

CDBG Subrecipient Training

July 6, 2023



SAINT PAUL
MINNESOTA

STPAUL.GOV

Agenda

1. Introductions – City Contacts
2. Overview of Community Development Block Grant Program & What's new in 2023
3. Contract Review – Key Elements
4. Invoice and Payment Requirements and Process
5. Expectations for Monitoring
6. Q & A





Grants Points of Contacts @ PED

Grants Specialists are first point of contact and contract manager

- Austria Castillo (ESNDC, NENO, Rondo CLT + ESG)
- Zong Vang (DBNHS, Neighborworks + HOME)
- Tchu Yajh (City and Ramsey County CDBG Projects + Monitoring and TA)

Grants Compliance Supervisor, PED

- Jessica Deegan

Grants Administrator, PED

- Beth Ulrich

Other City Contacts

- Contract compliance, Accounting
- Environmental Reviews (Victor)
- Historic Preservation (George)



Agenda

1. Introductions – City Contacts
2. **Overview of Community Development Block Grant Program & What's new in 2023**
3. Contract Review – Key Elements
4. Invoice and Payment Requirements and Process
5. Expectations for Monitoring
6. Q & A





Housing Impact

A



Verdant Apartments
82-unit, income-restricted, Passive House building; part of the West Side Flats mixed-income development.
Year funded: 2020
Amount of funding: \$990,000

B



Kings Crossing
49 one-bedroom apartments for very low-income seniors and commercial space on a formerly blighted corner.
Year funded: 2011
Amount of funding: \$400,000

C



University Dale Apartments
Mixed-use development with 98 units of affordable housing built over a community library.
Year funded: 2002
Amount of funding: \$900,000

D



BROWNstone Lofts
A mixed-use development that includes 35 units of workforce housing, retail and green space located on the light rail route.
Year funded: 2016
Amount of funding: \$1,106,000

E



Hamline Station
108 affordable rental units with family housing and workforce housing for those in their first employed position.
Year funded: 2014
Amount of funding: \$1,150,000

F



Selby Milton Victoria Apartments
34 units of senior affordable housing over commercial space in the Rondo neighborhood.
Year funded: 2017
Amount of funding: \$825,000

G



Schmidt Artist Lofts
Award-winning renovation of former brewery into 247 affordable live/work artist lofts and 13 townhomes.
Year funded: 2012
Amount of funding: \$1,500,000

H



Infill housing
In the Little Bohemia neighborhood, public funding supported the rehab of 15 now owner-occupied homes.
Year funded: Ongoing
Amount of funding: Varies



Economic Development Impact



A



NDC Twin Cities Construction Alliance

Building rehab by community partners to house the Youth Build Program.

Year funded: 2015 & 2017

Amount of funding: \$550,000

B



Mañana Salvadorian Restaurant

Subgrantee Historic Saint Paul led the exterior rehabilitation for a new restaurant location.

Year funded: 2018

Amount of funding: \$99,000

C



Caydence Records & Coffee

ESNDC carried out interior and exterior improvements for a new use of a 1905 building.

Year funded: 2015

Amount of funding: \$50,000

H



D

Cookie Cart

A vacant grocery store brought up to code is now home to a thriving non-profit youth social enterprise program.

Year funded: 2017

Amount of funding: \$49,900

E



Brunson's Pub

HUD financing via subgrantee ESNDC's Business Investment Program supported exterior work at this popular spot.

Year funded: 2015

Amount of funding: \$50,000

F



Hmong Village

A parking lot expansion was possible through the NENDC's Economic Development Loan Leverage Fund.

Year funded: 2015

Amount of funding: \$200,000

G



Joe and Stan's Pub and Grill

A façade rehab was possible thanks to HUD funding and subgrantee Historic Saint Paul.

Year funded: 2019

Amount of funding: \$50,000

H



A-Side Public House

Historically significant 1885 building was converted to a brewpub and coffee bar, which created 6 new jobs.

Year funded: 2019

Amount of funding: \$200,000



What's New in CDBG for 2023

	Applies to	What
BABA – <u>Build America, Buy America</u>	CDBG Construction Activities with Steel and Iron.	Contracts require sourced products
VAWA – Violence Against Women Act Reauthorization	All HUD funding	Contracts require evaluation of policies impacting right to report rules
NSPIRE - Inspection Standards	Housing activities	New standards in effect replacing HQS and UPCS. More guidance to come



New - Build America, Buy America

- Enacted in the Infrastructure Investment and Jobs Act
- Establishes the “Buy America Preference”
 - All iron, steel, manufactured produced, and construction materials used in covered infrastructure projects must be produced in the US.
- In a phased implementation
 - CDBG program is first to be implemented for HUD. All funds obligated after 11/15/22 will apply for Iron and Steel
 - Other construction materials and manufactured products will be phased in over following two years
- Waived for projects with \$250,000 or less in federal financial assistance. Potential for waiving under exigent circumstances or for specific project waivers (including nonavailability, unreasonable cost) but difficult as no current process in place at HUD



New – Violence Against Women Act (VAWA) Reauthorization

- Reauthorization adds additional regulations and enforcement obligations for the **Right to Report Crime and Emergencies from One's Home** law.
- The law means that landlords, homeowners, tenants, residents, guests, etc, shall have the right to seek law enforcement or emergency assistance and shall not be penalized based on their request for assistance.
- CDBG recipients must identify and report laws or policies adopted by them or their subgrantees that impose penalties based on a request for law enforcement or emergency assistance, or criminal activity that occurred.
- <https://files.hudexchange.info/course-content/vawa-right-to-report-from-home-for-cdbg-recipients-webinar/VAWA-Right-to-Report-from-Home-for-CDBG-Recipients-Fact-Sheet.pdf>



New – National Standards for the Physical Inspection of Real Estate (NSPIRE)

- New standards HUD will use to assess whether housing meets minimum quality standards and can be assisted with HUD funds.
- Final rule published in May 2023, effective July 1, 2023
- Replaces UPCS and HQS

- [NSPIRE Final Rule](#)
- [NSPIRE website](#)

Agenda

1. Introductions – City Contacts
2. Overview of Community Development Block Grant Program & What's new in 2023
3. **Contract Review – Key Elements**
4. Invoice and Payment Requirements and Process
5. Expectations for Monitoring
6. Q & A





Funding & Budget

- **Budget** – annual by Grant
- **Payment** – Reimbursement on monthly basis, includes documentation sufficient to demonstrate
- **Program Income**
 - Example, Revolving Loan Funds
 - Exception, CBDO's Program Admin Funds
- **Spenddown Requirements**
 - within 6 months, 30% of the Program Funds; within 9 months, 65% of Program Funds; and within 12 months, 100% of Program Funds



ATTACHMENT A

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CFDA #14-218) SUBGRANTEE STATEMENT OF WORK / SCOPE OF SERVICES

3. Contract Review

Statement of Work (Attachment A)

1. **Project Title:**
2. **Entity Responsible for Carrying Out This Project:**
 - Organization Name:
 - Address:
 - Contract Manager:
 - Phone #:
3. **Project Description:**
4. **Statement of Need:** (Reasons for undertaking the project)
5. **Project Goals and Objectives:** (What will be achieved because of this project)
6. **Service Area / Target Population:** (Attach a map of the service area, or describe the population to be served)

- Developed by subrecipients; we manage to these items
- Also includes budget, activity details, and CDBG eligibility



Other Federal Requirements (CDBG)

Section 3 & Labor Standards

- Triggered by construction
- HREEO Office Compliance

Relocation

- If needed, hire a specialist



Other Federal Requirements (CDBG)

Environmental Reviews & Historic Preservation

- PED Planning and HP staff initiate and manage reviews
- Timelines

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

Compliance	Thresholds	Requirements	Exemptions
Affirmative Action / Equal Employment Opportunity (AA/EEO)	a)\$50,000, total public subsidy or contract, cumulative over 12 months, OR b)Sales made under HRA Land disposition policy	a. On any project over \$50,000, all contractors, prime and sub, have a goal of 32% for minorities and 20% for women participating on the project. b. In addition, the recipient must file an affirmative action program registration to diversify and implement fair employment practices with its workforce. The registration with the city remains in effect for 2 years.	None
Bonds – revenue and conduit (includes 4% tax credits)	All Bonds – No threshold	Little Davis-Bacon, Affirmative Action, Vendor Outreach, Sustainable Green Policy (for Housing Revenue Bonds)	None
Business Subsidy (State Law Chapter 116J.993)	a) \$150,000 for <u>grant or other subsidy</u> , yearly reporting is required beginning at \$25,000; b) over \$150,000 for <u>loan or loan guarantee</u> , yearly reporting required beginning at \$75,000	Wage and job goals, reporting.	Redevelopment when purchase of the site and site preparation is greater than 70% of assessed value, redevelopment of contaminated property, pollution control or abatement, renovation of old buildings or historic district assistance when assistance is less than 50% of cost, energy conservation, <u>housing</u> , certain non-profit corporations, and other exemptions.
City Labor Standards (Little Davis-Bacon)	\$25,000 (total project cost)	Projects over \$25,000 consisting of new construction work, demolition work, or repair work; onsite workers whose duties are physical or manual are paid weekly minimum prevailing rates including fringe benefits. Weekly certified payroll and compliance documentation submittal required.	<ul style="list-style-type: none"> Housing projects with 7 or fewer units. Contact Labor Standards in HREED re possible exemptions
Early notification system	\$250,000 or awarded developer rights	Provides notice to interested persons of applications for HRA financial assistance and developer rights.	Conduit bond
Federal Labor Standards (Davis-Bacon)	\$2,000 (total project cost)	When funding is of federal origin (CDBG, HOME, ARRA, EEC, etc.), all job site construction workers (including owners) whose duties are physical or manual must be paid weekly minimum prevailing wage rates (including fringe benefits). Weekly certified payroll submission is required.	<ul style="list-style-type: none"> Housing projects with 7 or fewer units assisted with CDBG funds – [11 or fewer units assisted with HOME funds]. Demolition without future reuse is exempt. <i>No exemptions for commercial projects.</i>
HUD Section 3	Any amount of HUD funding (CDBG, HOME, NSP, HOPWA grants, etc.). Contractors share responsibility at \$100,000 construction contract.	When certain federal funding is used (most often CDBG, CDBG-R, HOME, NSP), Section 3 requires that grantees, developers, contractors, and subcontractors direct employment and economic opportunities, to the greatest extent feasible, toward low- and very low-income persons (Section 3 resident) and businesses that provide economic opportunity to Section 3 residents (Section 3 business concerns).	None
Limited English Proficiency (LEP)	All federal financial assistance	Requirement to provide meaningful access to PED programs, services and activities to persons with limited English proficiency.	None

3. Contract Review

Contracting Compliance Requirements

- Vendor Outreach
- Labor Standards
- Affirmative Action
- Equal Opportunity



Compliance	Thresholds	Requirements	Exemptions
Living Wage (City Ordinance Administrative Code Chapter 98)	\$100,000	In 2021, living wage at 130% of the poverty level for a family of four is \$16.56 per hour or 110% (\$14.01 per hour) if health benefits are provided. Wage rates change annually. Duration is longer of three years or length of subsidy.	Small businesses with <ul style="list-style-type: none"> • 20 or fewer full time employees, • gross revenues of less than \$1,000,000 or if • professional/technical business then gross revenues less than \$2,500,000 • <i>No exemptions for housing</i>
Low Income Housing Tax Credits – 9% (see Bonds for thresholds and requirements for 4% tax credits)	All	None	
Project Labor Agreements (PLA)	\$250,000 (Effective June 4, 2009.)	Building and construction projects, parks, public works	Conduit bond
Sustainable Building Policy	More than \$200,000. All new construction projects and renovation projects of 10,000 sf and greater, and certain projects that include adding square footage to an existing building	Must be certified under one of the eligible green building standards, and comply with the Saint Paul Overlay. See Ordinance that became effective July 1, 2018.	Conduit bond except for multi-family housing revenue bonds.
PED/HRA Sustainability Initiative	All newly constructed commercial buildings over 15,000 square feet AND	Participate in Xcel Energy Design Assistance	Does not apply if complying with the Sustainable Building Policy
	All new multifamily buildings AND	Participate in Xcel Energy Design Assistance or ENERGY STAR New Homes	
	All rehab of single-family and duplex properties	Participate in Home Performance with ENERGY STAR	
Two Bid Policy	\$20,000	Requirement to obtain two bids from general contractors and subcontractors; award contract to lowest responsible bidder.	Exemption of process followed for negotiated contract with general contractor.
Vendor Outreach Program (VOP)	a) Total project cost in excess of \$50,000 or more, regardless of City contribution (eg: if there is a STAR grant award of \$25,000 and the total project cost is \$60,000, VOP applies). b) Sales made under HRA Land Disposition Policy	Project goals set on a project-by-project basis. Generally, 25% of Business Opportunities should be awarded to CERT certified Small, Women-owned and Minority-owned businesses, with at least 10% awarded to Small businesses, at least 10% awarded to Women-owned businesses, and at least 5% to Minority-owned businesses. B2Gnow reporting required. If at any time the project is not meeting the VOP goals, then Good Faith Efforts are	None

3. Contract Review

Contracting Compliance Requirements

- Vendor Outreach
- Labor Standards
- Affirmative Action
- Equal Opportunity



Audit

- Single Audit Requirements
- Uniform Administrative Requirements



Agenda

1. Introductions – City Contacts
2. Overview of Community Development Block Grant Program & What's new in 2023
3. Contract Review – Key Elements
- 4. Invoice and Payment Requirements and Process**
5. Expectations for Monitoring
6. Q & A



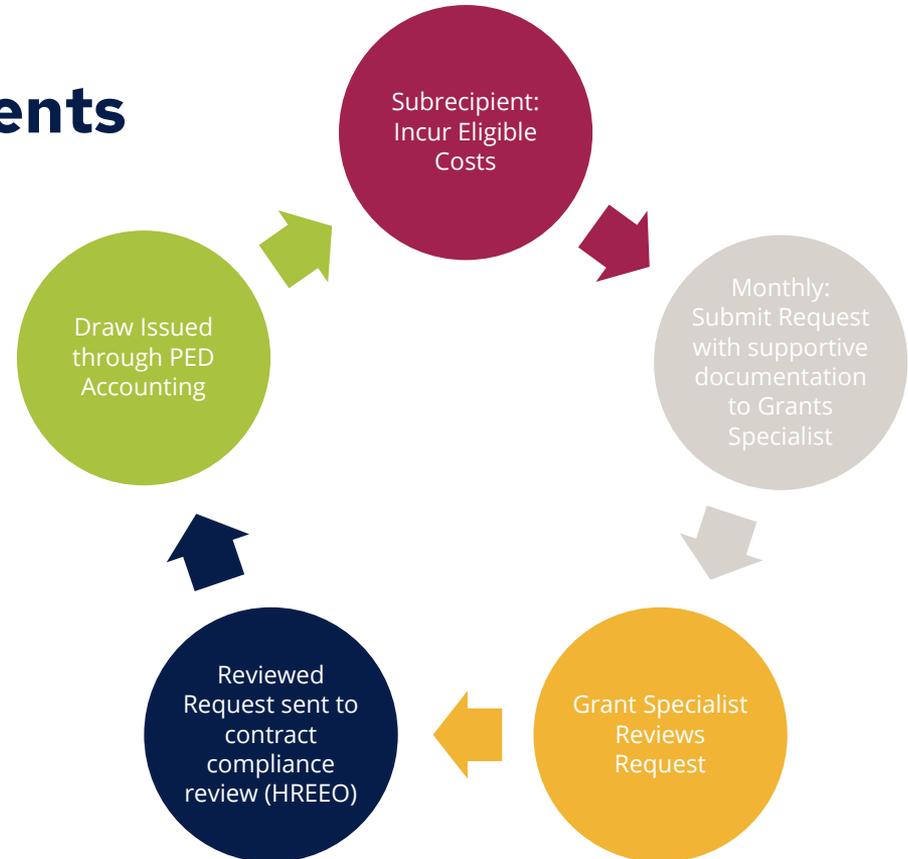


Process for Reimbursements

Tips:

Provide adequate documentation to support reimbursement requests

- Timesheets : Please provide tracked time spent on CDBG program/project within the subrecipient agreement terms. And provide supporting payment documents i.e, paystubs , payroll, or copy of check.
- Commercial projects under subgrant programs would be carved out from award via our internal accounting process. This can take 3-4 weeks before it's approved and added to the reimbursement request form for payment.



Agenda

1. Introductions – City Contacts
2. Overview of Community Development Block Grant Program & What's new in 2023
3. Contract Review – Key Elements
4. Invoice and Payment Requirements and Process
5. **Expectations for Monitoring**
6. Q & A





What to Expect with Monitoring of Your Programs

- The City of Saint Paul conducts subrecipient monitoring in accordance with federal regulations and HUD requirements.
- The City currently contracts with AHC to conduct desktop and onsite monitoring.
 - Desktop includes items that may be requested with reimbursement requests:
 1. Program Benefit, 2. Eligible Activity, 3. National Objective, 4. Environmental Review Record, 5. Contract, 6. Financial Documents, 7. Procurement, 8. Reports, 9. Review Expenditures, 10. Other Relevant Documents
- Monitoring may occur at any time during program year, and you will be provided with notice requested files and timing at least two weeks ahead of scheduled onsite monitoring.

Agenda

1. Introductions – City Contacts
2. Overview of Community Development Block Grant Program & What's new in 2023
3. Contract Review – Key Elements
4. Invoice and Payment Requirements and Process
5. Expectations for Monitoring
6. **Q & A**





Questions for Us?

- We can provide ongoing assistance for clarifications and interpretations of federal, state and local requirements.