

**MARICOPA COUNTY  
COMMUNITY DEVELOPMENT BLOCK GRANT  
AND HOME INVESTMENT PARTNERSHIPS PROGRAM/  
AMERICAN DREAM DOWNPAYMENT INITIATIVE**

**COMMUNITY DEVELOPMENT ADVISORY COMMITTEE  
(CDAC)/BOARD OF SUPERVISORS (BOS)  
POLICY MANUAL**

## Table of Contents

|   |         |
|---|---------|
| Introduction .....  | Page 1  |
| Waiver Policy .....   | Page 1  |
| Grant Objectives .....  | Page 2  |
| CDBG Objectives.....  | Page 2  |
| HOME Objectives .....   | Page 4  |
| ADDI Objectives.....  | Page 4  |
| Citizen Participation .....   | Page 5  |
| Planning and Reporting .....  | Page 5  |
| Five-Year Consolidated Plan (CP) .....                              | Page 5  |
| Annual Action Plan (AAP) .....                                      | Page 6  |
| Consolidated Annual Performance and Evaluation Report (CAPER) ..... | Page 6  |
| Application Process .....   | Page 6  |
| Funding Consideration Checklist .....                               | Page 6  |
| Funding Applications.....   | Page 7  |
| Other Funding Resources .....                                       | Page 9  |
| Other Funding Considerations .....                                  | Page 10 |
| Additional Requirements.....  | Page 11 |
| Timely Implementation.....  | Page 11 |
| Progress Reports .....  | Page 11 |
| Monitoring .....  | Page 11 |
| Program Income .....  | Page 11 |
| Fair Housing.....   | Page 12 |
| Environmental Review Requirements .....                             | Page 12 |
| Acquisition and Disposition of Property.....                        | Page 12 |
| Unallocated Funds .....   | Page 13 |
| Reallocation of Grant Funds .....                                   | Page 14 |
| Reallocation for Existing Projects.....                             | Page 14 |
| Reallocation for Additional Projects .....                          | Page 15 |
| SCTAP Funding .....   | Page 16 |
| Application Process .....   | Page 16 |
| Low/Moderate Income Criteria .....                                  | Page 16 |
| Operation and Maintenance.....                                      | Page 17 |
| Definitions .....   | Page 18 |

**MARICOPA COUNTY  
COMMUNITY DEVELOPMENT BLOCK GRANT  
AND HOME INVESTMENT PARTNERSHIPS PROGRAM/  
AMERICAN DREAM DOWNPAYMENT INITIATIVE**

**CDAC/BOS POLICY MANUAL**

**INTRODUCTION**

The following policies have been adopted by the Maricopa County Community Development Advisory Committee (CDAC) and Board of Supervisors (BOS) to guide the administration of the Community Development Block Grant (CDBG) and the Home Investment Partnerships Program (HOME)/American Dream Downpayment Initiative (ADDI) funded by the U.S. Department of Housing and Urban Development (HUD).

Policies may be reviewed and amended as circumstances change or new HUD regulations preempt the topic. Amendments to this document, which are necessitated by federal or local statute or regulation, may be made by the Maricopa County Community Development Department (MCCD) as required. All other changes to this document require CDAC and BOS approval.

The date of adoption of these policies is identified at the end of this document. Subsequent revisions of specific paragraphs or requirements may be identified with a date given in brackets [ ] at the end of its statement. An up-to-date edition of the policy manual is available from Maricopa County Community Development (MCCD).

The specific procedures (forms, contracts, reporting requirements, sequence of steps, etc.) that must be followed to carry out the CDAC policies and to administer the projects/activities receiving federal funds are included in MCCD's Administrative Manual. Grant recipients will be expected to comply with the requirements of this manual when carrying out all grant-funded projects/activities.

The information in this policy manual is based on current HUD regulations, 24 CFR Part 570, that govern the CDBG Program and 24 CFR Parts 91 and 92 that govern the HOME Program. As the ADDI is part of the HOME Program, it is incorporated by reference whenever HOME is mentioned.

**WAIVER POLICY**

CDAC and/or the Board of Supervisors may waive any policy in the manual not required by statute or HUD regulation, unless otherwise stated, whenever it is determined that undue hardship will result from applying the policy and where application of the policy would adversely affect the purposes of the Housing and Community Development Act of 1987 and the National Affordable Housing Act of 1990.

## GRANT OBJECTIVES

The federal grant objectives must be considered in all decisions and actions under the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME)/American Dream Downpayment Initiative (ADDI) programs.

### **CDBG Objectives**

#### *Low/Moderate Income Benefit*

The U.S. Census Data must be used as the primary basis for defining low/moderate income benefit. Other sources may be used to substantiate low/moderate income benefit if the alternate is deemed acceptable to HUD.

For purposes of allocating CDBG funds under the low/moderate income benefit, the project/activity must demonstrate one of the following:

- At least 51% of the residents to be served by the project/activity will meet HUD's definition of low/moderate income (low/mod clientele benefit)
- At least 51% of the residents in the area to be benefited by the project/activity will meet HUD's definition of low/moderate income (low/mod area benefit)
- For housing activities, 100% of the households served by the project/activity will meet HUD's definition of low/moderate income (low/mod housing benefit)

#### *Slum and Blight Benefit*

To qualify for CDBG funds for the purpose of eliminating slum and blight, the area proposed to receive CDBG assistance must first be designated as a blighted or deteriorating area according to Arizona Revised Statutes. All documentation is subject to approval by MCCD. CDAC will comply with the funding limitations prescribed by the CDBG regulations when recommending funding for slum and blight benefit projects/activities (i.e., no more than 30% of the CDBG funds expended in any one fiscal year can be for a slum and blight benefit).

#### *Urgent Need*

Projects/activities defined as meeting an urgent need must demonstrate that they address conditions that present an immediate threat to the health or welfare of the community as documented by the appropriate county or state official. Applications submitted under this national objective will be forwarded to local HUD office for final determination on whether it meets the criteria for urgent need before the application will be forwarded to and reviewed by CDAC. Examples of an urgent need would include hurricanes, widespread flooding, or other similar events affecting the health, safety, or welfare of County residents.

### Types of Activities

CDBG funds may be allocated for the following types of projects/activities:

- **Public Facilities:** would include projects/activities such as community centers, senior centers, domestic violence shelters, homeless shelters, parks, etc.

The development of regional facilities shall be preferred over local ones in unincorporated areas or areas where the service population is scattered and needs can be served on a regional basis (e.g., youth centers).

- **Public Improvements:** would include projects/activities such as waterlines, streets, sidewalks, sewer lines, street lights, etc.
- **Public Services:** would include service activities such as the operation of day care centers, senior day care centers, counseling services, meal programs for seniors, health clinics, after school programs for children, food bank operations, etc.
- **Housing Activities:** would include housing type activities such as land acquisition for new housing construction, acquisition and/or rehabilitation of multi-family housing and downpayment assistance to first-time homebuyers. Actual construction costs for new housing is not an eligible activity under CDBG.

While the regulations do allow CDBG funds to be used for rehabilitation of single-family housing, the CDAC has determined that it is in the best interests of the County to fund this type of activity with HOME funds. However, the CDAC will accept applications for CDBG funding for emergency repair programs.

All rehabilitation of single-family privately-owned housing will be done in conformance with standard policies and procedures designed and maintained in the Housing Program Section incorporated in MCCD's Administrative Manual.

- **Economic Development Activities:** would include job creation and business development.
  - The provision of CDBG assistance to a for-profit business shall be limited to loans. Use of the proceeds from repayment of the loans will be negotiated by the grant applicant, the related businesses and MCCD prior to implementation of the project/activity. The individual loans to the for-profit businesses must be approved in advance by both MCCD and the BOS.
  - For job creation projects, CDAC will expect grant applicants to enter into written agreements with the businesses and the Board of Supervisors, to ensure that "first consideration" will be given to the hiring of low/moderate income persons for the jobs available. MCCD shall encourage the recruitment of low-income persons to be coordinated with Maricopa County Department of Human Services and other local job training and placement entities.
  - The CDAC will encourage the recapturing and reinvestment of CDBG funds granted or utilized in support of jobs creation activities by private for-profit enterprises.

- **Planning Activities:** In limited circumstances, the CDAC may consider applications for planning activities, such as needs assessments (i.e., development planning for a county island or an unincorporated area), if it is in the best interests of the County. (NOTE: planning projects/activities are eligible only if paid for with MCCD administrative funds. Therefore, planning projects/activities must also receive MCCD recommendation for funding.)

### Evidence to the Contrary

Occasionally, a project/activity may be proposed to address a low/mod income benefit. However, upon closer examination of the area or citizens to be served, there is evidence to suggest that significant populations other than low/mod income residents will be served by the project/activity in addition to or instead of the targeted population. The CDAC will not recommend funding for any proposed project/activity in which there is evidence to the contrary to suggest that it will not meet the CDBG low/mod objective.

The CDAC will also apply the evidence to the contrary rule for slum and blight benefit projects if it is deemed applicable.

### HOME Objectives

Under the HOME program, a project/activity must demonstrate that it meets the objective of providing decent, safe, and sanitary housing for low/moderate income residents.

- For HOME activities, 100% of the households served by the project/activity must meet HUD's definition of low/moderate income

### HOME Match

A project/activity will not be considered for HOME funding unless the applicant can demonstrate that there is a sufficient commitment of resources to meet the 25% HOME match requirement.

### ADDI

Projects/activities under the ADDI program must meet the objective of providing downpayment and closing cost assistance to first-time homebuyers as defined in the HOME/ADDI regulations.

- For ADDI activities, 100% of the households served by the project/activity must meet HUD's definition of low/moderate income.

## **CITIZEN PARTICIPATION**

The CDAC will provide the BOS with guidance on the CDBG and HOME/ADDI programs; including all planning and reporting documents to be submitted to HUD. The CDAC will hold public hearings as necessary to meet HUD requirements, and will encourage citizens to participate in the planning and implementation processes.

Incorporated cities/towns will be expected to hold at least one public hearing each year to obtain the views of citizens (particularly low/mod income citizens) on the municipality's housing and community development needs, and the development of the Five-Year Consolidated Plan, Annual Action Plans, and any amendments to those plans.

The CDAC expects each applicant for CDBG and HOME/ADDI funds to document that a maximum feasible effort has been made to furnish citizens (particularly low/mod income citizens) within its jurisdiction with information about CDBG/HOME/ADDI grants. The information must include the national objectives and the range of activities that may be undertaken with the funds.

## **PLANNING AND REPORTING**

### **Five-Year Consolidated Plan (CP)**

The Five-Year Consolidated Plan identifies community needs, priorities, goals and objectives for the County for a five-year period. The CDAC and the BOS maintains that it is appropriate for communities to establish their own needs and priorities, and identify them in the Five-Year Consolidated Plan. Communities must be able to back up their decisions with hard data (i.e., meeting notices, meeting minutes, etc.). The CDAC will require each community to provide citizens with reasonable notice of, and opportunity to comment on the needs and priorities for their community.

Nonprofit agencies and other interested parties will be expected to work with the local communities during the Consolidated Planning process to ensure all potential needs are identified.

The CDAC will only consider funding for projects/activities that have been identified in the Maricopa Urban County Consolidated Plan or Maricopa Home Consortium Consolidated Plan. It does not matter whether activities to address the established needs and priorities are carried out by the communities or with non-profits working within the communities.

Needs identified in the Consolidated Plan must be prioritized as "high", "medium", and "low" in accordance with HUD's "Guidelines for Preparing a Consolidated Plan Submission for Local Jurisdictions". Only applications addressing "high" or "medium" priority needs will be considered by the CDAC for funding. "High" priority needs will be given preference over "medium" priority needs. "Low" priority needs will not be considered for funding.

If communities wish to fund priorities which they have identified as “medium” in the Consolidated Plan and those priorities identified as “high” have not been completely addressed, the CDAC will expect the applicant to document the reason for the deviation.

#### Amendments to the Consolidated Plan

The CDAC will make recommendations to the BOS once a year regarding any proposed amendments to the Consolidated Plan. The CDAC will allow sufficient time for the BOS to approve the revisions for submission to HUD by May 15.

The CDAC will require communities wishing to revise the Consolidated Plan to solicit citizen input according to the Maricopa County Citizen Participation Plan and these policies and procedures. Citizens will be provided with reasonable notice of, and opportunity to comment on, the proposed changes.

#### Annual Action Plan (AAP)

The CDAC will make recommendations to the BOS regarding the projects/activities to be included in the Annual Action Plan. The CDAC may also provide comments to the BOS regarding other Annual Action Plan elements.

#### Amendments to the Annual Action Plan

The CDAC will make recommendations to the BOS regarding any proposed amendments to the Annual Action Plan. The CDAC must allow sufficient time for the BOS to approve the revisions for submission to HUD by May 15.

The CDAC will require communities wishing to revise the Annual Action Plan to solicit citizen input according to the Maricopa County Citizen Participation Plan and these policies and procedures. Citizens will be provided with reasonable notice of, and opportunity to comment on, the proposed changes.

#### Consolidated Annual Performance and Evaluation Report (CAPER)

The CDAC will review and provide comments to the BOS regarding the results of projects/activities carried out with CDBG and HOME/ADDI funds as part of the CAPER process.

## **APPLICATION PROCESS**

### Funding Considerations Checklist

The CDAC will consider the following items when making funding recommendations. Other relevant issues may also be considered. No point system will be used.

- Good performance under existing grants:
  - timely expenditure of existing funds
  - quality and timeliness of monthly reports
  - lack of outstanding monitoring issues

- achievement of project/activity goals
- demonstrated positive impact on the community
- no significant history of cost overruns
- Quality of proposed project/activity:
  - well thought out
  - not a “band-aid” approach
  - doesn’t rely on continuous funding
  - improves the safety, health, and welfare of low/mod citizens
  - provides a positive cost/benefit ratio
- Need for proposed project/activity:
  - addresses a “high” or “medium” priority need under the Consolidated Plan
  - provides assistance to low/moderate residents
  - is located within a designated redevelopment area
- Other resources committed:
  - other local resources are committed to project/activity
  - leveraged resources are committed to project/activity
- Public hearing presentation:
  - questions were answered to the CDAC’s satisfaction
- Citizen support for project/activity:
  - evidence that citizens were consulted during application preparation and submission
- Timeliness:
  - project/activity can be initiated within a reasonable time after funds are released
  - project/activity can be completed in a timely and efficient manner

## **Funding Applications**

### **Annual Application Process**

The CDAC will generally accept applications for CDBG and HOME/ADDI funds once a year during the annual grant application process. The grant application process will generally take place between October and May each fiscal year.

Grant applicants will be limited in the number of applications that may be submitted:

- CDBG: Applicants may submit two applications for CDBG funds each year. Applicants will be expected to prioritize the applications.
- HOME: Applicants may submit two applications for HOME funds each year. Applicants will be expected to prioritize the applications.
- ADDI: Applicants may submit one application for ADDI funds each year.

Applicants will identify whether the proposed project/activity will meet a ‘high’, ‘medium’ or ‘low’ priority in the Five-Year Consolidated Plan. The CDAC will fund “high” priority projects/activities before it funds “medium” priority projects/activities; unless it can be demonstrated that the “medium” priority project/activity addresses a significant need. The CDAC will generally not fund applications that meet a “low” priority in the Consolidated Plan.

It is important that grant applications are complete and accurate.

- The CDAC will not accept incomplete applications. Applications must contain all required elements.
- Applications must be on the official application forms. Application forms are developed and made available each year by MCCD. Other formats will not be accepted. Application formats from prior years will not be accepted.
- Applications will not be accepted from current grant recipients who have not filed all required monthly reports.
- Applications will not be accepted from applicants that are more than 90 days behind contract timelines on current projects unless the CDAC has received and approved an extension of the timeline as discussed further in this policy document.
- Applications for CDBG funds will not be accepted from applicants in violation of the 1.5 Rule (timely implementation). The CDAC may waive this requirement if there is an urgent need and if it will not result in a violation of federal regulations. Otherwise, there will be no waiver to the 1.5 Rule.

Successful applicants will be expected to honor all written commitments made on the application.

#### Interim Applications

If sufficient unprogrammed CDBG or HOME/ADDI funds become available during the year (i.e., unused grant funds are returned to MCCD or sufficient program income is received), the CDAC has the option of accepting applications on a limited basis during the year.

The CDAC will accept applications for urgent need projects, if necessary, at any time throughout the year.

#### Prioritizing Applications

The CDAC will not divide the CDBG and HOME/ADDI dollars evenly between communities. Rather, the relative needs and resources of all communities, incorporated and unincorporated, at the time of application will be considered when making funding recommendations.

- Projects/activities affecting the health, safety and welfare of County residents will generally take precedence over other projects/activities such as recreational projects; however, many other factors need to be considered. Therefore, this will not be a hard and fast rule.

- The CDAC will generally prioritize “bricks and mortar” projects/activities over service activities. However, service activities may be considered on a case-by-case basis if they are deemed to be a “high” or “medium” priority in the Consolidated Plan. CDAC will not establish priorities between types of “bricks and mortar” projects (i.e., public improvement vs. public facility, etc.).
- Permanent, stand-alone projects will, in most cases, take precedence over long-term continuing projects. The CDAC does not intend that specific projects/activities become dependent on the CDBG or HOME/ADDI funds on a long term basis. (An exception would be housing rehabilitation or downpayment assistance projects where the expectation is that funding received each year will be used to serve different citizens.)
- The CDAC will consider rehabilitation of commercial structures on a case by case basis; but they will not generally take priority over other projects/activities. If considered, commercial activities must be located in formally adopted revitalization areas.

CDAC acknowledges that some communities have more needs than others, and that some communities have more resources than others. It is also understood that some communities have a larger concentration of low/mod income residents than do others. However, the CDAC’s position will be that each community is equally deserving of CDBG and HOME/ADDI funding regardless of its low/moderate income population size.

### **Other Funding Resources**

It is not the intent of CDBG and HOME/ADDI to provide 100% of the funding for proposed projects/activities. While the CDAC recognizes that there are times when CDBG and HOME/ADDI will be the sole funding resource for a particular project/activity, grant applicants are strongly encouraged to identify and commit other resources to help support CDBG and HOME/ADDI funded projects/activities. While it will not be the only criteria, the CDAC will take into consideration the availability of other revenue sources when making funding recommendations.

### **Leveraged Resources**

Leveraging is defined as “using grant funds in order to acquire funding from third parties”. This might mean that the commitment of CDBG and/or HOME/ADDI funds is used to secure additional outside local or non-local revenue sources for a project/activity. This can also mean that CDBG and/or HOME/ADDI funds are used to bridge funding gaps in projects/activities funded by outside resources.

### **Other Financing Resources**

Other financing resources are defined as those resources belonging to the applicant that are committed in an effort to reduce the amount of CDBG and HOME/ADDI funds that are needed to fund a project/activity. (For example, city or town general funds.)

### **Operation and Maintenance (O&M)**

In order to be considered for CDBG and or HOME/ADDI funds, the CDAC will expect that any assets generated from a project/activity be appropriately maintained for the useful life of the asset; as defined by the CDBG and HOME/ADDI regulations and

contractual requirements. Therefore, applicants proposing a project/activity that will require upkeep and maintenance must provide a written commitment that they will cover all operation and maintenance (O&M) costs of the project/activity following final receipt of the federal funding.

For projects located in an Urban County city or town, that city or town will be expected to take responsibility for the O&M costs. In unincorporated areas, applicants will be expected to identify a responsible entity that will take responsibility for the O&M costs. This responsible party may be a nonprofit entity or organization, a duly organized special district, a County department (e.g., MCDOT for street projects, Parks and Recreation for park projects, etc.), or other acceptable responsible party.

#### Administrative Costs

Administrative costs include staff time and related costs incurred in order to implement a project/activity. CDBG and HOME/ADDI funds may not be used to cover costs of administering projects/activities. Administrative costs should be disclosed in the grant applications; but CDAC will not consider the revenue sources used to cover these costs as either “Leverage” or “Other Financing Resources” as defined above.

#### Other Funding Considerations

##### Projects Not Located in the Urban County

The CDAC recognizes that a project/activity to serve low/moderate income residents of the Urban County may not always be physically located in the Urban County. In those instances, the CDAC will recommend funding for the project/activity only up to the relative percentage of Urban County residents to be served by the project (i.e., if 20% of the clients to be served by the project/activity are from the Urban County, the CDAC will recommend funding up to 20% of the total project cost.)

The applicant will be expected to provide the CDAC with the following information.

- The need for the proposed service in that part of the County
- The rationale for selecting the project/activity site
- The methodology used to determine the number/percentage of Urban County residents that will be served by the project/activity
- The methodology that will be used to ensure that the same percentage of Urban County residents will continue to be served for the life of the project/activity

##### Joint Requests With Other Entitlements

The CDAC understands that there may be projects/activities undertaken jointly with other CDBG and/or HOME/ADDI recipients. The CDAC and BOS will expect MCCD to work closely with the other recipients to ensure that the federal regulations are complied with, and that the project/activity will meet State and County standards. While the County may rely on the other recipients’ work for compliance with the regulations, this will not replace the County’s responsibility to see that all requirements under the federal grants are complied with.

## **ADDITIONAL REQUIREMENTS**

### **Timely Implementation**

The CDAC will encourage grant applicants to thoroughly plan projects/activities prior to applying for CDBG and HOME/ADDI funds to ensure feasibility and timely implementation of projects.

The CDAC will make funding recommendations with the understanding that the projects/activities will be implemented in a timely manner. Projects/activities should commence within 90 days of the beginning of the program year or upon receipt of the authorization to expend funds from MCCD; whichever date is more appropriate.

If the 90-day commencement date is not met or whenever the implementation of a funded project/activity is behind on its contractual project schedule by 90 days or more, the CDAC will expect to be notified of the reasons for failure to implement the project within the stipulated time frame. In addition, a corrective action plan and revised timeline must be filed with the CDAC. If the corrective action plan and revised timeline are not acceptable to the CDAC, the Committee may recommend that the project/activity be terminated.

If a project/activity is terminated, or implementation of an approved project/activity is later determined not to be feasible, the CDAC will reprogram the unspent funds for another eligible project/activity in accordance with the Reprogramming Guidelines included in these policies.

### **Progress Reports**

The CDAC will receive monthly progress reports on all open projects/activities. To facilitate this, grant applicants will be expected to submit to MCCD complete, accurate, and timely status reports as specified in the MCCD Administrative Manual. Grant applicants from Urban County cities and towns will also be expected to submit a copy of all progress reports to their respective CDAC representative.

### **Monitoring**

The CDAC will receive annual updates from MCCD regarding any significant findings or concerns noted during the annual monitoring process of grant recipients. For cities and towns, a copy of the individual monitoring reports will be submitted to the appropriate CDAC representatives. For current grant recipients, any significant outstanding monitoring issues will also be reported to the CDAC at the time that grant applications are received.

### **Program Income**

The CDAC understands that projects/activities funded through CDBG and HOME/ADDI funds may generate program income under the federal regulations. Grant applicants will identify in grant applications whether the proposed project/activity is expected to

generate program income, and, if so, will identify the intended use of the program income generated.

Grant recipients will inform MCCD of any program income actually generated by approved projects/activities. With MCCD's approval, grant recipients may be allowed to retain any program income earned; however, the program income must be used only for eligible activities in accordance with all CDBG/HOME/ADDI requirements as may then apply.

MCCD will be required to keep accurate records of program income earned to meet HUD guidelines. CDAC will expect grant recipients to account for and report program income to MCCD in accordance with the MCCD Administrative Manual.

### **Fair Housing**

The CDAC will expect that all grant applicants, particularly those applying for housing assistance projects/activities, to affirmatively further fair housing within their communities. Grant applicants will comply with fair housing requirements in the MCCD Administrative Manual, and will work closely with MCCD to ensure that the Urban County Fair Housing Plan is implemented to HUD's satisfaction.

### **Environmental Review Requirements**

The CDAC will make funding recommendations contingent upon the completion of the appropriate environmental review for each project/activity in accordance with the environmental review requirements of 24 CFR Part 58.

#### **Environmental Review Record**

MCCD will be responsible for completing and maintaining the appropriate written record of the environmental review undertaken. CDAC will expect grant applicants to work closely with MCCD staff to ensure they have sufficient, accurate information with which to conduct the environmental review. If a grant applicant does not cooperate fully with the environmental review process, CDAC shall recommend that funding to the project/activity be revoked.

If the project/activity site contains hazardous materials, the CDAC shall recommend that the project/activity site not be funded with federal funds.

#### **Release of Funds**

No grant funds may be encumbered or expended prior to the time when the project/activity receives a written statement from MCCD indicating that funds have been released for that particular project. All funds encumbered prior to MCCD's release of funds notice are the responsibility of the grant recipient, and will not be reimbursed with grant funds.

### **Acquisition and Disposition of Property**

#### **Acquisition of Property**

The process of acquiring all real property shall be directed by MCCD. Grant recipients will not pay in excess of 10% of the appraised value of any property. To the greatest

extent possible, acquisition will be voluntary, and the power of eminent domain will be used only as a last resort. Should the power of eminent domain be necessary, the municipality and the Maricopa County Board of Supervisors will enter into a written agreement outlining the terms and conditions of financial responsibilities for each party. In all cases, federal and state laws governing eminent domain will be fully complied with.

#### Disposition and/or Change in Use

The CDAC will require grant applicants receiving CDBG funds to submit an annual certification, which states that the properties funded with CDBG are still being used for an eligible purpose for the time period specified in the contract. A change in the use of any such property and/or disposition of property funded in whole or in part with CDBG funds requires prior approval of MCCD, and will, in most cases, result in funds being repaid to the County.

The CDAC will require grant applicants receiving HOME/ADDI funds to comply with the affordability requirements established under those grants. Grant applicants will be expected to secure the properties and to ensure that the properties are in compliance with the federal regulations for the full affordability period (24 CFR 92.254).

## **UNALLOCATED FUNDS**

When a project/activity (except continuing housing rehabilitation projects) is completed or cancelled, unused CDBG and HOME/ADDI funds will be returned to MCCD and accounted for as unallocated funds. Program income received may also be classified as unallocated funds until applied against program expenditures.

The CDAC will consider the numbers, types and status of existing grant projects/activities, and the time remaining in the fiscal year when determining the minimum balance of unallocated funds that should be maintained throughout the fiscal year.

For CDBG, the CDAC will ensure that there are unallocated funds in an amount equal to at least 5% of the current year's grant allocation on hand at July 1 of any fiscal year.

Any unallocated CDBG funds in excess of the required 5% amount identified above and any unallocated HOME/ADDI funds, not otherwise reallocated during the year, may be used to fund additional projects/activities, if the CDAC and the Board of Supervisors deems it appropriate. The reallocation requirements in this policy shall govern.

Any unallocated CDBG funds in excess of the required 5% amount and any unallocated HOME/ADDI funds may also be accumulated by the CDAC throughout the year, and may be added to CDBG and HOME/ADDI grant awards for allocation during the normal grant application process.

## REALLOCATION OF GRANT FUNDS

The CDAC will make recommendations to the BOS regarding the reallocation of CDBG and HOME/ADDI funds.

Funding reallocations will be subject to the Citizen Participation Plan adopted as part of the Five-Year Consolidated Plan. Significant reallocations will result in revisions to the Annual Action Plan. Increases in the project scope or funding amount will likely result in the necessity for additional environmental review requirements as well.

Funding reallocations can take several forms:

- Rescoping: revising the original quantity or dimension of work identified in the original project/activity scope as presented to the CDAC
- Transfers: moving funds from one approved grant project to another approved grant project
- Contingency Requests: moving unallocated funds to a current project to cover unanticipated cost overruns. This type of reallocation should be used to cover costs that are reasonable and could not have been anticipated at the time of the original grant award. This would include costs that are unpredictable, or are of an emergency or urgent need.

Requests for contingency will only be considered if the lowest responsible, responsive bid has been received but not yet accepted, and it is clearly above the grant amount identified in the project/activity budget.

- Reprogramming: moving unused funds (i.e., funds released due to program income received, unused funds at the end of a completed project, funds returned to the program due to cancellation of a project/activity, etc.) from a previously approved project/activity to a new project/activity.

Completion of existing projects/activities will take precedence over initiation of new projects/activities.

### **Reallocation for Existing Projects**

The CDAC will review all requests for reallocation, except as otherwise noted, and make recommendations to the BOS.

Reallocation requests must be in writing, and must include the following information:

- The sequence of steps and decisions leading to the request
- The current justification for the request
- The precise changes in the budget and/or scope of work
- Any change in the impact on the project beneficiaries

- A certification that the citizen participation process was followed. If appropriate, at least one public hearing may be necessary to comply with this process. The CDAC will conduct any necessary public hearings for the unincorporated areas.

The reallocation request must meet all the standards of an initial application for CDBG and/or HOME/ADDI funds. If the proposed reallocation results in significant changes from the original funding request, a new application may be required.

Written requests for reallocation should be submitted to MCCD at least three (3) weeks prior to the next regularly scheduled CDAC meeting. Any public meetings, public hearings, bid openings or other related events must take place early enough to ensure that this timeline can be complied with. If the written request is not submitted timely, bids or other documentation supporting the information in the request may lapse or become invalid; furthering delaying the project/activity.

Reallocation requests resulting in an increase in funding to the grant recipient will not be considered unless the applicant is in compliance with the 1.5 rule and all current contractual requirements.

#### Reallocation Thresholds

MCCD may approve reallocation requests of \$5,000 or less and insignificant changes in project scope administratively (i.e., without the approval of CDAC or the BOS).

The CDAC may approve reallocation requests of more than \$5,000 without obtaining BOS action; provided that the total reallocation does not exceed 10% of the original grant award. The CDAC may also approve any rescoping requests without BOS action provided that the entire scope of the original project is not changed.

The BOS must approve any reallocation requests in excess of 10% of the original grant amount, and must approve any actions in which the entire scope of the project is changed.

The CDAC and BOS will not consider reallocation requests in excess of 30% of the amount currently available in unallocated funds during the fiscal year; unless the request specifically addresses an urgent need as defined in these policies.

#### **Reallocation for Additional Projects**

If the County has a large amount of CDBG and/or HOME/ADDI funds unallocated for any reason, the CDAC may:

- Recommend that the BOS award these funds to a project/activity that was not recommended for funding during the normal application process within the last 12 months. This would include applications that were received but not funded due to funding shortfalls (applications that were denied by the CDAC for other reasons may not be considered), or
- Conduct a special application process or a Request for Proposal process to solicit projects/activities for the unused funding. Applications/proposals received through a

special process must meet all of the criteria established for the normal grant application process as identified in these policies, or

- Accept specific requests from the BOS for funding allocations. Such requests must meet all of the criteria established for the normal grant application process as identified in these policies, or
- Combine the unallocated funds with future HUD allocations when making funding recommendations during the annual grant application process.

Funding recommendations made through a special allocation process must receive BOS approval, and will result in an amendment to the Annual Action Plan.

The CDAC may appoint a subcommittee, to consist of two municipal CDAC representatives who are not applicants, two District CDAC representatives, and the CDAC Chair to review applications/proposals received through a special allocation process. The Subcommittee shall meet to make recommendations regarding the funding requests. Funding recommendations will then be made at the next regularly scheduled CDAC meeting. The CDAC may waive the requirement for a subcommittee if it is in the best interests of the County.

## **SCTAP FUNDING**

When funding is available, the Maricopa County Department of Transportation (MCDOT) may make Small Cities Transportation Assistance Program (SCTAP) funding available to Urban County cities and towns for street improvements.

The CDAC will review applications and make funding recommendations to the Board of Supervisors regarding the use of SCTAP funds during its normal application process. Once awarded, projects/activities funded with SCTAP funds will be administered by MCDOT.

### **Application Process**

MCCD will administer the SCTAP funding process on behalf of MCDOT. Grant applicants will be limited to one SCTAP application per entity. Grant applicants will utilize the same grant application form that is used for CDBG and HOME/ADDI funding requests. In addition, grant applicants may be required to fill out MCDOT's supplemental SCTAP application forms.

Grant applications for SCTAP funding will be subject to the same funding considerations discussed earlier in this document whenever appropriate.

### **Low/Moderate Income Criteria**

To qualify for SCTAP funding, grant applicants must demonstrate that the area to be served by the street improvement project meets the definition of a low/moderate income area under the CDBG grant requirements.

### **Operation and Maintenance (O&M)**

Applicants will be expected to document that they have full control over the operation and maintenance of the streets to be improved. Roadways that are controlled by other jurisdictions are not eligible for SCTAP funding. Applications for a SCTAP-funded street project must include reasonable proof of the applicant's ability to cover all street operation and maintenance (O&M) costs following receipt of the funding. Applicants will be required to comply with any additional MCDOT requirements in exchange for the SCTAP funding.

## DEFINITIONS

### Acronyms

|       |   |       |   |
|-------|---|-------|---|
| AAP   | – Annual Action Plan                                | CPP   | – Citizen’s Participation Plan                      |
| ADA   | – Americans with Disabilities Act                   | HOME  | – HOME Investment Partnerships Program              |
| ADDI  | – American Dream Downpayment Initiative             | HUD   | – U. S. Department of Housing and Urban Development |
| AMI   | – Area Median Income                                | LMA   | – Low/Moderate Income Area                          |
| BOS   | – Board of Supervisors                              | LMI   | – Low/Moderate Income                               |
| CAPER | – Consolidated Annual Performance Evaluation Report | MCCD  | – Maricopa County Community Development             |
| CDAC  | – Community Development Advisory Committee          | MCDOT | – Maricopa County Department of Transportation      |
| CDBG  | – Community Development Block Grant                 | O&M   | – Operation and Maintenance                         |
| CHDO  | – Community Housing Development Organization        | PI    | – Program Income                                    |
| CP    | – Five-Year Consolidated Plan                       | SCTAP | – Small Cities Transportation Assistance Program    |

### Commonly Used Words/Terms

|                            |  |
|----------------------------|--|
| Annual Action Plan         | – A HUD-required annual planning document. This document contains funding recommendations and goals for the coming fiscal year, and must be made available to the public for review and comment    |
| Beneficiary                | – The low/moderate income individual, individuals or households benefiting from the Federal assistance   |
| Citizen Participation Plan | – A HUD-required document. This document is developed as part of the Five-Year Consolidated Plan to address the method that will be used to notify the public of activities under the HUD programs |
| Commitment                 | – A legally binding agreement has been executed with a funding agency, contractor or a subrecipient for a specific sum of money for a specific property/activity/project                           |

- Concern – During the monitoring process, an issue identified as a program weakness which should be addressed to ensure compliance with federal and contractual requirements
- Consolidated Annual Performance and Evaluation Report – A HUD-required document. The purpose of this document is to assess and document the County’s performance results based on the funding allocations and goals identified in the Annual Action Plan. This document must be made available to the public for review and comment
- Consolidated Plan – A HUD-required document. The purpose of this document is to assess the needs and priorities for the County for a five-year period, and the goals and objectives that will be followed to address those needs. This document must be made available to the public for review and comment
- County Island – A neighborhood or area in Maricopa County that is located within the boundaries of a city or town but has not been incorporated as part of the city/town limits
- Demographics – Information provided to HUD describing the beneficiaries served under the Federal programs; including income, race, ethnicity, family size, single head of household, disability status, elderly status, etc.
- Encumbered – Documentation (such as an executed contract/agreement and/or project setup report) that has been received by MCCD indicating a legal and financial commitment of funds to a specific property/activity/project
- Expended – Funds have been spent on a property/activity/project, a reimbursement request has been submitted to MCCD, and MCCD has drawn down the funds from IDIS
- Fair Housing – Encompasses efforts made to ensure that County residents are not discriminated against with regard to all aspects of housing because they are in a protected class. Protected classes would include race, color, national origin, religion, sex, handicap (disability), and familial status.
- Finding – During the monitoring process, an issue identified as a program deficiency which needs to be addressed immediately in order to become compliant with applicable Federal and contractual requirements

- High Priority – Activities addressing needs that will be funded during the Five-Year Consolidated Plan period with HUD funds, either alone or in conjunction with other public or private funds
- Leverage – The use of grant funds in order to acquire funding from third parties
- Low Priority – Activities addressing needs that will not be funded during the Five-Year Consolidated Plan period with HUD funds
- Maricopa HOME Consortium – A body made up of Maricopa County and the Cities/Towns of Avondale, Chandler, Gilbert, Glendale, Mesa, Peoria, Scottsdale, Surprise and Tempe formed for the purpose of qualifying to receive HOME funds
- Maricopa Urban County – The Cities/Towns of Buckeye, Cave Creek, El Mirage, Gila Bend, Goodyear, Guadalupe, Litchfield Park, Queen Creek, Tolleson, Wickenburg and Youngtown, and all unincorporated areas of Maricopa County
- Medium Priority – Activities addressing needs that may be funded during the Five-Year Consolidated Plan period with HUD funds, if available, either alone or in conjunction with other public or private funds
- Monitoring – Formal review of a subrecipient or CHDO activity/project to ensure that all program rules, requirements, policies and procedures have been complied with
- Municipality – An incorporated city or town
- Non-Municipality – A nonprofit agency, for-profit agency, special district, or other non-municipal organization
- Owner – The individual or organization that holds valid legal title to or has a long-term leasehold interest (99-year minimum) in a property
- Program Income – Gross income received by the Consortium or any subrecipient directly generated from the use of CDBG and HOME/ADDI funds or matching contributions
- Suggestion – During the monitoring process, an issue identified as an opportunity to strengthen the systems of internal control, compliance and program administration to ensure continued success

- Unincorporated Area – An area that has not been incorporated in accordance with Arizona Revised Statutes
- Urgent Need – A community development need having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to handle the need.

Approved by CDAC 10/08/03  
Approved by BOS 11/19/03  
Recorded with COB 11/22/03  
Amended by CDAC 01/09/07  
Approved by BOS 01/16/08  
Recorded with COB 01/16/08