

**JOHNSON COUNTY
COMMUNITY DEVELOPMENT
BLOCK GRANT PROGRAM**

**Application
Handbook**

2019 PROGRAM YEAR

JANUARY 1, 2019 – DECEMBER 31, 2019

TABLE OF CONTENTS

JOHNSON COUNTY, KANSAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

PART 1 INTRODUCTION

I.	Johnson County an Urban County_____	Page 1
II.	Cities with Cooperative Agreements_____	Page 1
III.	Lenexa, Overland Park, Shawnee and Olathe_____	Page 1
IV.	CDBG Entitlement Funds_____	Page 1
V.	Calendar for Application and Award Process_____	Page 2

PART 2 GOALS AND OBJECTIVES

I.	Federal CDBG Objective_____	Page 2
II.	Johnson County's CDBG Priority Objectives and Needs_____	Page 2
III.	Johnson County BOCC Strategic Priorities_____	Page 3

PART 3 FEDERAL PROGRAM REQUIREMENTS

Section 1.	Eligibility Requirements	
I.	National Objectives_____	Page 5
II.	Eligible Activities_____	Page 6
III.	Ineligible Activities_____	Page 10
Section 2.	Environmental Requirements 24 CFR Part 58	
I.	Johnson County Responsibility_____	Page 11
II.	Applicant Responsibility_____	Page 11
Section 3.	Administrative and Financial Requirements_____	Page 12
Section 4.	Fair Labor Standards	
I.	Labor Standards_____	Page 12
II.	HUD Responsibility_____	Page 13
III.	Local Government or Agency Responsibility_____	Page 14
Section 5.	Equal Opportunity Regulations_____	Page 14

PART 4 JOHNSON COUNTY PROGRAM REQUIREMENTS

I.	Eligible Applicants_____	Page 17
II.	Citizen Participation_____	Page 17
III.	Timely Expenditure of Funds_____	Page 18
IV.	Current Timeliness Policies_____	Page 18
V.	Funding Guidelines_____	Page 20
VI.	Nonprofit/Faith-Based Community Organizations_____	Page 21
VII.	Leveraged Funds_____	Page 22
VIII.	Reimbursement_____	Page 22

**JOHNSON COUNTY, KANSAS
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
2019 APPLICATION HANDBOOK**

**PART 1
INTRODUCTION**

The intent of this handbook is to provide information about the Johnson County Community Development Block Grant (CDBG) Program and the federal and local requirements that apply to the program. The handbook also provides local units of government, nonprofits or faith based organizations, and county agencies/departments with an understanding of their responsibilities in preparing an application and, if selected for funding, the administrative role that they must assume.

I. Johnson County an Urban County

Johnson County received its first CDBG funds in 1986, having met the eligibility requirements of the U.S. Department of Housing and Urban Development (HUD). The County qualified as an Urban County entitled to receive CDBG funds. To qualify as an Urban County the County needed a population of 200,000. Johnson County obtained cooperation agreements from seventeen cities in the county, having a total combined population of more than 200,000. In 2015, we completed the required steps to requalify as an Urban County in order to receive CDBG funding for Fiscal Years 2016, 2017, and 2018. In 2018, we will be completing the process for program years 2019, 2020, and 2021.

II. Cities with Cooperative Agreements

Johnson County presently has cooperation agreements for the CDBG program with the following sixteen cities:

De Soto	Edgerton	Fairway	Gardner	Lake Quivira
Leawood	Merriam	Mission	Mission Hills	Mission Woods
Olathe	Prairie Village	Roeland Park	Spring Hill	Westwood
Westwood Hills				

III. Lenexa, Overland Park, Shawnee and Olathe

The cities of Lenexa, Overland Park, and Shawnee receive their own CDBG funds as entitlement cities. The City of Olathe receives a set amount of the County's CDBG funds. Accordingly, **County CDBG funds cannot be used for activities in Lenexa, Overland Park, Shawnee or Olathe.** In order to serve residents in these cities, an applicant must apply for CDBG funding in each of the cities.

IV. CDBG Entitlement Funds

Johnson County receives an annual entitlement based upon a formula determined by HUD. In 2017 the County received \$993,150. 2018 funding amounts have not been released.

V. Calendar for Application and Award Process

Application Workshop	April 17, 2018
Applications Due by 4PM to Olathe.....	May 18, 2018
Applications Due by noon to Johnson County.....	May 24, 2018
Evaluation and Rating of Applications	July 23, 2018
Public Notice of Proposed 2019 Action Plan	September 2018
Public Hearing on Proposed 2019 Action Plan	October 2018
2019 Action Plan Submitted to HUD	November 15, 2018
Program Year begins.....	January 1, 2019

PART 2
GOALS and OBJECTIVES

I. Federal CDBG Objective

Title I of the Housing and Community Development Act of 1974, as amended, states that: **“the primary objective of this title is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income.”** The Code of Federal Regulations, 24 CFR 570 Subparts A through O, governs how this objective is to be carried out.

II. Johnson County’s CDBG Priority Objectives

The primary goal of Johnson County's Community Development program is to provide federal financial assistance to eligible applicants for the purpose of community development. Toward this goal, the County has identified a number of strategies in its Consolidated Plan that eligible applicants are to consider in applying for CDBG funds. A local unit of government may also use local development goals and/or objectives in support of a specific activity for which block grant funds are requested.

As stated in the **2015-2019 Consolidated Plan**, Johnson County’s priority needs are:

- 1.** Non-housing Community Development
 - Public Facilities
 - Public Improvements
 - Infrastructure
 - Public Services
 - Economic Development
- 2.** Affordable Housing
- 3.** Homelessness

III. Johnson County Board of County Commissioners Strategic Priorities

The Johnson County Board of County Commissioners has established strategic priorities. Applicants are asked if and how their proposed project addresses any of the priorities established by the BOCC. Below are the most recent priorities set by the BOCC in January 2018.

From the Johnson County Board of County Commissioners Strategic Priorities

BOARD OF COUNTY COMMISSIONERS STRATEGIC PRIORITIES

Revised January 18, 2018

- 1. Complete or advance existing projects approved by voters and the Board of County Commissioners with efficiency and effectiveness.**
- 2. Develop and implement a comprehensive plan to protect, support, integrate, and utilize County government's data and systems.**
- 3. Develop a vision and finance plan for transportation in the county to help increase the economic health of Johnson County, the State of Kansas and the metropolitan area.**
- 4. Advance the self-sufficiency of vulnerable populations, including those with intellectual and developmental disabilities, those with mental health needs, those who are aging, and those who are housing insecure.**

Johnson County Board of County Commissioners Strategic Priorities, 2015-2016

Introduction

In recent years, the Board of County Commissioners, with support from the County's executive management team, has engaged in a deliberative process to navigate strategic direction for County government's future decisions and service delivery.

The County's process for clarifying its priorities has focused on identifying the most important strategies for adding value to the community it serves. Beginning in late 2014, the County engaged elected and appointed leaders in a process that included:

- analysis by the County's executive team of realities and trends within and beyond the organization that should influence decisions about future direction (strengths weakness, opportunities and threats or SWOT);
- formulation of recommended strategic priorities and objectives by the County executive team;
- BoCC retreat to review progress on current strategic priorities, receive the executive team's analysis and recommended priorities, widen the SWOT analysis and brainstorm additional strategic priorities; and
- an additional BoCC retreat to articulate organizing guidelines for establishing priorities; engage in dialogue about all proposed strategic priorities and begin consideration of the priorities are the most important.

Guiding Vision and Guidelines

In all of this work, the County has continued to rely on the findings and recommendations offered by its 2011 Citizens Visioning Committee, including the Committee's vision for Johnson County:

Johnson County will be a community of choice – an inclusive culturally and economically diverse community – nationally recognized for its quality of life, innovation and exceptional leadership.

PART 3
FEDERAL PROGRAM REQUIREMENTS

This part addresses federal requirements for the CDBG Program:

- Section 1. Eligibility requirements;**
- Section 2. Environmental requirements;**
- Section 3. Administrative and financial requirements;**
- Section 4. Fair Labor Standards; and**
- Section 5. Equal Opportunity regulations.**

Section 1. Eligibility Requirements

In determining if CDBG funds may be used to assist a proposed activity, the activity must meet two federal requirements. It must meet one of the three National Objectives and it must be an eligible activity in the CDBG Statute.

I. National Objectives

The Housing and Community Development Act of 1974, as amended, established a Primary Objective and three National Objectives for the CDBG program. The Primary National Objective is "the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income." **The proposed activity MUST meet one of these three National Objectives.**

A. The Activity Provides Maximum Feasible Benefit To Low- and Moderate-Income Persons.

An activity will be considered to benefit low- and moderate-income persons only if it meets **one** of the following criteria:

- 1. Area Benefit** - The activity must be carried out in, and benefit, a residential neighborhood consisting of a minimum of 33.92% persons of low- and moderate-income; or
- 2. Limited Clientele** - The activity must involve facilities or services designed to benefit persons, at least 51% of who are of low- and moderate-income. Or, to exclusively benefit individuals presumed to be low- and moderate-income individuals, i.e. abused children, battered spouses, elderly persons, adults defined as severely disabled in the Bureau of Census' Current Population Report, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or
- 3. Housing** - An activity carried out for the purpose of providing or improving residential structures that, upon completion will be occupied by low- and moderate- income persons; or

4. **Job Creation or Retention** - The activity must create or retain permanent jobs where at least 51% of the jobs involve employment of low- and moderate-income persons.

B. The Activity Aids In the Prevention or Elimination Of Slums or Blight.

This objective can be achieved when proof is supplied that the activity is qualified under Section 17-4760 of the Kansas Statutes.

C. The Activity Meets an Urgent Need.

Use of this objective is extremely rare. This objective can be achieved **ONLY when ALL FOUR** of the following requirements are met at the time the application is submitted:

1. The determination of "immediate threat" has been made in consultation with the appropriate state or federal agency. Documentation from that agency noting this "immediate threat" must be included with the application.
2. The applicant is unable to finance the activity. Documentation certifying this fact must be included with the application.
3. Other sources of funding must have been investigated and must be unavailable. Documentation certifying this fact must be included with the application.
4. The problem the activity addresses has not existed for more than **18 months prior to the application**. Documentation certifying this fact must be included with the application.

II. Eligible Activities

In addition to meeting one of the National Objectives, the activity proposed for funding must qualify as an "eligible" activity as listed in the Code of Federal Regulations.

24 CFR Subpart C, 570.201 Basic Eligible Activities

- A. **Acquisition of Real Property** (24 CFR 570.201(a))
Acquisition by purchase, lease, or otherwise, of real property (including air rights, water rights, right-of-ways, easements, and other interest therein) for public purposes.
- B. **Disposition** (24 CFR 570.201(b))
Disposition through sale, lease, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, provided that the proceeds from any such disposition shall be treated as program income.

C. Public Facilities and Improvements (24 CFR 570.201(c))

Acquisition, reconstruction, rehabilitation or installation of public facilities and improvements carried out by the recipient or other public or private nonprofit entities. In undertaking such activities, design features and improvements that promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Activities may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements.

Facilities designed to provide shelter for persons having special needs are considered public facilities and are not subject to the prohibition on new housing construction. Such facilities include shelters for the homeless; convalescent homes; hospitals; nursing homes; battered spouse shelters; half-way houses for run-away children; drug offenders or parolees; group homes for mentally retarded persons and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients may acquire title to public facilities.

D. Clearance Activities (24 CFR 570.201(d))

Clearance, demolition and removal of buildings and improvements, including the movement of structures to other sites. Demolition of HUD assisted-units must have HUD approval.

E. Public Services (24 CFR 570.201(e))

Provision of public services, including but not limited to those concerned with employment, crime prevention, childcare, health, drug abuse, education, energy conservation, welfare, or recreational needs. In order to be eligible for CDBG assistance, public services must meet **each** of the following criteria:

1. A public service must be either **(a) a new service**, or **(b) a quantifiable increase in the level of service** above that provided by or on behalf of the unit of general local government in the twelve calendar months prior to the submission of the statement.
2. The total amount of CDBG funds used for public services shall not exceed 15 percent of the total grant award.
3. **The use of the funds shall be limited to providing services (for which there is normally a charge)** to low- to moderate-income individuals at a reduced rate or free of charge, or for minor needed repairs and improvements to facilities which serve predominantly low- to moderate-income individuals. In the case of building improvements, a stipulation may be added to the grant agreement that an agency, vacating the facility prior to a five year period, will be required to repay a prorated share of the grant funds.

- F. Interim Assistance** (24 CFR 570.201(f))
The following activities may be undertaken on an interim basis in areas exhibiting Objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:
1. The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings;
 2. Conducting special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.
- G. Payment of Non-Federal Share** (24 CFR 570.201(g))
When required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided that such payment shall be limited to activities otherwise eligible under this program.
- H. Urban Renewal Completion** (24 CFR 570.201(h))
Payment of the cost of completing an urban renewal project funded under Title I of the Housing Act of 1949 as amended.
- I. Relocation** (24 CFR 570.201(i))
Relocation payments and assistance for permanently or temporarily displaced individuals, families, businesses, nonprofit organizations, and farm operations, in conjunction with a CDBG activity.
- J. Loss of Rental Income** (24 CFR 570.201(j))
Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be utilized for the relocation of individuals, and families displaced by program activities.
- K. Housing Services** (24 CFR 570.201(k))
Housing services, such as housing counseling in connection with tenant-based assistance and affordable housing activities assisted under Title II of the Cranston-Gonzalez National Affordable Housing Act. Energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities participating or seeking to participate in housing activities assisted under Title II of the Cranston-Gonzalez National Affordable Housing Act.
- L. Privately Owned Utilities** (24 CFR 570.201(l))
CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.
- M. Construction of Housing** (24 CFR 570.201(m))
CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

- N. Homeownership Assistance** (24 CFR 570.201(n))
Subject to statutory authority, CDBG funds may be used to provide direct homeownership assistance to low- and moderate-income households, as provided in section 105(a)(24) of the Act.
- O. Microenterprise Assistance** (24 CFR 570.201(o))
The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development.
- P. Technical Assistance** (24 CFR 570.201(p))
Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities.
- Q. Assistance to Institutions of Higher Education**
(24 CFR 570.201(q))
Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.

24 CFR Subpart C, 570.202 Eligible Rehabilitation and Preservation Activities

- A. Rehabilitation** (24 CFR 570.202(a))
CDBG funds may be used to finance the rehabilitation of:
 1. Privately owned buildings and improvements for residential purposes;
 2. Low-income public housing and other publicly owned residential buildings and improvements;
 3. Publicly or privately owned commercial or industrial buildings, except that the rehabilitation of such buildings owned by a private for-profit business is limited to improvements to the exterior of the building and the correction of code violations;
 4. Nonprofit-owned nonresidential buildings and improvements not eligible under 570.201(c); and
 5. Manufactured housing when such housing constitutes part of the community's permanent housing stock.
- B. Types of Assistance** (24 CFR 570.202(b))
Lists types of rehabilitation activities, and related costs.
- C. Code Enforcement** (24 CFR 570.202(c))
Costs incurred for inspection for code violations and enforcement of codes (e.g., salaries and related expenses of code enforcement inspectors and legal proceedings, but not including the cost of correcting the violations) in deteriorating or deteriorated areas when such enforcement together with public or private improvements, rehabilitation, or services to be provided may be expected to arrest the decline of the area.

- D. Historic Preservation** (24 CFR 570.202(d))
CDBG funds may be used for the rehabilitation, preservation, and restoration of historic properties, whether publicly or privately owned. Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, or listed in a state or local landmark or historic district by appropriate law or ordinance.
- E. Renovation of Closed Buildings** (24 CFR 570.202(e))
CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility, or to rehabilitate such buildings for housing.

24 CFR Subpart C, 570.203 Special Economic Development Activities

A recipient may use CDBG funds for special economic development activities in addition to other activities authorized in this subpart, which may be carried out as part of an economic development project.

24 CFR Subpart C, 570.205 Eligible Planning, Urban Environmental Design and Policy-Planning-Management-Capacity Building Activities

A recipient may use CDBG funds for planning activities, which consist of all costs of data gathering studies, analysis, and preparation of plans and the identification of actions that will implement such plans.

24 CFR Part 35 Lead-Based Paint Hazard Evaluation and Reduction

CDBG funds may be used to meet the Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance (Final Regulation, September 15, 1999).

III. Ineligible Activities

There are certain activities that are “ineligible” for funding. The general rule is that any activity that is not authorized under the provisions of item “II” above is ineligible. The following activities may not be carried out using CDBG funds:

- A.** Improving buildings or portions thereof, used for the general conduct of government, with the exception of making the buildings accessible for persons with disabilities.
- B.** Payment of general government expenses required to carry out the regular responsibility of the unit of general local government.
- C.** Political activities.

Section 2. Environmental Requirements **24 CFR Part 58**

I. Johnson County Responsibility

The 1969 **National Environmental Policy Act (NEPA)** of the Council on Environmental Quality establishes national policies, goals, and procedures for protecting, restoring and enhancing environmental quality. Johnson County is required by regulation to assure that each proposed activity meets environmental requirements. Each activity will be reviewed to determine if the proposed activity is Exempt or Categorically Excluded from compliance with NEPA. According to 24 CFR 58.38 Johnson County must maintain an environmental review record for each CDBG funded activity.

24 CFR 58.38 Environmental review record

The responsible entity must maintain a written record of the environmental review undertaken under this part for each project. This document will be designated the "Environmental Review Record" (ERR), and shall be available for public review. The responsible entity must use the current HUD-recommended formats or develop equivalent formats.

- a. ***ERR Documents.*** *The ERR shall contain all the environmental review documents, public notices and written determinations or environmental findings required by this part as evidence of review, decision making and actions pertaining to a particular project of a recipient. The document shall:*
1. *Describe the project and the activities that the recipient has determined to be part of the project.*
 2. *Evaluate the effects of the project or the activities on the human environment;*
 3. *Document compliance with applicable statutes and authorities, in particular those cited in 58.5 and 58.6; and*
 4. *Record the written determinations and other review findings required by this part (e.g., exempt and categorically excluded projects determinations, findings of no significant impact).*

II. Applicant Responsibility

As part of the application process, **each applicant must respond to questions that will help determine the impact of a proposed activity on the environment regardless of the type of activity.**

Section 3. Administrative and Financial Requirements

If an applicant is successful in being awarded a grant, the applicant will be responsible for the following administrative and financial requirements of 2 CFR 200. This is a uniform framework to manage federal awards including cost principles, administrative and audit requirements. The full context can be found on the Government Publishing Office (GPO) website at: <http://www.ecfr.gov/cgi-bin/text-idx?SID=97a9811fb07fc88dd8b4c6a48d0d1200&mc=true&node=pt2.1.200&rgn=div5>.

Structure of 2 CFR 200

Subpart A.	Acronyms and Definitions
Subpart B.	General Provisions
Subpart C.	Pre-Federal Award Requirements and Contents of Federal Awards
Subpart D.	Post-Federal Award Requirements
Subpart E.	Cost Principles
Subpart F.	Audit Requirements

The U.S Department of Housing and Urban Development issued Notice SD-2015-01, Transition to 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance on February 26, 2015 to assist HUD grantees. The document can be found at: <https://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf>.

Section 4. Fair Labor Standards Requirements

The Fair Labor Standards apply to proposed activities that involve construction or residential rehabilitation.

ONLY CONSTRUCTION CONTRACTS UNDER \$2,000 AND RESIDENTIAL REHABILITATION IN STRUCTURES WITH LESS THAN EIGHT UNITS ARE EXEMPTED FROM THE FOLLOWING LABOR STANDARDS.

I. Labor Standards

- A. Davis-Bacon Act.** The Davis-Bacon Act (DBA) provides that contracts in excess of \$2,000 to which the United States is party for the construction, alteration, and/or repair, including painting and decorating, of public buildings or public works, which involve the employment of laborers and/or mechanics shall contain provisions with respect to minimum wages, fringe benefits, payments without deductions or rebates, withholding funds from contractors to ensure compliance with the wage provisions, and termination of the contract or debarment for failure to adhere to the required provisions.
- B. Contract Work Hours and Safety Standards Act.** This Act (CWHSSA) applies to both direct Federal contracts and indirect Federally assisted contracts except where the assistance is solely in the nature of a loan guarantee or insurance. CWHSSA provides that work in excess of 40 hours per week shall be compensated for at rates not less than one and one-half times the basic rate of pay. The Act mandates that, all contracts requiring the employment of laborers and mechanics (and watchmen and guards) in the performance of work in connection with such activities contain

implementing provisions which will render the contractor and any subcontractor responsible for violation liable to the affected employees for their unpaid wages and to the United States for liquidated damages. The Act establishes an appeals procedure and makes intentional violations of the Act a Federal criminal misdemeanor.

- C. Copeland Act (Anti-Kickback Act).** The Copeland Act makes it a criminal offense for any person to induce, by any manner whatsoever, any person employed in the construction, prosecution, completion, or repair of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, to give up any part of the compensation to which he is entitled under this contract of employment. The Act also provides for the submission of weekly statements of compliance and weekly payrolls by all contractors.
- D. The Fair Labor Standards Act.** The Fair Labor Standards Act (FLSA) is applicable to HUD-assisted construction and provides for minimum wages for construction workers, overtime pay (forty-hour work week), record-keeping and child labor standards. The Department of Labor is responsible for the enforcement of the Fair Labor Standards Act. It is the responsibility of the contractor to request rulings from the Department of Labor relative to the applicability of FLSA and limitations on child labor.

HUD and any local or State agencies that are responsible for the performance of labor standards administration and enforcement activities delegated by HUD are governed by the regulations promulgated by the Secretary of Labor. The actual enforcement of labor standards, including activity investigations and the performance of routine activity compliance monitoring remains the overall responsibility of HUD. HUD has delegated certain aspects of the day-to-day enforcement responsibilities to local or State agencies that directly administer HUD-assisted programs. When such delegations have been made, they are set forth in the paragraphs that follow. HUD handles all other labor standards enforcement obligations directly.

II. HUD Responsibility.

HUD ensures through the provision of training, technical assistance and investigatory resources, as well as through the conduct of compliance reviews and monitoring, that local and State agencies are effectively performing their responsibilities. HUD Field Office Labor Relations Staff shall:

- 1.** Assist and provide technical assistance to local and State agencies.
- 2.** Conduct comprehensive labor standards compliance reviews of local or State agencies and recipients.
- 3.** Perform investigations of complaints and other labor standards matters.
- 4.** Provide all labor standards technical and support functions to HUD program areas.
- 5.** Make recommendations regarding debarment for labor standards violations.

III. Local Government or Agency Responsibility

Compliance with labor standards provisions is a condition for receipt of HUD assistance. Accordingly, **each city or agency is responsible to HUD for ensuring compliance with Federal labor standards requirements** as follows:

1. Designating appropriate staff before the start of construction to ensure compliance with all applicable labor standards requirements and to act for and in liaison with the county and HUD (appoint a Labor Standards Officer).
2. Establishing a construction contract management system.
3. Informing all contractors and subcontractors performing contract construction work of their labor standards obligations at the pre-construction conference.
4. Ensuring that all bid documents, contracts, and subcontracts contain Federal labor standards provisions and the applicable Department of Labor wage determination, and that no contractor is ineligible for federally assisted work.
5. Conducting on-site activity inspections, which include employee interviews when needed, and checking for posting of the Federal/State Labor Laws, the wage determination as well as the review of weekly contractor payrolls.
6. Correcting all violations of labor standards promptly.
7. Maintaining full documentation attesting to all administrative and enforcement activities with respect to Federal labor standards requirements, such documentation to be made freely available for HUD review. Such documentation shall include all weekly payrolls, copies of wage determinations and any applicable changes or modifications, notices of start of construction, on-site inspection reports and employee interviews, and any other records utilized in enforcement administration including records of wage and restitution made and pre-construction conference minutes.
8. Complying with requirements imposed by HUD concerning special requirements of law, program requirements, and other administrative requirements.

Section 5. Equal Opportunity Regulations

All proposed activities are subject to the following Equal Opportunity Regulations.

A. Title VI of the Civil Rights Act of 1964. Nondiscrimination in Federally Assisted Programs.

Title VI provides that no person shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

It directs each Federal department or agency which extends financial assistance to any program or activity through grants, loans, or contracts, except contracts of insurance or guaranty, to issue rules or regulations to be approved by the President to carry out the purposes of the Title. Title VI authorizes the termination of the refusal to grant or continue Federal assistance under any program or activity involving a recipient as to whom there has been an express finding on the record of failure to comply but only, after due notice, an opportunity for hearing and a determination that compliance cannot be secured by voluntary means.

B. Section 109 of the Housing and Community Development Act of 1974.

Section 109 states that "No person in the United States shall on the grounds of race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds available under this title."

This provision, while similar in wording to Title VI of the Civil Rights Act of 1964 is in fact a totally separate provision requiring its own specific procedures and is an integral part of the Housing and Community Development Act. As a result, equal opportunity requirements have been interwoven into the application and performance report processes. The responses must be based upon the nondiscrimination provisions as well as the specific performance standards and record-keeping requirements.

Section 570.601 of the Community Development Block Grant Regulations outlines the various prohibited discriminatory actions and, more importantly requires the amelioration of the effects of past discrimination. Discrimination is banned, inter alia, in the offering of services or facilities; treatment of individuals; utilization of criteria and methods of administration; and determination of sites or locations of housing or facilities.

C. Section 3 of the Housing and Urban Development Act of 1968.

Section 3 requires that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the activity area. And that contracts for work in connection with the activity are awarded to business concerns which are located in, or owned in substantial part by persons residing in, the area of the activity.

D. Executive Orders

1. Executive Order 11063 (November 20, 1962)

This Order requires all Federal departments and agencies to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin in the sale or rental of residential property and related facilities owned or operated by the Federal Government or provided with Federal financial assistance. The Order also prohibits discrimination in lending practices in so far as such practices relate to loans insured or guaranteed by the Federal Government.

2. Executive Orders 11246 (September 24, 1965) and 11375 (October 13, 1967).

Executive Order 11246 was issued on September 24, 1965, superseding Executive Orders 10590, 10722, 10925, 11114, and 11162 and abolishing the President's Committee on Equal Employment Opportunity. Part I of this Order prohibits discrimination in Government employment because of race, color, creed or national origin, disability, or familial status. It directs each executive department and agency to establish and maintain a positive program of equal employment opportunity for all civilian employees and applicants for employment. It authorizes the Civil Service Commission to supervise and provide leadership and guidance for the programs. The Secretary of Labor is responsible for the administration of Parts II and III of the Orders and for issuing rules and regulations relating respectively to "Nondiscrimination Provisions in Federally Assisted Construction Contracts." On October 13, 1967, Executive Order 11375 amended Executive Order 11246 to add the prohibition of discrimination because of sex.

E. Equal Opportunity Records That Recipients and Subrecipients Must Maintain Includes:

1. Demographic data by census tract. The data shall include prevailing population characteristics relating to race, ethnic group, sex, age, head of household, and income.
2. Data showing the extent to which these categories of persons have participated in, or benefited from programs and activities funded under the Community Development Block Grant Program.
3. Data which records its affirmative action in equal opportunity employment, including but not limited to employment, upgrading, demotions, transfers, recruitment or recruitment advertising, layoffs or terminations, pay or other compensation, and selection for training.
4. Data which records its good faith efforts to identify, train and or hire lower income residents of the activity area and to utilize business concerns which are located in or owned in substantial part by persons residing in the area of the activity.

PART 4
JOHNSON COUNTY PROGRAM REQUIREMENTS

In addition to the federal requirements that apply to the CDBG program, Johnson County has established the following local program requirements.

I. Eligible Applicants

Eligible applicants are limited to the sixteen cities with cooperative agreements, nonprofits, faith-based organizations, and County Departments.

Activities that propose to resolve problems existing in unincorporated areas of the county must be submitted through a County Department.

An eligible applicant may submit an application that includes subcontracting with other entities, either public or private, to perform any service, activity or undertaking which the subcontracting entity is authorized by law to perform.

Special purpose bodies such as local housing authorities, water or sewer districts, or local development corporations are not eligible to apply directly, although they may be involved in implementing and administering a program if an eligible applicant agrees to such an arrangement.

***NOTE:** Since final reimbursement requests are due in to the County or City of Olathe in early December, it is recommended that public service applicants estimate their budget for **January 1 through November 30** of the program year.

II. Citizen Participation

Citizens must be furnished with information concerning the amount of CDBG funds expected to be available for community development and housing activities and the range of activities that may be undertaken with those funds.

A. City Responsibility

Local units of government who are interested in submitting a CDBG application to the County are required to obtain the views of citizens through at least one public hearing held before the city council, advertised at least fourteen (14) days in advance in the city's newspaper of record. The public comment period begins on the day after publication.

Please refer to our Citizen Participation Plan located on our website at:
<http://www.jocogov.org/dept/community-development/reports>

Two public hearings are recommended: one to obtain citizen input regarding what activities they would like the city to submit, and one to discuss the final applications the city council has chosen to sponsor.

City applicants will include a copy of the Public Notice when submitting their application and a copy of city council minutes from the public hearing.

B. County Responsibility

The County holds two public hearings. The first hearing will be held to obtain the views of citizens on housing and community development needs. The second hearing will be held on the County's draft Consolidated Plan/Annual Action Plan. The Annual Action Plan provides a complete listing of the proposed activities for the coming program year. A 30-day public comment period is provided prior to this public hearing.

III. Timely Expenditure of Funds

Johnson County must meet a timeliness requirement for the expenditure of its CDBG funds. HUD is aggressively enforcing this requirement.

24 CFR Subpart O, 570.902

Review to Determine If CDBG Funded Activities Are Being Carried Out In a Timely Manner

HUD will review the performance of each entitlement and HUD-administered small cities recipient to determine whether each recipient is carrying out its CDBG assisted activities in a timely manner.

(a) Entitlement recipients

(1) Before the funding of the next annual grant and absent contrary evidence satisfactory to HUD, HUD will consider an entitlement recipient to be failing to carry out its CDBG activities in a timely manner if:

(i) Sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient under grant agreements but undisbursed by the U.S. Treasury is more than 1.5 times the entitlement grant amount for its current program year.

On November 20, 2001 HUD sent a letter to all entitlement cities and counties establishing a new policy on timeliness. "Failure to meet the 1.5 standard will cause HUD to reduce the next grant by 100% of the amount in excess of 1.5."

Johnson County has implemented the following policies to assure the timely expenditure of funds by subrecipients.

IV. Current Timeliness Policies

A. Pre-Award Cost Policy

Subrecipients of Johnson County Consortium CDBG funds may be reimbursed for pre-award costs under and subject to 24 CFR 570.200(h)(1).

24 CFR 570.200 General Policies

(h) Reimbursement For Pre-Award Costs. The effective date of the grant agreement is the program year start date or the date that the consolidated plan is received by HUD, whichever is later. For a Section 108 loan guarantee, the effective date of the grant agreement is the date of HUD execution of the grant agreement amendment for the particular loan guarantee commitment.

- (1) Prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay for those costs using its CDBG funds, provided that:
 - (i) The activity for which the costs are being incurred is included in a consolidated plan action plan or an amended consolidated plan action plan (or application under subpart M of this part) prior to the costs being incurred;
 - (ii) Citizens are advised of the extent to which these pre-award costs will affect future grants;
 - (iii) The costs and activities funded are in compliance with the requirements of this part and with the Environmental Review Procedures stated in 24 CFR part 58;
 - (iv) The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds;
 - (v) CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and
 - (vi) The total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year or \$300,000.

Pre-Award costs: Pre-award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

B. Engineering/Architectural Cost Policy

Subrecipients of Johnson County Consortium CDBG funds may be reimbursed for engineering/architectural costs directly related to carrying out an eligible project included in the HUD approved Consolidated Plan/Action Plan.

Professional service costs: Cost of professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill, whether or not officers or employees of the governmental unit, are

allowable, subject to section 14 when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government.

C. Unliquidated Public Service Funds Policy

Unliquidated Public Service funds not drawn down by the date specified in the Subrecipient Agreement will be deobligated.

D. Subrecipient Agreements – Not a Public Service

Subrecipient agreements now have the clause:

“If it is known or anticipated that the activity funded by this grant will not be closed out by December 31, 201x, a request for an extension must be made in writing to the County’s Community Development Coordinator.

The request will explain the reason(s) why the activity will not be completed by December 31, 201x and provide a firm timeline for completion.

If a request for an extension is not submitted, no future reimbursements will be made until a request for an extension is submitted. The request must be received by December 10, 201x and signed by the Mayor of the City, Chairman of the Board, or Department Director.

V. Funding Guidelines for Cities & County Departments

Johnson County currently has the following funding guidelines.

A. 100,000 limit

A city or county department is limited to a total grant request not to exceed \$100,000 each program year.

B. \$200,000 limit

A city or county department may make a grant request for up to \$200,000.

THIS IS NOT TO BE CONSIDERED A TWO-YEAR GRANT. It is subject to the timeliness requirement. The \$200,000 maximum grant was established to assist large activities that could not be undertaken under the \$100,000 annual limit.

Entities requesting the \$200,000 maximum grant are ineligible to apply for a grant in the year following the award of the \$200,000 grant.

C. 10% In Additional Funding

Subrecipients will be eligible to apply for up to 10% in additional funding, when and if such funding is available, from funds that have been deobligated from other activities.

This will apply only to activities that are or will be completed, as originally proposed, within the program year during which the activity was funded,

and have an overrun in the activity budget, as set forth in the application. Awards will be made on a "first-come, first-served" basis.

D. Up to \$50,000 in Additional Funding May Be Requested

Up to \$50,000 in deobligated funds may be requested for an eligible activity for which funding is needed prior to the next formal application cycle. Applications for such funding must be submitted to the Johnson County Community Development Coordinator on the standard Community Development Block Grant Application form. The Community Development & Housing Advisory Committee will determine whether or not such activities will be recommended for funding.

E. Funding Limits

If the activity goes over budget, CDBG will pay no more than the original obligation.

VI. Nonprofit Organizations & Faith-based Communities

Nonprofit organizations/faith-based communities can apply directly to Johnson County.

The nonprofit organization or faith-based community must see that the grant is administered in accordance with all grant requirements.

A. \$35,000 limit

Nonprofit/faith-based community applications of up to \$35,000 per year are allowed, provided that all county residents (except those in the cities of Lenexa, Olathe, Shawnee and Overland Park) are eligible to apply for the services of the proposed activity.

B. \$15,000 limit

Nonprofit/faith-based community applications of up to \$15,000 per year are allowed, if the services of the proposed activity are limited to a city's residents.

C. Additional Funding

In exceptional circumstances nonprofits/faith-based communities with limited budgets may request additional funding to complete an activity that has been undertaken with CDBG funding. Such requests should be limited to situations in which there has been no change in an activity's scope, or where a funding shortfall has occurred due to circumstances beyond the control of the subrecipient agency. Recommendation for additional funding is limited to the amount needed to complete the activity and to the availability of a deobligated fund balance equal to, or in excess of, the amount of the request. To be eligible for additional funding the activity must provide service throughout Johnson County (except in Lenexa, Olathe, Shawnee and Overland Park).

VII. Leveraged Funds

Title I of the Housing and Community Development Act of 1974, as amended, Sec. 5301 states: "It is the intent of Congress that the Federal assistance made available under this chapter not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance."

The applicant is expected to provide leveraged funds in accordance with its financial capability. The application must contain verifiable statements indicating that the local leveraged funds represent the maximum amount available for the activity and that without the requested CDBG funds the activity could not be completed. However, those costs may be documented and used as local leveraged funds.

VIII. Reimbursement

The CDBG program operates on a reimbursement basis. If an applicant is approved for funding and the Community Development office receives a fully executed Subrecipient Agreement (contract), the Authorized Signature form, a Reimbursement Request form can then be submitted to Community Development. The Reimbursement Request must contain back-up documents confirming that expenditures were for activities described in the Subrecipient Agreement. Undocumented expenses will not be reimbursed.