

# Community Development Block Grant (CDBG) Housing Rehabilitation – Overview

Communities eligible under the State's CDBG program are invited to apply for CDBG funds to support low/moderate income residents' housing rehabilitation needs. Cities and towns should follow the process outlined below. General Rehab Program Applications should be submitted one time, after completion of one public hearing and a tier one environmental review. Then Property Specific Applications meeting all program and eligibility requirements will be accepted on a first come, first serve basis until available funds are exhausted. Communities may submit multiple Property Specific Applications. Application materials will be available at [www.ohcd.ri.gov](http://www.ohcd.ri.gov).

## 1. Citizen Participation (Step 1)

CDBG Regulations at 24 CFR Part 570.486 detail local government requirements related to the State's CDBG program. The regulations require "a minimum of two public hearings, each at a different stage of the program, for the purpose of obtaining residents' views and responding to proposals and questions... The public hearing to cover community development and housing needs must be held before submission of an application to the State."

In accordance with these regulations, communities interested in applying for CDBG funds (housing rehabilitation or otherwise) should conduct the first public hearing any time after October 1, 2017 but before submittal of its first residential rehabilitation application. This hearing should cover general community development and housing needs. The hearing should detail the community's intent to apply for residential rehabilitation funds (along with the terms of the local program) and other rolling application funds (Housing, Economic Development), as applicable.

The second public hearing may be held as part of the application process conducted for the annual competitive application.

## 2. Environmental Review – Housing Rehabilitation (Step 2)

Housing rehabilitation activities are generally subject to a tiered environmental review, as outlined at 24 CFR Part 58.15. The first tier provides a general outline of the local program and requirements. When specific site addresses are known, the second tier will involve review of specific properties against the findings of the Tier 1 review.

In accordance with these regulations, communities interested in applying for CDBG funds for housing rehabilitation must complete a Tier 1 review of the local program and submit a Request for Release of Funds to the State prior to the first housing rehabilitation application. Please note adequate time must be factored for public comment. The State will not approve any local rehabilitation requests until the environmental review process has been completed.

## 3. Application Process – 2 Stages (Step 3)

- a) Stage 1 – General Rehab Program (submitted to OHCD once annually in advance of, or concurrent with, the first property-specific application)

The Stage 1 application will include information on the local program design, contact person(s) and narrative on general requirements (fair housing, certifications, etc.).

Programs may only offer deferred or forgivable loans.

b) Stage 2 – Property Specific Application

Applications will be funded on a first-come, first-serve basis until available funds are exhausted. Communities may impose their own program design and requirements, provided they do not conflict the requirements specified herein.

Minimum No less than \$1,000

Maximum While there is not a maximum amount provided, affordability restrictions consistent with the table below, and enforced by a recorded lien/deed restriction, must be in place.

CDBG Assistance:	
Under \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years

Program Income Program Income must be reported to OHCD and must be spent before additional CDBG funds are requested.

Terms Assistance may be in the form of a forgivable or deferred loan. Communities may limit their local programs to specific populations (e.g. elderly) or uses (e.g. roofs/water-sewer) or may provide assistance to comprehensively address code deficiencies in residential properties.

Submission Applications should be submitted to:

Darlene Price, Housing Commission Coordinator  
Office of Housing & Community Development  
One Capitol Hill, 3<sup>rd</sup> Floor  
Providence, R.I. 02908-5873  
[Darlene.Price@doa.ri.gov](mailto:Darlene.Price@doa.ri.gov)

While electronic copies may be forwarded to expedite processing, hard copies must be received prior to approval of the award.

4. Miscellaneous

Uniform Relocation and Real Properties Acquisitions Act (URA) – Be advised that homeowners voluntarily participating in a residential rehabilitation program of their property are not generally considered “displaced persons”. Any community which wishes to accommodate such individuals should consult with OHCD staff on a case-by-case basis.

Procurement – Applications should be accompanied by a summary of bids received, noting the lowest responsive bidder was selected.

Lead Based Paint Hazards – All projects must comply with federal and State rules and regulations regarding lead based paint. Upon request, OHCD staff will assist communities in understanding compliance.

Necessary & Reasonable – In order to document that costs incurred are “necessary and reasonable” in accordance with federal regulations, the State is advising communities to do the following on each application:

A pre-inspection and cost estimate should be developed prior to obtaining any bids on a proposed project. The bids received should be compared to the cost estimation with any significant variances explained in writing. The pre-inspection should comprehensively document the conditions of the structure and, whenever possible, collect photographic/other evidence supporting the necessity of the improvements.

Rental Units – This program, and the forms, have been designed for homeowner occupied, single family structures. Communities interested in supporting rental or multi-family structures should contact OHCD for additional guidance and forms.

5. Operating/Administrative Costs

Administrative/operating amounts totaling 20% of the application will be provided. Local governments MUST maintain documentation to support the expenditure of these funds. Generally accepted documentation includes:

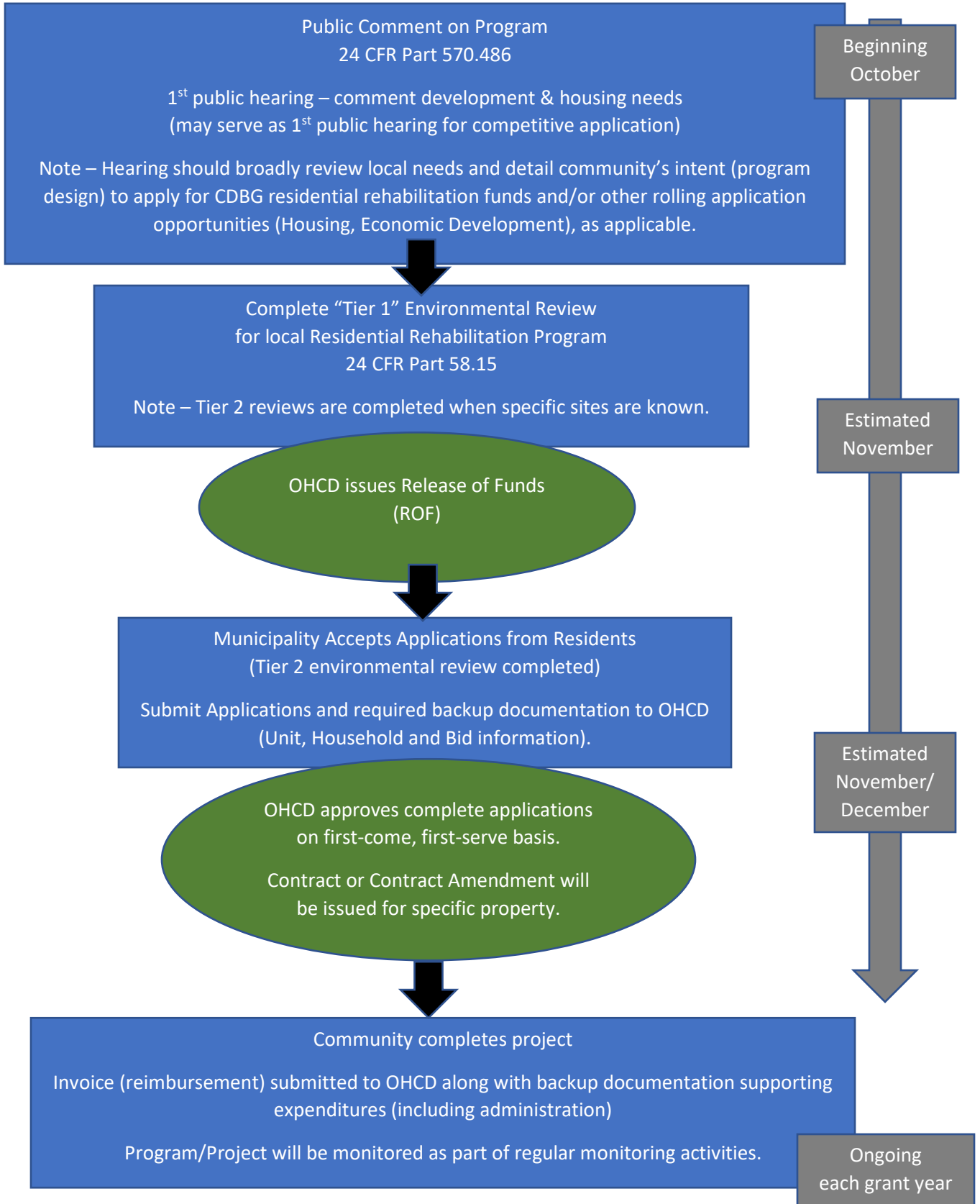
Timesheets and payroll journals for salary/fringe reimbursed. Timesheets should document the costs associated with the specific project(s) funded.

Third-party invoices documenting necessary supplies/operating costs.

6. Completion of Work

The homeowner and program staff should sign-off on completion of work prior to finalizing payment to contractors.

# CDBG Residential Rehabilitation Program – Flowchart of Process



## SAMPLE PUBLIC HEARING - INFORMATION

### Overview

Each applicant must involve citizens in the preparation of Community Development programs, and shall provide technical assistance to groups representatives or persons of low and moderate income that request assistance in development proposals. Each applicant must provide for a minimum of two public hearings, each held at a different stage of the application process.

### Regulatory Citation

24 CFR Part 570.486...(5) *Provide for a minimum of two public hearings, each at a different stage of the program, for the purpose of obtaining residents' views and responding to proposals and questions. Together the hearings must cover community development and housing needs (including affirmatively furthering fair housing), development of proposed activities, and a review of program performance. The public hearings to cover community development and housing needs must be held before submission of an application to the State. There must be reasonable notice of the hearings and they must be held at times and accessible locations convenient to potential or actual beneficiaries, with accommodations for persons with disabilities. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate;*

### Initial Public Hearing Procedures

Each applicant must hold an initial formal public hearing to obtain the views of citizens on community development and housing needs and on program performance. Reasonable notice must be provided for the hearing.

**Notification of Hearing:** Notice of the public hearing shall be prominently advertised on the municipal website and inserted into a newspaper of general circulation in the community at least 7 days prior to the date of the hearing, not counting the day of publication. (Note that the hearing should be held no sooner than the next day *after completion* of the 7 day notice period.) In addition, each applicant shall take steps to announce the hearing through other media to reach persons, such as minority and foreign language residents, not normally reached by newspapers of general circulation.

Eligible cities and towns shall establish procedures to notify low and moderate income persons of opportunities to participate. Where a neighborhood(s) has been designated as an area of slums or blight or as an area which is predominately low/moderate income, the community shall document special efforts to notify neighborhood residents of the opportunity to participate. Applicants shall provide technical assistance to groups representative of people of low and moderate income that request assistance in development proposals. Such assistance need not include providing funds for such groups. Interpreters shall be provided where a significant number of non-English speaking residents are expected to attend. The public hearing must be conducted by a local government official designated by the Chief Executive or Governing Body in

a facility accessible to the handicapped. Sign interpreters should be provided if requested in a timely fashion.

**1<sup>st</sup> Public Notice Template:**

The (City/Town) of \_\_\_\_\_ is considering the filing of an application for a Rhode Island Community Development Block Grant. Statewide, approximately \$5 million is available to undertake a range of activities including:

- a) Improved housing opportunities for low and moderate income families and individuals.
- b) Provision of employment opportunities for low and moderate income persons.
- c) Provision of community infrastructure, facilities and services principally benefiting low and moderate income families and individuals.

A public hearing will be held at \_\_\_\_\_ on \_\_\_\_\_ at \_\_\_\_\_, for the purpose of obtaining the views of citizens on community development and housing needs, proposed applications and on program performance.

(Include handicapped and sign language information.)

**Public Hearing Content:**

The following information shall be provided at the public hearing:

- a) The amount of funds expected to be requested for proposed community development and housing activities, including the grant and anticipated program income.
- b) The range of activities that may be undertaken.
- c) Summary of local housing and community development needs.
- d) Description of the past use of funds and the relationship of activities to local community development objectives.
- e) The estimated amount proposed to be used for activities that will benefit persons of low and moderate income (at least 70% of total).
- f) Plans for minimizing displacement of persons as a result of activities assisted with Community Development funds and to assist persons actually displaced as a result of such activities.
- g) The community's plans to apply for funds under the residential rehabilitation, affordable housing and/or economic development rolling application process. The local program design, including process used to accept/file applications and terms of assistance, should be detailed.

*Note:*

*A second public hearing will be coordinated along with the municipality's annual competitive application.*