Program*** is based on a competitive application ranking. Applicants will be rated according to the following criteria: Need, Impact and Cost Effectiveness.

**Scoring Criteria for Public Service Applications, Retrofitting Building and Commercial Rehabilitation Applications:**

**Need** – This area of rating will assess the project need, documented demand, proposed actions to meet the need and the benefit to the identified target group. Maximum points available are 90 points.

* Proposed activities are addressing the need to prepare, prevent or respond to the health and economic impacts of COVID-19.
* Proposed activities taking place in an eligible area with elevated COVID-19 outbreaks with supporting data from state or local health officials.
* Proposed activities are meeting one of the three National Objectives. The two National Objectives most applicable to the ***CDBG-CV Program*** are (1) benefit to low-and- moderate income (LMI) persons and (2) urgent need. Benefit to LMI persons may be either direct (actual people served) or area wide. The applicant has provided sufficient explanation concerning their ability to adequately document the benefit to LMI persons.

**Impact** – This area of rating will access the overall impact on the community. Maximum points available are 90 points.

* Proposed activities are addressing the program intent, incorporates the areas of focus and establishes performance measures for current and future assessments.
* Goals are specific, measurable, action-oriented, attainable, and realistic.
* Applicants must be able to document the long-term viability and the ability to link services if the type of facility requires specific services for their clientele.
* Project timeliness meeting grant deadline.
* Applicant identifies all the major tasks or components that will be required in carrying out the activity. Are there any potential issues or concerns?
* Will the applicant be primarily dependent upon CDBG-CV funding?

**Cost Effectiveness** – This area of rating will access the overall cost effectiveness. Maximum points available are 90 points.

* Local commitment and concerted efforts to elicit funds to leverage funding with other sources other than CDBG-CV funds. Are these funds committed?
* Applicant’s budget is realistic with a reasonable estimate of resources necessary for each component of the project.
* Applicant’s capacity and experience in administrating ***CDBG program*** projects or other related state and federal funding programs.
* Applicant should possess adequate administrative structures, management systems, and policies and procedures.
* Any established partnership with community groups, non-profits, and other agencies for funding or administration.
* Plan in-place to prevent duplication of benefit.

**Scoring Criteria for Broadband Applications:**

**Need –** This area of rating will access if the proposed service area has a need for new or enhanced broadband infrastructure. Maximum points available are 90 points.

* Proposed size of service area.
* Percentage of low-to-moderate income households benefiting from this project.
* Need for assistance is required to connect communities to a broadband network.
* Lack of other available resources to access reliable broadband service.

**Impact –** This area of rating will assess how the project will provide the ability for low-to-moderate income households to obtain new or enhanced access to broadband services. Maximum points available are 90 points.

* How the project will assist communities in preventing, preparing for and responding to COVID-19.
* Proposed type of broadband infrastructure.
* Proposed average speed in Megabit per second (Mbps) available to households.
* Other assistance provided to income qualified households as a result of this project.

**Cost Effectiveness** – This area of rating will assess the overall cost effectiveness of the proposed project. Maximum points available are 90 points.

* Realistic and reasonable project budget
* Commitment and use of other funding sources.
* Plan in-place to prevent duplication of benefit.
* Project timeline to provide reliable broadband access to communities.
* Capacity of project partners to successfully conduct and accomplish project activities and goals.

## **CITIZEN PARTICIPATION PLANS AND VIRTUAL PUBLIC HEARINGS**

During the period when national, state, and/or local health authorities recommend social distancing and limiting public gatherings for public health reasons, in-person public hearings are not possible. Local governments may amend the Citizen Participation Plan to meet public hearing requirements with virtual public hearings.  ***A copy of the amended Citizen Participation Plan, if a plan was in place, must be submitted with the CDBG-CV application.*** Additionally, the virtual hearings must provide reasonable notification and access for citizens in accordance with the grantee’s certifications, timely responses from local officials to all citizen questions and issues, and public access to all questions and responses. Grantees must record and retain documentation of all virtual hearings, outreach efforts, and public comments.

Applicants must certify in the application that they are following a written Citizen Participation Plan that provides for access to information and participation in all stages of the project, from initial design and application through implementation and closeout. This includes proper advertising of public hearings, and timely access to meetings, information, and records related to the project.

Public hearing notices must be advertised as described in the grantee’s approved Citizen Participation Plan. **The notice must be published in accordance to local policy ordinances.**

## **PUBLIC HEARINGS**

To meet the citizen participation minimum requirement for the State of Minnesota CDBG-CV funds, the applicant/grantee must hold two public hearings. The first public hearing must be heldto obtain citizens' comments prior to its application submission to DEED. The second public hearing must be held during mid-year of the grant prior to expiring. Both hearings must be advertised as described in the applicant’s Citizen Participation Plan (see details below). The timing of the hearing notices must follow CDBG-CV regulatory requirements, including publication of timeline in accordance to local grantee’s ordinances.

The first public hearing should be held at the beginning of the application process prior to the submission of the application. The notice should provide enough information about the project(s) to allow citizens to be able to provide input as well as to discuss and receive feedback on housing, community and economic development needs.

The second public hearing should be held after the grant is awarded through mid-year of the project period. The second notice of public hearing to obtain citizens' views on the project must also contain a description of the proposed activities that have been carried out, including the amount of the funding request and total cost of the activities.

A publisher’s affidavit of the first notice and minutes of the hearing signed by the local government clerk must be submitted to DEED as a part of the application.

## **COMPLIANCE REQUIREMENTS**

The local government is responsible for conformity with all Federal and State regulations governing the CDBG program. ***CDBG-CV*** ***Program*** applicants must comply with federal regulations and certify that, if funded, they will comply with all applicable laws and requirements in the ***CDBG-CV*** ***Program*** grant. Per the Housing and Community Development Act of 1974 (the Act), as amended, the CDBG program has certain federal and state requirements that must be met. Local government project administrators should be familiar with the Act, along with rules published in the Federal Register of November 9, 1992 and under 24 CFR Part 570.

It is important that applicants understand the commitment they will be undertaking with a CDBG grant. This description of requirements and responsibilities of grantees should be read carefully. Please contact DEED staff with any questions regarding CDBG program regulations. The following is intended to provide local governments with a brief list of basic federal and state administrative compliance requirements that must be addressed.

1. **Conflict of Interest**

Per 24 CFR Part 570.489 (h), the following people or their immediate family members shall not have any direct or indirect financial interest in any contract, subcontract or the proceeds thereof for work to be performed in connection with the grant during their tenure or for one year thereafter: 1) employees or agents of the recipient who exercise any function or responsibility for the CDBG project, and 2) officials of the recipient including members of the governing body.  The applicant will be asked to determine if a potential conflict exists and submit required documentation to DEED whether an exception is allowed for approval.  Questions regarding this item are in the program application.  Please note that sub-recipients must comply with these regulations as well. Consult with DEED staff regarding conflict of interest questions or HUD CDBG Program Code of Federal Regulations (2CFR Part 200.1112).

1. **Program Income**

Program Income may be generated by a CDBG-CV project if the project includes a mechanism for expended funding to be returned to the applicant/grantee. **However, it is highly encouraged that grantees design the activities to provide grants instead of deferred loans.** If Program Income is generated from the CDBG-CV projects, it may be retained at the local level with an approved written Program Income Reuse Plan **and must be reported to the State regardless of being an entitlement community or a non-entitlement community**.

1. **Procurement**

The grantee must have a written Procurement Policy that meets the requirements specified in ***2 CFR, Part 200.317-200.326 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*** at <https://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl>.

The procurement procedures must reflect applicable State and local laws, should promote free and open competition, and describe efforts to encourage minority and female owned businesses to submit bids/proposals. Grantees must contract for the procurement of goods, services, and construction projects including design services.

1. **Equal Opportunity**

Applicants are required to ensure that ***CDBG-CV*** aided projects comply with equal opportunity and nondiscrimination laws and that people in protected categories are not excluded from project participation.

Applicants are required to take into consideration equal opportunity and non-discrimination laws in designing ***CDBG-CV*** programs to ensure that people in protected categories are not excluded from participation, denied the benefit of, or subjected to discrimination under any program or activity funded in whole or in part with ***CDBG-CV*** funds. The recipient of ***CDBG-CV*** funds must take actions throughout

the grant period in the areas of enforcement, education and in the removal of barriers and impediments that affirmatively further equal access in employment and procurement.

1. **Fair Housing**

Recipients of ***CDBG-CV*** funds will be required to comply with fair housing and non-discrimination laws and regulations under the Fair Housing Act of 1968. Applicants will be required to submit a Fair Housing Plan for the municipality and/or county. For each year that a ***CDBG-CV*** project is active, a recipient must describe the actions it will take in the areas of enforcement, education and removal of barriers and impediments to affirmatively further fair housing. Recipients of federal financial assistance have an obligation to reduce language barriers that can preclude meaningful access by Limited English Proficient (LEP) persons to important government programs, services, and activities. [Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000(d)](https://www.justice.gov/crt/fcs/TitleVI-Overview) and its implementing regulations require that recipients take responsible steps to ensure meaningful access by LEP persons.

**6. Section 3**

Section 3 of the Housing and Urban Development Act of 1968, as amended, contains requirements governing programs providing direct financial assistance to public recipients and related contractors (or subcontractors).

While a ***CDBG-CV*** project is open, a recipient must make strategic efforts and promote opportunities in employment and procurement arising out of a ***CDBG-CV*** assisted projects made available to very low and low income residents within the ***CDBG-CV*** assisted area to the greatest extent feasible. These strategic measures must include (1) identification of training and technical assistance resources to prepare very low and low income residents for employment and procurement opportunities, (2) attempts to reach the numerical targets for new hires set forth in the Section 3 regulation, and (3) education of very low and low income residents within the ***CDBG-CV*** assisted area about the components and opportunities of the program. **Once applicants are awarded funds, recipients will be required to submit a Section 3 Plan that meets DEED requirements.**

**7. Environmental Review**

Recipients of ***CDBG-CV*** funds are required to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR Part 58 and complete an Environmental Review Record (ERR). Do not submit the Environmental Review Record (ERR) with the application. Please follow procedures outlined in DEED’s Environmental Technical Assistance Training Guides and materials that will be provided. It is a requirement that certain notices be prepared and published by the local government applicant to complete the environmental review process. This procedure is described in 24 CFR 58.40-47 and requires specified time periods to be allowed for public comment. DEED must receive evidence of the publication of these notices as well as a Request for Release of Funds and Environmental Certification. Upon DEED determination that the comment and objection periods have elapsed, DEED will issue the Authority to Use Grant Funds. No CDBG-CV funds for activities including administration will be released prior to the date of issuance of the Authority to Use Grant Funds. Contact DEED staff if there are questions with the environmental review process.

**8. Certifications and Policies**

The following plans must be adopted by the local unit council and/or board members and be documented on file in accordance to 24 CFR 91.325, including the information made public and the means used to make it public.

1) **Anti-Displacement and Relocation Assistance Plan:** recipients must have a plan to minimize residential displacement and to provide relocation assistance to displaced residents in a timely manner.

2) **Excessive Force Plan:** the prohibition uses of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations, and/or physically barring entrance or exit from a facility that is the subject of non-violent civil rights demonstrations.

3) **Drug-free Workplace Certification:** use of a controlled substance is prohibited in the applicant’s workplace.

4) **Section 3 Plan:** submit a certification that will comply with Section 3 of the HUD Act of 1968 and implementing regulations at 24 CRF part 75.

**9. Lead-Based Paint Hazards**

Projects may require compliance with Federal Lead-Based Paint Hazard Reduction Act of 1992. Refer to [HUD Lead Safe Housing Rule 24 CFR 35.](https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr)Contact SCDP staff before proceeding with projects.

**10. Reporting**

Grantees will provide updates on the status of project activities and financial expenditures using a report template that will be provided by DEED.

Quarterly reports are due on the following dates by 4:30pm on the 7th of each quarter. If the 7th falls on a weekend or federal/state holiday, then it will be due on the following Monday:

* January 7th
* April 7th
* July 7th
* October 7th

A Final Performance Report is due at the end of the grant expiration period. An annual financial audit (A-133 Audit) is due at the close of each fiscal year if $750,000or more federal funds (all sources) were expended. The audit may be performed in conjunction with the regular independent audit of the recipient and will contain an examination of all financial aspects of the CDBG program as well as a review of the procedures and documentation supporting the recipient’s compliance with applicable statutes and regulations.

**11. Monitoring**

DEED will monitor the project through various mechanisms, including review of quarterly and annual reports received from the grant recipient, phone/email/letter correspondence, receipt of all published press articles about the project as provided to DEED by the local government, and through an on-site, desk, or virtual monitoring visits.

DEED staff will notify the grantee at least 30 days before any monitoring visits and be given preparation forms and guidelines prior to the monitoring. Grantees are responsible to have the prepared forms ready for the monitoring visit. Areas of review during on-site or virtual monitoring will consist of activity eligibility and national objective, grant and financial management, environmental, fair housing, labor standards- if applicable, grant progress, policies/procedures, and individual case files. Areas of review during desk monitoring will consist of annual reports/performance measurements, disbursement requests, labor standards-notice of contract awards and final reports, policies and procedures, and environmental. SCDP representatives may request additional documentation.

Any performance findings or administrative concerns resulting from the monitoring review must be mutually resolved before a grant can be formally closed.

**12. Use of Licensed Professionals**

Any general inspection and rehabilitation activities, including residential and commercial work, can be conducted by any licensed general contractors; however, all residential lead inspection and remediation activities can ONLY BE CONDUCTED BY CERTIFIED LEAD LICENSED FIRMS. See guidelines on Minnesota state contractor and lead license requirements through the MN Department of Health <https://www.health.state.mn.us/communities/environment/lead/>

**13. Federal Labor Standards**

## Recipients will be required to comply with Davis Bacon and Related Acts and must comply with prevailing wages and fringe benefits for the following activities with projects exceeding $2,000:

* Retrofitting Building and Commercial Rehabilitation
* Broadband Development

**See additional information on the link below as well as guideline on HUD Exchange:**

* Wage rates: <https://www.dol.gov/agencies/whd/government-contracts/construction>
* Davis Bacon and Labor Standards:

<https://www.hud.gov/program_offices/davis_bacon_and_labor_standards>

\*Please refer to the Labor Standards 12 Step Instruction, available on the SCDP website [here](https://mn.gov/deed/assets/12step-instructions_tcm1045-132501.pdf).

**14. Other Requirements and Attachments**

Recipients will also be required to comply with any subsequent requirements issued by HUD. Consult the Required Attachments section in each application. Please note that if key items are not submitted with the application, the application will not be accepted.

## **PROGRAM CONTACT**

In order to reach DEED for any questions directly related to CDBG-CV applications and guidelines, please email DEED at [**SmallCities@state.mn.us**](mailto:SmallCities@state.mn.us)**.** A representative will respond via email within 48 hours or less. Please consider that this is a high-volume time for DEED during COVID-19. We certainly appreciate your patience.