

**Kitsap County  
Community Development Block Grant and  
Kitsap HOME Consortium**



**2019**

**CDBG/HOME  
POLICY PLAN**

# CDBG/HOME POLICY PLAN

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## EXECUTIVE SUMMARY

The 2019 Kitsap County CDBG/HOME Policy Plan provides guidance for applicants on things such as eligibility, overview of the funding allocation process, regulatory requirements, and local policy decisions for funding awarded during the 2019 Coordinated Grant Application cycle.

The allocation of CDBG and HOME funds are guided by the Strategic Plan which is a part of the Consolidated Plan. Kitsap County and the City of Bremerton have prepared a Consolidated Plan for 2016-2020 in order to implement our community's federal program funds. The purpose of the plan is to evaluate community needs and set goals for the five year plan period. Kitsap County's Plan outlines the priorities and goals which guide the allocation of funds over the five year period. The funds allocated through the 2019 grant application cycle will be included in an Action Plan associated with the 2016-2020 Consolidated Plan.

The priorities identified for the five year period are as follows:

- Preservation of existing affordable housing, and construction or acquisition of new housing, for very low and extremely low income households (50% AMI and below). Permanent housing targeting households with incomes at or below 50% AMI and/or special needs populations will be a priority;
- Increased economic opportunities for low-income individuals; and
- Provision of critical services to meet basic needs and promote long-term self-sufficiency.
- CDBG Capital funds are prioritized for housing and economic development in the 2016-2020 Consolidated Plan, therefore Public Facilities and Public Infrastructure projects will not be funded.

### Policy Change for 2019

1. During the 2017 and 2018 application cycles a disqualification criteria was utilized. The criteria has been replaced with a two-stage application process. Stage 1 will be a risk assessment to determine if the applicant meets the requirements for organizational and fiscal capacity, positive history with prior grant funds and eligibility. Stage 1 will utilize Part 1, Agency Information, from the online application.
2. An annual financial audit performed by an independent auditor is required for all organizations submitting applications for CDBG or HOME funds.
3. For CDBG Public Service projects, the award will be for 2 years. Agencies will be required to submit a renewal application with a new budget for year 2 and be in good standing with their year 1 grant.
4. The public comment periods have been changed from 30 days to 15 days and are detailed in the Citizen Participation Plan, Appendix A.
5. An additional Grant Recommendation Committee (GRC) member has been added to each of the GRC's, Services and Capital. This is an At-Large position appointed by the Board of County Commissioners.

## BLOCK GRANT PROGRAM

### WHAT IS THE BLOCK GRANT PROGRAM?

The Block Grant Program manages federal CDBG and HOME funds used in the local community to provide decent housing, suitable living environments and economic opportunities primarily for low and moderate income households.

Kitsap County, with the cities of Port Orchard, Poulsbo and Bainbridge Island, is designated as an Entitlement Community by the Department of Housing and Urban Development (HUD) and receives an allocation of CDBG funds. Kitsap County and the City of Bremerton together form a consortium and receive an allocation of HOME Investment Partnership Program (HOME) funds. Through an interlocal agreement between the County and the City, a percentage (as determined by HUD) of the annual allocation of HOME funds is designated for the City and the remaining designated for the County. The City of Bremerton is designated as a separate Entitlement Community and receives its own CDBG funds.

Kitsap County CDBG and all HOME Consortium funds are allocated annually through a competitive grant process. The City of Bremerton CDBG funds are allocated by the City through a separate process. Projects funded are included in the annual Action Plan submitted to HUD. Projects funded must address needs identified in the Consolidated Plan, which is updated every five years.

## CDBG FUNDS

### WHAT ARE CDBG FUNDS?

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with funding to address a wide range of unique community development needs. The program is authorized by Title I of the Community Development Act of 1974. Funds are used to assist in the development of decent housing, create suitable living environments, and expand economic opportunities primarily for persons of low and moderate income. All projects funded with CDBG must meet one of the three national objectives:

1. Principally benefit low and very low income households;
2. Reduce or prevent slum and blight; or,
3. Meet an urgent need (emergency or natural disaster)

### WHO IS AN ELIGIBLE APPLICANT/RECIPIENT?

Eligible applicant/recipients include:

- City or County governments
- Public and private nonprofit organizations (501(c)3)
- Section 301(d) small business investment companies
- Local development corporations
- Private for-profit organizations may implement certain economic development and microenterprise activities.
- Faith based organizations
- Additionally, applicants must:
  - Demonstrate an active governing body or board of directors with skills and experience to provide leadership and direction to the agency.

- Demonstrate the legal, financial, and programmatic ability to administer the proposed program/project; and,
- Meet the County/City requirements for contracting agencies such as insurance requirements, audit and financial requirements.

## WHAT ARE ELIGIBLE ACTIVITIES?

Eligible activities are defined in the CDBG program regulations at 24 CFR 570.201 and 570.207. Kitsap County has prioritized CDBG funds for the following activities:

- Acquisition and rehabilitation of housing;
- Public services to provide critical services to meet basic needs and promote long-term self-sufficiency including but not limited to those concerned with employment, child care, health, education, food programs, literacy, and youth programs.
- Economic development.

The following activities are generally **not eligible** for CDBG funding:

- New residential housing construction, except in special circumstances
- Regular government operations
- Buildings such as city halls, police stations, or other buildings primarily for the general conduct of government (except for the removal of architectural barriers)
- Income payments such as payments to individuals or families for food, clothing, or rent, except in certain circumstances
- Political activities
- Vehicles and Equipment

CDBG Capital construction and rehabilitation projects must also meet a match requirement of 5%. This requirement does not apply to on-going homeownership *programs*. The match requirement means for every \$1 of CDBG funding in the project, \$.05 of other funds will be required. **Appendix B** provides additional information designed to assist you in defining the eligibility and national objective that your activity meets and the type of information you will need to provide in your application.

## HOME FUNDS

### WHAT ARE HOME FUNDS?

The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA). The Housing and Community Development Act of 1992 and the Multifamily Property Disposition Act of 1994 made important changes to the Program. The intent of the HOME Program is to:

- Expand the supply of decent, safe, sanitary, and affordable housing;
- Strengthen the abilities of state and local governments to provide housing;
- Expand the capacity of nonprofit community based housing development organizations; and,
- Leverage private sector participation in financing affordable housing.

Beneficiaries of HOME funds – homebuyers, homeowners or tenants – must have incomes below 80% of the area median income.

## WHAT ARE ELIGIBLE ACTIVITIES?

The eligible activities are defined in the HOME program regulations at 24 CFR 92.205. Kitsap County has prioritized the use of HOME funds for the following types of activities:

- Rehabilitation of residential property where property is fully repaired
- New construction of residential property
- Acquisition of residential property
- A small part (up to 5%) of the annual HOME allocation may be used to help pay the operating expenses of designated Community Housing Development Organizations (CHDOs) within the guidelines established by HUD

The City of Bremerton has prioritized the use of its share of HOME funds for the following:

- Improve and preserve affordable homeownership housing;
- Increase homeownership opportunities for low to moderate income Bremerton residents.

The following activities are generally **not eligible** for HOME funding:

- Project reserve accounts, except for the initial 18 months of a HOME assisted new construction project
- Emergency home repair programs
- Public housing units
- Commercial properties
- Shelters, unless they meet Section 8 Housing Quality Standards and otherwise can be considered permanent rental housing
- Project based tenant assistance

*Note: The above lists are not comprehensive. For a complete list of eligible or ineligible activities refer to HOME regulations in 24 CFR 92.205*

The HOME program requires a match of 25% or greater in other non-federal funds for projects.

**Appendix C** provides additional information designed to assist you in defining the eligibility that your activity meets and the type of information you will need to provide in your application.

## ALLOCATION PROCESS

### HOW ARE FUNDS ALLOCATED?

Kitsap County Community Development Block Grant Program, in conjunction with the Housing and Homelessness Program, conduct a competitive funding application process. The application cycle begins in spring of each year and a Schedule and Notice of Funding Availability (NOFA) is published. A public process is used to determine funding allocations. This process is detailed in the Citizen Participation Plan (Appendix A). The public is encouraged to participate in the process and its end product: the submission of an annual Action Plan to the Department of Housing and Urban Development.

It is recognized that many agencies are located in the City of Bremerton and provide services throughout the County. These programs will be eligible for funding if the City of Bremerton is not

providing any Public Service funds to the agency and if the agency can clearly document services to County residents.

Capital projects located inside Bremerton City Limits will not be funded with County CDBG funds. While the facility may also serve County residents, funding is limited and the County cannot be the only contributor to a facility outside its jurisdiction. Additionally CDBG regulations (§ 570.309 Restriction on location of activities) limit funding of activities outside an entitlement jurisdiction without specific extenuating circumstances to support the investment of funds.

Housing projects funded with County HOME funds must be located outside the City of Bremerton. City housing projects will be funded with the City's share of HOME funds through the Coordinated Grant Application process. The City of Bremerton will conduct a separate allocation process for its CDBG funds.

Applications submitted for capital projects should have other funding sources committed.

Capital projects awarded funds in 2019 funding cycle (or in prior years) will not be eligible for additional funding in subsequent years. This does not apply to on-going housing programs.

#### HOW MUCH MONEY IS AVAILABLE?

The amount of CDBG and HOME funds available for the annual application cycle is determined by the amount appropriated in the federal budget and HUD's formula allocation for that year. The County estimates funds based on prior year's allocations and includes the estimates in the Notice of Funding Availability (NOFA) for the year.

Applicants must request a minimum of \$10,000 per application. There is a maximum funding award amount of \$30,000 for Public Service projects. There is no maximum for capital projects.

#### FORMS OF ASSISTANCE

Kitsap County: Funds will be provided in the form of a grant except HOME projects obtaining tax credits may be provided a loan. Loan terms will be negotiable and be determined at the time of underwriting review.

City of Bremerton share of HOME funds: Funds will be provided in the form of a grant except awards of \$200,000 or more of HOME (cumulative and including awards from multiple years) for a single project site which will trigger a loan for the following types of activities:

- Acquisition of land and/or buildings
- Rehabilitation
- New construction
- Direct homeowner assistance

Except for Down Payment Assistance to homebuyers, loan terms will be for a maximum of 40 years. All loans will be interest bearing at 3% annual interest rate and will not be forgivable. Other loan terms will be evaluated on a project by project basis during the subsidy layering review and included in the written agreement and loan documents.

## WHAT IS THE DISTRIBUTION OF CDBG AND HOME FUNDS?

The CDBG and HOME programs allow certain set-asides to further specific program goals. The County set additional funding targets to help meet local objectives. The following is the distribution for Kitsap County (local targets in italic):

### **CDBG**

- Public Service Projects - 15% max
- Planning & Administration – 20% max
  - *Planning applications not accepted due to insufficient funding*
- Capital Projects – 65%
  - *Economic Development – 10% of capital*

### **HOME**

- Administration - 10% max
- Community Housing Development Organization (CHDO) Set-Aside – 15% min
- Capital Projects– 75%

The Kitsap County and City of Bremerton Consolidated Plan 2016-2020 outlines the strategic plan priorities for County CDBG and HOME funds.

## HOW CAN MY ORGANIZATION APPLY?

The annual application cycle begins in early spring with the posting of the Coordinated Grant Application Schedules on the County web site and publication of the CDBG/Home Policy Plan and Notice of Funding Availability (NOFA). All applicants must attend the mandatory TA session to be eligible for submission of an application.

Additional information about how to apply, technical assistance and the review and rating process of applications is included in Appendix A: Citizen Participation Plan. Information about the grant application cycle, including the schedule, is available at:

<https://www.kitsapgov.com/hs/Pages/HH-Coordinated-Grant-Application-Process.aspx>

## WHEN WILL FUNDS BE AVAILABLE?

Funds for the programs' January 1 – December 31 program year are generally not available until summer of the program year. Timing is dependent on federal budget approval—which is often delayed—and how quickly HUD is then able to allocate funds to local jurisdictions. The County will not execute contracts with organizations until we have a contract from HUD. Once contracts are executed, CDBG and HOME funds can only be disbursed on a reimbursement basis.

## **POLICIES & REGULATIONS FOR USE OF FUNDS**

CDBG and HOME funds are Federal funds. Use of Federal funds may affect the way your agency does business. If you are applying for Federal funds for the first time, you are strongly encouraged to familiarize yourself with the requirements. A Guidebook for recipients of CDBG and HOME funds can be found on the Kitsap County Block Grant Program web site at:

<https://www.kitsapgov.com/hs/Pages/CDBG--LANDING.aspx>

You may also contact the County Block Grant Staff for additional assistance.



## A. GENERAL REQUIREMENTS

### 1. **Consistency with applicable City, County, and/or State Codes and Policies**

To be considered for funding:

- proposals must be consistent with adopted codes and other applicable policies, plans and standards; and
- agencies must be in compliance with all terms of their current CDBG or HOME agreement(s) and must not have outstanding audit findings, monitoring findings or concerns related to prior year's funding.

### 2. **Contract Retainage for Federal Compliance**

The County will withhold up to 10% of the award amount included in the written subrecipient or owner/sponsor/developer agreement until all federal compliance requirements are met.

All construction contracts between a subrecipient or owner/sponsor/developer (i.e.: your agency) and contractor shall have 10% of payment retained until fulfillment of federal compliance is documented.

### 3. **Definition of Income**

Most CDBG and HOME funded projects use income to determine who is eligible for services or housing. Per HUD, income must be defined in one of two ways under the CDBG and HOME programs; organizations must select one method which it will use for the duration of each program/project (rental housing projects must use the Part 5 definition):

- Annual income as defined in 24 CFR 5.609, referred to as "**Part 5 annual income**", or;
- Adjusted gross income as defined for reporting purposes under the **IRS Form 1040** long form (not IRS Forms 1040A or 1040EZ).

For more information on determining income see the Technical Guide for Determining Income and Allowances for the HOME program. This guide and can be downloaded from:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/affordablehousing/library/modelguides/2005/1780](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/library/modelguides/2005/1780)

### 4. **Project/Activity Delivery Costs**

Block Grant staff costs directly related to carrying out a funded activity may be charged to the grant award, reducing the amount available to the project. Project/Activity delivery costs will be charged back to capital projects only, for staff duties including but not limited to carrying out NEPA compliant environmental review, fulfilling Davis Bacon Certified Payroll review and enforcement, underwriting loans and housing inspections. For example, an agency is awarded \$50,000 for a capital project, block grant retains \$2,500 for completing the NEPA review, and the agreement is written for \$47,500. Staff reports the full award of \$50,000 to HUD in the annual Action Plan.

### 5. **Timely Expenditure of Funds**

In order to meet regulatory requirements the following policies have been established for CDBG and HOME funded projects:

a. **CDBG**

- Service & Economic Development Micro Enterprise Awards:  
Organizations awarded CDBG funds for public service or micro enterprise programs must be ready to enter into a written agreement with the County during the award year and funds must be fully disbursed by Dec. 31<sup>st</sup> of that same year.
- Capital Awards:
  1. Organizations with an award of CDBG funds for a capital project must enter into a written agreement (contract) in the award year.
    - If there are extenuating circumstances beyond the organizations control and adequate progress is being made to resolve the issues, an additional year for execution of the written agreement will be granted to the organization.
  2. The project must begin drawing grant funds within one year of the contract execution date.
  3. The project must be completed within 2 years of the contract execution date and meet milestones included in the written agreement, including the schedule for completion.
  4. The Agreement will not be amended to extend the term. Organizations unable to meet these requirements will lose their funding; funds will be re-allocated to another eligible project.
    - The contract term may be considered for extension if there are extenuating circumstances beyond the organizations control and adequate progress is being made.
  5. In no circumstance can a project take more than 5 years to complete.

b. **HOME:**

- HOME regulations require commitment of funds within 24 months. Due to this requirement Kitsap County requires the project HOME funds be ready to commit no later than 18 months from HUD's Funding Agreement execution date. If after 18 months all project funding has not been secured, the conditional commitment will be canceled and the funds will be re-allocated. Staff will work with agencies during this time period to ensure the project is moving forward and can meet the timeline.
- Organizations awarded HOME funds must have all other funding sources committed (documented with letters of commitment) and all HOME requirements for environmental review and project underwriting completed before funds can be committed. Commitment is defined as having a fully executed written agreement with Kitsap County and funds committed in HUD's Integrated Disbursement Information System (IDIS).
- A **conditional commitment** of funds will be made for projects that do not have all project funds committed at the time of the funding recommendation.

- HOME funds require project completion no later than four years from HUD's Funding Agreement execution date. Projects using HOME funds to acquire vacant land must be under construction within 12 months of the commitment date.
- Organizations must begin drawing funds within one year of the contract execution date (date the contract was signed by County) and at least **annually** thereafter.
- Organizations unable to meet these requirements will lose their funding; funds will be re-allocated to another eligible project.
- Rental properties will be required to be leased up within six (6) months of project completion. Homeowner properties will be required to be sold within nine (9) months of project completion.

#### **6. On-going Restrictions for CDBG & HOME Funded Capital Projects**

Recipients of CDBG funds must agree to restrict the use of the property, which was acquired and/or improved using CDBG funds, to the intended purpose for which the funds were awarded. Projects awarded HOME funds are subject to an affordability period which places certain restrictions on occupancy, resale, and rent for rental properties. The County requires a recorded document attached to the property to ensure the appropriate provisions are secured. See Appendix B for CDBG requirements and Appendix C for HOME requirements.

### **B. HOME FUNDING - SPECIFIC REQUIREMENTS**

1. For more information on specific rules and requirements of the HOME program, including determining whether your project is eligible, please see **Appendix C HOME Eligibility Requirements and Program Rules**.

### **C. CDBG FUNDING - SPECIFIC REQUIREMENTS**

1. For more information on specific rules and requirements of CDBG, including meeting a National Objective, please see **Appendix B CDBG Eligibility & Program Requirements**.

### **D. FINANCIAL MANAGEMENT**

#### **1. Uniform Administrative Requirements**

Agencies must comply with 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

#### **2. Audit Requirements**

An annual financial audit performed by an independent auditor is required for all organizations funded with CDBG or HOME funds.

### **E. PROCUREMENT**

Any organization using CDBG or HOME funds to purchase goods or services must have a formalized written procurement procedure in place prior to contracting for any goods or services. Procurement requirements are contained in 2 CFR Part 200. Additional information on procurement requirements can be found in Section E of the CDBG/HOME Guidebook on the Kitsap County Block Grant Program web site.

## F. ENVIRONMENTAL REVIEW

### 1. Environmental Review (24 CFR Part 58)

All CDBG/HOME projects must have a NEPA compliant environmental review process completed before **any** funds, including funds committed from other sources, can be spent on the project. Additional information on environmental review requirements can be found in Section F of the CDBG/HOME Guidebook on the Kitsap County Block Grant Program web site.

The costs associated with conducting a NEPA compliant environmental review for Capital CDBG and HOME funded projects may be charged to the grant award as project costs (HOME) or activity delivery costs (CDBG). Cost will vary depending on the level of review and complexity of the project and include staff time, cost of publishing required legal ads and printing costs. The cost of any studies required to complete the environmental review (i.e. Phase I Environmental Site Assessment, Geotechnical Report, Cultural Site Assessment, etc.) will be in addition to the costs associated with preparation of the NEPA environmental review and will be the responsibility of the organization.

## G. EQUAL OPPORTUNITY & ACCESSIBILITY

### 1. Fair Housing and Equal Opportunity

All CDBG/HOME projects must comply with all of the following Federal laws, executive orders and regulations pertaining to fair housing and equal opportunity:

- a. Title VI of the Civil Rights Act of 1964: No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal assistance on the basis of race, color or national origin (24 CFR Part 1).
- b. The Fair Housing Act: Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status (24 CFR Part 100-115).
- c. Equal Opportunity in Housing: Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds (24 CFR Part 107).
- d. Age Discrimination Act of 1975: Prohibits age discrimination in programs receiving Federal financial assistance (24 CFR Part 146).
- e. Violence Against Women Act  
Bars eviction and termination in rental housing due to a tenant's status as a victim of domestic violence, dating violence, or stalking, and requires landlords to maintain survivor-tenant confidentiality. Also prohibits a tenant from being denied assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of violence committed against them.

### 2. Handicapped Accessibility

CDBG and HOME funded projects are subject to the following regulations governing the accessibility of Federally-assisted buildings, facilities and programs.

- a. Americans with Disabilities Act: Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act requires certain buildings or other facilities that receive Federal funds to be designed, constructed or altered in accordance with standards that insure accessibility to and use by physically handicapped people.
- b. Section 504: Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted programs on the basis of handicap

Additional information on equal opportunity and accessibility can be found in Section G of the CDBG/HOME Guidebook on the Kitsap County or City of Bremerton Block Grant Program web site.

## H. LABOR STANDARDS & CONSTRUCTION

### 1. Equal Opportunity for Employment and Contracting

CDBG and HOME funded projects are subject to the following regulations governing employment and contracting opportunities.

- a. Equal Employment Opportunity: Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000 (41 CFR Part 60).
- b. Section 3 of the Housing and Urban Development Act of 1968: Requires that, to the greatest extent feasible, opportunities for training and employment arising from CDBG or HOME funded projects will be provided to low-income persons residing in the program service area.
- c. Minority/Women's Business Enterprise: Outreach to minorities and women in contracting for services (24 CFR 85.36(e)).

### 2. Labor Requirements

CDBG and HOME projects must comply with certain regulations on wage and labor standards. Pursuant to the Davis-Bacon Act, federal wage rates apply to most (but not all) construction projects over \$2,000. Applications that involve construction must consider Davis-Bacon wage rates in the budget. The costs associated with the review of Certified Payrolls and compliance with DBRA requirements may be charged to the grant award as project costs (HOME) or activity delivery costs (CDBG). Cost will vary depending on the complexity of the project

- a. Davis-Bacon and Related Acts: Ensures that mechanics and laborers employed in construction work under federally assisted contracts are paid the Federal prevailing wage for the locality.
- b. Contract Work Hours and Safety Standards Act: Provides that mechanics and laborers employed on federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week.
- c. Copeland (Anti-Kickback) Act: Governs the deductions from paychecks that are allowable. More information on Davis Bacon requirements can be found in Section I of the CDBG/HOME Guidebook on the Kitsap County or City of Bremerton Block Grant Program web sites.

### 3. Lead-Based Paint Hazard (24 CFR Part 35)

Housing built before 1978, assisted with HOME or CDBG funds, is subject to the Lead-Based Paint Poisoning Prevention Act. The law imposes requirements related to:

- Disclosure of known hazards and what has been done to reduce them;
- Treatment, relocation during treatment, and ongoing inspection of units.

Project feasibility is an important consideration for housing with lead-based paint. Recipients of CDBG or HOME funds will need to be aware of the potential for additional time and cost associated with lead-based paint hazards. Information on Lead-Based Paint requirements can be found in Section I of the CDBG/HOME Guidebook on the Kitsap County or City of Bremerton Block Grant Program web sites.

### 4. Compliance with Codes & Standards for Rehabilitation and New Construction

- a. All capital projects funded with CDBG or HOME must comply with local building and fire codes.

- b. All HOME funded Rehabilitation projects must be major rehabilitation which means the property must be brought up to current codes and final occupancy permit must be signed off by the applicable jurisdiction. Minor rehabilitation of housing can be funded only with CDBG. All rental housing units purchased and/or rehabilitated with CDBG or HOME must pass inspection.
- c. All housing must comply with the applicable accessibility requirements for persons with disabilities.

#### I. REPORTING & MONITORING

All programs and projects funded with CDBG or HOME funds will be required to submit quarterly reports. Reports will be provided by the Block Grant Program and may be submitted electronically. Annual on-site monitoring is conducted by staff for all open contracts. A monitoring checklist is used by staff to review compliance with the requirements of the written agreement and federal regulations. Agencies will be contacted at the end of the program year to schedule the monitoring visit.

HOME projects are required to submit a HOME project set-up report with the initial draw of funds and a HOME completion report with the final draw.

All required reporting must be submitted prior to the final draw.

#### J. ACQUISITION & RELOCATION

##### 1. Uniform Relocation Assistance & Real Property Acquisition (49 CFR Part 24)

These regulations apply to any federally-assisted project involving acquisition, demolition or rehabilitation. Proposals for CDBG and HOME funded projects that are likely to cause displacement of people or businesses are discouraged. Any project that is likely to cause displacement must include relocation assistance payments in the budget and be consistent with the federal Uniform Relocation Act. Projects which trigger this regulation must follow the Anti-displacement and Relocation Assistance Plan included in **Appendix D**. If your project includes acquisition, rehabilitation or demolition you are strongly urged to discuss the requirements with Block Grant staff before entering into any legally binding agreements.

##### 2. Minimizing the Loss of Low and Very Low Income Dwelling Units (24 CFR Part 42)

Any CDBG/HOME proposal that would directly result in any occupied or vacant occupiable low and very low income dwelling units being (1) demolished, or (2) converted to a use other than as low and very low income housing must include a realistic plan to provide replacement housing within three years of the commencement of the demolition or rehabilitation relating to conversion. Projects which trigger this regulation must follow the Anti-displacement and Relocation Assistance Plan included in **Appendix D**.

## CITIZEN PARTICIPATION PLAN

HUD requires a Citizen Participation Plan be adopted by jurisdictions receiving CDBG and HOME funds. The plan details the process used by the County in development of the Consolidated Plan and annual application cycle which results in the Action Plan submission to HUD. The Kitsap County Block Grant Program Citizen Participation Plan can be found in **Appendix A**.

## CONSOLIDATED PLAN

### WHAT IS THE CONSOLIDATED PLAN?

The Consolidated Plan rolls the planning, application and performance reporting requirements of several programs run by HUD into one process and one document. In our community the Consolidated Plan covers CDBG (Community Development Block Grants) and HOME (grant for affordable housing) programs jointly for the City of Bremerton and Kitsap County. The plan covers a 5-year period.

The Consolidated Plan requires a jurisdiction to identify all of its housing and community development needs, and then develop a long-term strategy for meeting those needs. A key part of the strategy is setting priorities. The Plan identifies priority housing needs, non-homeless special needs, homeless needs, economic development and community development needs.

The Consolidated Plan also indicates what programs and resources will be used over the 5-year planning period. The plan contains objectives and strategies to address the identified needs and estimates the resources needed to fund activities to address the different needs.

### WHAT ARE THE KEY PARTS OF THE PLAN?

#### **A. Housing & Community Development Needs Assessment**

This is the part of the Plan that has U.S. Census Bureau information and other information which presents a picture of the jurisdiction. People are the focus of the “Needs” section of the plan. The emphasis is on the human side of housing and community development including the needs of homeless people, people with special needs and those who are low-income.

#### **B. The Housing Market Analysis**

This part of the Plan describes the physical “bricks and mortar,” side of housing – the supply side of housing. It looks at what housing exists. When the housing conditions in this part of the plan are lined up with human needs in the previous part of the plan, a clear picture of what must be done should emerge.

#### **C. The Strategic Plan**

The Strategy is the part of the Consolidated Plan where the County and City sets out how it intends to use its CDBG and HOME funds from HUD’s Department of Community Planning and Development over the next five years. The strategy must declare what priority the local government will give to the various housing and community development needs identified earlier in the Consolidated Plan; the activities designed to respond to those needs; and the different geographic areas where needs exist.

#### **D. Annual Action Plan**

The Action Plan is the one-year plan a jurisdiction must have to show how it is carrying out its long-term Strategic Plan. It shows how the jurisdiction will spend its CDBG and HOME money in the upcoming year. Kitsap County and the City of Bremerton use an annual application process through which funds are competitively awarded.

The Kitsap County and City of Bremerton HOME Consortium Consolidated Plan 2016 – 2020 is available on the County web site at:

<https://www.kitsapgov.com/hs/Pages/CDBG---Consolidated-Planning.aspx>

## **Appendix A**

### **Citizen Participation Plan (Updated April 2018)**



# KITSAP COUNTY CITIZEN PARTICIPATION PLAN

---

## Introduction

Kitsap County and its consortium cities of Port Orchard, Poulsbo and Bainbridge Island receives both Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds. The City of Bremerton receives Community Development Block Grant funds as its own entitlement, and HOME funds through its membership in a Consortium with Kitsap County. Both the City of Bremerton and Kitsap County are committed to assuring opportunities for citizen involvement in decisions concerning activities taking place within their communities.

Each year the City of Bremerton and Kitsap County are eligible to receive CDBG and HOME funds. There are specific rules and regulations governing the allocation and use of the funds, including provisions for citizen involvement in decision making. In order to facilitate citizen involvement, both jurisdictions adopt a Citizen Participation Plan.

Kitsap County Block Grant Program (administers Kitsap CDBG and HOME Consortium funds) and the Housing and Homelessness Program (administers Homeless Housing (HHGP), Affordable Housing (AHGP), and Consolidated Homeless Grant (CHG) funds) have a combined funding & application process. The combined process includes a single application for funds, a single Grant Recommendation Committee (GRC) process and funding recommendation. Funding recommendations are approved by the Board of County Commissioners (BoCC) for County CDBG, HOME, HHGP, AHGP, and CHG funds and by the Bremerton City Council for City HOME funds.

## Purpose

The purpose of the Citizen Participation Plan is to provide an on-going mechanism to ensure widespread citizen participation whereby all citizens have an opportunity to fully express their needs and wishes for community improvement.

This plan provides opportunities for representation of all of the citizens of Kitsap County including low and moderate income persons, by allowing them to have a voice in the decision-making process and giving them greater power and control over activities taking place within their communities.

## Annual Allocation Process / Action Plan Submission

Kitsap County conducts a competitive annual process to determine its allocation of CDBG and HOME Consortium funds. The public is encouraged to participate in the process and its end product—the submission of an annual Action Plan to HUD. The City of Bremerton conducts its own separate process for allocating CDBG funds.

### **A. Notice of Funding Availability & Application**

In the spring of each year a notice will be published in the newspaper of record, and posted to the County's web site to provide an opportunity for comment on the CDBG/HOME Policy Plan. This notice will begin a 15-day comment period on the Policy Plan (including the Citizen Participation Plan) and include the date and time of public hearings to take citizen comments. A separate Notice of Funding Availability (NOFA) will be posted to the County's web site and electronic notification sent to subscribers. The NOFA includes the application schedule, eligible applicants, estimated funds available, application access and deadlines for submission, application review and rating process, funding awards and contracting..

Notifications will be available to any agency or organization who signs up on the Kitsap County Block Grant web site to receive notices. To sign up go to:

<https://www.kitsapgov.com/> and scroll to the bottom of the page and click on NEWS SIGN UP. This link will take you to the Kitsap County Electronic Notification System where you can sign up to receive text or email updates.

Upon approval of the Policy Plan by the Board of County Commissioners, information about the application and technical assistance session will be available from:

Kitsap County Block Grant Program  
345 6th Street, Suite 400, Bremerton, WA 98337-1873.  
<https://www.kitsapgov.com/hs/Pages/HH-Coordinated-Grant-Application-Process.aspx>  
or by contacting staff.  
Bonnie Tufts, [btufts@co.kitsap.wa.us](mailto:btufts@co.kitsap.wa.us), 360-337-4606  
Shannon Bauman, [sbauman@co.kitsap.wa.us](mailto:sbauman@co.kitsap.wa.us), 360-337-7272

Applications will be made available in a format accessible to persons with disabilities upon request.

Application submittal instructions and due dates are included in the Notice of Funding Availability (NOFA). Applicants must attend the mandatory Technical Assistance Session to be eligible to submit an application. Applications must be submitted online and require access to the internet.

## **B. Technical Assistance**

Two technical assistance sessions will be held for those interested in applying for funding. A session will be held for affordable housing and economic development CDBG and HOME projects and another session for CDBG Services projects. During the session, staff will provide information to citizens concerning who can apply for funds, funds expected to be available, the range of activities that may be undertaken, priorities for funding, application submission requirements, the application deadline, and how decisions concerning funding will be made. The date and time of the technical assistance session will be published in the NOFA and included in the schedules posted on the web site.

In addition to the Technical Assistance described above County Block Grant staff is also available by appointment for one-on-one Technical Assistance to provide guidance to citizens and organizations regarding specific project considerations.

At any time, any citizen may contact the County Block Grant Program for technical assistance or general information in relation to programs described in this Plan. The Department will help citizens understand CDBG and HOME funded programs, the procedures for submitting proposals, the Citizen Participation Plan and other program requirements so they can effectively participate in CDBG and/or HOME programs and the funding process.

## **C. Application Review and Rating Process**

Applications will go through a multi-stage review process:

- Stage 1 is a risk assessment utilizing specific criteria to determine if the applicant and proposed projects are eligible and the agency has the required organizational and fiscal capacity.
- Stage 2 is a review and scoring process by citizen reviewers and staff.
- Stage 3 includes interviews, determination of funding awards by the citizen review committee, and final approval by the Board of County Commissioners.

The review process for each stage is detailed below.

### **Stage 1: Risk Assessment**

Applications are reviewed for potential disqualification at the first stage using the following criteria:

1. Applications are reviewed for the following:
  - a. Applicant organization and proposed program or project is eligible for at least one source of funds (CDBG, HOME, HHGP, AHGP or CHG).
  - b. Applicant has the organizational and management capacity to carry out the proposed project;
  - c. Applicant has sufficient financial capacity;
  - d. Project meets a priority or strategy identified in:
    - The Kitsap County and City of Bremerton Consolidated Plan 2016 – 2020 (for CDBG and HOME funds) or,
    - The Kitsap Homeless Housing Plan (for HHGP funds) or,
    - The Affordable Housing Grant Program.
  - e. Applicant can demonstrate a positive history of performance with prior grant funds.
2. Applicants will be notified of the results of the Stage 1 Review via email, either:
  - a. Application is moving to Stage 2 and the applicant can fill out part 2 of the online application, or
  - b. Applicant is disqualified and the basis for disqualification is provided.

### **Stage 2: Review and Scoring**

Applications during stage 2 are reviewed and scored for organizational capacity, financial soundness, and project priority.

1. Staff and GRC members review and score all areas of the application utilizing scoring criteria specific to each application type.
2. Grant Recommendation Committee (GRC) members make funding recommendations using the following process:
  - a. Review, evaluate, and score each application using review and scoring guides specific to each application type;
  - b. Conduct interview with each applicant and score applicant interviews; interview length will depend on application type.
    - CDBG Services, Economic Development Microenterprise, and CHDO Operating applications will have interviews consisting of the following:
      - 20 minutes in length which includes 10 minute agency presentation and 10 minute question/answer.
    - Housing (including CHDO Projects) and Capital Economic Development applications will have interviews consisting of the following:

- 35 minutes in length which includes 15 minute agency presentation and 20 minute question/answer.
- c. Assign a priority ranking and recommend funding awards to applications.

### **Stage 3: Interviews and Funding Awards**

The funding recommendations go through a multi-step process, prior to finalizing the award amount.

1. **Grant Recommendation Committee (GRC)** - All Stage 2 applications will have a final score comprised of the staff application review score, GRC application review score, and GRC interview score. The GRC will hold interviews for all competitive categories; interviews are optional for non-competitive funding sources. The GRC will use the finalized score of applications to assist in making funding recommendations and contingencies.
2. **Kitsap County Board of Commissioners (BOCC)** – The BOCC receives the recommendations from the Grant Recommendation Committees, holds a public comment period and a public hearing, and approves final awards and contingencies.
3. **Federal CDBG and HOME Funds** – Applications awarded CDBG and HOME funds must be included in an Action Plan associated with the 2016-2020 Consolidated Plan and submitted to HUD for approval. The Action Plan cannot be finalized until Kitsap County receives the federal award amounts from HUD.
4. **Final Awards** – Funding awards are made based on estimated funds. Once the actual amounts are known for each fund type (CDBG, HOME, HHGP, AHGP, CHG), awards will be adjusted based on the contingency set by the GRCs and approved by the BOCC.

#### **D. Grant Recommendation Committee**

There are two Grant Recommendation Committees (GRCs):

- The Services GRC reviews Homeless and CDBG Services applications for public services, rental assistance and all homeless projects.
- The Capital GRC reviews Affordable Housing and Economic Development applications which include housing, economic development capital or microenterprise assistance, CHDO operating, and operations and maintenance.

Both GRCs play an integral role in the allocation of CDBG and HOME federal funds and HHGP, AHGP, and CHG funds according to the needs of the community. While all GRC members must be well-versed in the needs of the community and be willing to participate in all the activities relevant to the GRCs, each individual GRC seeks members who demonstrate specific skills and experience.

- The Services GRC seeks members who have experience in one or more of the following capacities: background working with non-profit community service providers as an employee, volunteer, board member or consumer; background with homeless programs; grant experience, project management, compliance monitoring and/or practical experience with HUD regulations.

- The Capital GRC seeks members who have experience in one or more of the following areas: affordable housing; construction or project management; mortgage lending; housing development; economic development; real estate; or architecture.

Each GRC will be comprised of up to 8 members as follows:

- Four members appointed by Kitsap County Commissioners including members representing North Kitsap, Central Kitsap, South Kitsap, and an at-large position.
- Four members, one each appointed by the cities of Bremerton, Bainbridge Island, Port Orchard, and Poulsbo.

Applicant interviews will be conducted with the GRC. Applicants will have the opportunity to present their project and the GRC will have an opportunity to ask questions. At the conclusion of interviews the GRC will formulate a funding recommendation for approval by the BOCC and the Bremerton City Council for City HOME funds.

Appointments for GRC members are made bi-annually by each jurisdiction. GRC members are appointed to serve a two year term and can be re-appointed to serve successive terms and/or additional terms.

#### **E. Conflict of Interest**

- a. No member of the GRC shall be beneficially interested, directly or indirectly, in any grant applications which may be made by, through, or under the recommendation of the GRC, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein (from RCW 42.23.030)
- b. No member of the GRC shall engage in any activity, including participation in the selection, award, or administration of a grant award or contract if a conflict of interest, real or apparent, exists.
- c. Additional information on Remote Interest and Potential Bias by Prior Association can be found in the full Conflict of Interest Policy under Appendix F.

#### **F. Funding Recommendations & Action Plan**

Organizations submitting applications will be notified whether or not the GRC has recommended their proposal for funding. The notification will include the date, time and place of the public hearings, during which the recommendations will be considered by the Board of County Commissioners and the Bremerton City Council.

All applications approved for funding will be included in the County's Action Plan. A summary of the Action Plan will be published in the newspaper of record and on the County's website. The summaries will describe the contents and purpose of the Action Plan, and include a list of locations where copies of the entire proposed plan may be examined. Citizens will be provided a period of at least 30 days to review and comment on the plan. Comments or views of citizens will be considered at the public hearings, and a summary of any comments or views not accepted and the reasons therefore, will be attached to the final Action Plan which will be submitted to HUD.

Kitsap County Block Grant staff will submit the Action Plan, including the projects proposed to be funded, to HUD no later than November 15<sup>th</sup> of each calendar year, unless HUD instructs us not to submit until an appropriations bill has been enacted and HUD has notified Kitsap County of our actual allocation amounts.

## Five Year Consolidated Plan

The Consolidated Plan is the result of a process set forth by the Department of Housing and Urban Development (HUD) to provide a planning and application process for the CDBG and HOME programs within a single document. Kitsap County worked with the City of Bremerton in development of the 2016-2020 Consolidated Plan. This plan will guide funding for the 5-year period. The Kitsap County and City of Bremerton Consolidated Plan 2016 - 2020, including each year's Action Plan is available online at:

- <https://www.kitsapgov.com/hs/Pages/CDBG---Consolidated-Planning.aspx>
- A printed copy may be requested from the Kitsap County or City of Bremerton Block Grant Programs.

There are a number of specific elements in the 5-Year Consolidated Plan, including:

- **Needs Assessment:** an assessment of housing needs (primarily of low and moderate income people) and needs of homeless people;
- **Housing Market Analysis:** an analysis of the City of Bremerton's and Kitsap County's housing market;
- **Strategic Plan:** a discussion of the City of Bremerton's and Kitsap County's priority needs to establish goals and objectives for implementing strategies which address housing and community development activities;
- **Annual Action Plan:** describes the activities that will be undertaken to address priority needs utilizing HOME and CDBG grant funds during the upcoming program year; and
- **Consolidated Annual Performance and Evaluation Report (CAPER):** describes how funds were used in activities that provided benefits to low and moderate income individuals and families during the previous program year.

Citizens are encouraged to participate in the development of the Consolidated Plan and Annual Action Plan.

## Amendments to the Annual Action Plan

Citizens will be notified and have an opportunity to comment on any substantial amendments proposed to the Annual Action Plan.

**Substantial Amendments** will be published in the County's newspaper of record and be subject to a 15-day public comment period to allow for comment prior to implementation of the proposed amendment. Substantial Amendments may be forwarded to the appropriate GRC for review prior to submission to the BOCC for final approval. Comments or views of citizens will be considered at the public hearing, and a summary of any comments or views not accepted and the reasons therefore, will be attached to the substantial amendment of the final Action Plan which will be submitted to HUD. Substantial amendments include:

- Changes in the use of CDBG or HOME funds from one eligible activity to another
- Adding a new activity, not previously included in an Action Plan
- A substantial change to the purpose, scope, location or beneficiaries of the project as defined in the application for funds and approved by the GRC.

CDBG or HOME activities awarded funds which have a substantial change in the purpose, scope, beneficiaries, location or budget will be evaluated by Block Grant Staff and may be required to submit a new application for funding in the next application cycle.

Projects not expending their full CDBG or HOME award will not trigger a substantial amendment. These funds will be re-obligated during the following year's regular application cycle.

Programs generating program income, as identified in a written agreement, must return the program income to Kitsap County but will receive the funds in a new written agreement to assist additional individuals. This use of the program income will not trigger a substantial amendment

**Minor Changes:** Any request for a change in the amount to be expended on a program or project budget line item, or a minor change to the purpose, scope, location or beneficiaries as defined in the application for funds, shall not be considered a Substantial Amendment requiring citizen notification and Annual Action Plan amendment; however, prior written approval of these changes must be obtained from the appropriate Block Grant Administrator.

Minor changes may need to be formalized as an amendment to the Contract with the County. The Agency will submit a written request for change to the Block Grant Administrator stating the specific reasons for the requested increase or decrease in funding, or change in purpose, scope, location or beneficiaries. All requests will be reviewed, and approved or denied by the Block Grant Administrator.

## Performance Reports

1. Kitsap County Block Grant Program will prepare and submit a Consolidated Annual Performance and Evaluation Report (CAPER) to HUD no later than March 31<sup>st</sup> of each year for the previous program year.
2. The CAPER will be made available for public review. Notice of Availability will be published in the newspaper of record and copies will be available on the County's website:
  - Kitsap County: <https://www.kitsapgov.com/hs/Pages/CDBG-CAPER-Performance-Reports.aspx>. Copies are also available at the Kitsap County Block Grant Program Office, 345 6th Street, Suite 400, Bremerton, Washington.
3. Citizens will be provided a period of at least 15 days to review and comment on the CAPER. Comments or views of citizens will be considered in the report, and a summary of any comments or views not accepted and the reasons therefore, will be attached to the CAPER and submitted to HUD.

## Public Hearings

Public hearings are held in order to obtain the public's view and to provide the public with the City's and County's responses to public questions and proposals. A public hearing is held in spring for the approval of the next year's Policy Plan. A second hearing is held in the fall to review the proposed use of funds and adopt the Annual Action Plan.

Notification of the public hearings and of 15-day comment periods will be published in the newspaper of record and will afford citizens, public agencies, and other interested parties a reasonable opportunity to examine the proposed plans and to submit comments.

Kitsap County public hearings will be held during the regular meeting of the Board of County Commissioners in the commissioner chambers of the Kitsap County Administrative Building. BOCC meeting times and agendas can be obtained at: <http://www.kitsapgov.com> click on Commissioner Meeting Agendas

## Public Comments

Interested persons may submit comments in writing during the public comment periods, or orally at the public hearings. Written comments should be directed to:

Kitsap County Block Grant Program  
345 6<sup>th</sup> Street, Suite 400  
Bremerton, WA 98337

## Complaints

All written citizen complaints will be referred to the appropriate person(s) or agencies for action. Under normal circumstances, the Block Grant Program will respond to the person making the complaint within 15 days. All complaints and responses will be kept on file.

## Resources

**Newspaper of Record:** Notification will be placed in the following newspaper under Legal Notices at least ten days before a public meeting is held concerning a program described in this plan:

**The Kitsap Sun or Kitsap Newspaper Group**  
*(Kitsap County selects the Newspaper of Record each June)*

Notices may also be published on the County website, as follows:

Kitsap County Block Grant Program  
<https://www.kitsapgov.com/hs/Pages/CDBG--LANDING.aspx>

The notice will indicate when and where the public hearing will be held. Public hearings will be held at the following location:

Kitsap County Administrative Building, Commissioners Chambers  
614 Division Street  
Port Orchard, WA 98366

Kitsap County Block Grant Program utilizes Kitsap County's electronic notification system. Interested parties may sign up to receive email and text message updates on Block Grant Program activities. Go to [www.kitsapgov.com](http://www.kitsapgov.com) scroll to the bottom of the page and click on the button NEW SIGN UP.



## **Appendix B**

### **CDBG Eligibility Requirements & Program Rules**

# CDBG NATIONAL OBJECTIVES AND ELIGIBILITY REQUIREMENTS

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Every CDBG activity must meet a national objective and must be eligible in order to be funded. Each CDBG subrecipient agency must be able to demonstrate eligibility based on data collected. The following information is provided to assist you in defining the eligibility and national objective that your activity meets and the type of information you will need to gather from the population you serve to provide to the County Block Grant office. Specific regulations that govern the CDBG program are available from the Block Grant office.

## **What are the National Objectives? (Benefit Criteria)**

An eligible CDBG activity must either

### **I. Principally benefit low and very low income**

- A. Area Benefit
- B. Limited Clientele
  - 1. At least 51% of beneficiaries are low or very low income persons/households
    - a. Presumed Benefit
    - b. Agency Requires Client Information
    - c. Income Eligibility Requirement (Direct Benefit)
    - d. Nature/location
  - 2. Removal of Architectural Barriers
  - 3. Assistance to Owners of Microenterprises
  - 4. Employment Support Services
- C. Housing Activities (Residential)
- D. Job Creation or Retention - Economic Development

### **II. Reduce or Eliminate Slum or Blight**

- A. Area Basis – Slum or Blight areas are designated by the County or City. At this time only the City of Bremerton has designated Slum and Blight areas. Please contact the City of Bremerton Block Grant office for a map and additional information.
- B. Spot Basis – Slum and Blight may be targeted in an undesignated area for conditions that are detrimental to public health and safety. Please discuss with City or County Block Grant staff.

### **III. Meet an Urgent Need**

- A. Urgent Need would be a natural disaster or federally declared disaster.

**NOTE:** The vast majority of CDBG activities funded are designed to benefit low and very low income persons and households.

## **How Does A Project Meet a National Objective?**

### **I. Principally benefit low and very low income**

To meet this national objective, an applicant must document that the proposed project will benefit predominantly low and very low income persons or households. A low income person/household is one whose annual income does not exceed 80% of area median income -- a very low income person/household is one whose annual income does not exceed 50% of the area median income. HUD Income Limits for Bremerton/Kitsap County are included in the Application each year. There are several different ways that CDBG activities can benefit low and very low income persons:

#### **A. AREA BENEFIT**

Some CDBG assisted activities, such as parks, neighborhood facilities, community centers and streets, serve an identified geographic area. These activities generally meet the low and moderate income principal benefit requirements if 51% of the residents in the activity's service area are low and moderate income. However, in some communities, they have no or very few areas in which 51% of the residents are low and moderate income. For these grantees, such as Kitsap County, the CDBG regulations authorize an exception criterion in order for such grantees to be able to undertake area benefit activities. Currently the exception percentage for Kitsap County is 46.11%.

Please contact the County Block Grant office for maps and more information on documenting your service area and determining eligibility under Area Benefit

*Applicants must:*

- Attach a map with the boundaries of the project's service area delineated (the surrounding geographic area in which all or most of the people benefiting from the project reside).
- Explain why that particular geographic area is the service area for the project;
- Indicate on the map residential and commercial areas within the service area boundary; and
- Provide documentation that 46.11% or more of the residents within the service area are low and very low income persons/households utilizing the most recent census data as provided by HUD. Please contact the County Block Grant office for maps and more information on documenting your service area.

#### **B. LIMITED CLIENTELE**

An activity which benefits a limited clientele, at least 51% of whom are low or very low income persons/households. There are four types of activities in this category:

1. **Presumed Benefit** -- An activity may benefit one of the following groups who are presumed by HUD to be principally low and very low income: abused children, battered

spouses, elderly persons, handicapped persons, homeless persons, illiterate persons, migrant farm workers and persons living with HIV/AIDS.

*Applicants must:*

- Demonstrate that the facility or service is designed for and used predominantly by one of the groups identified above.
- Demonstrate that your clientele meets HUD's definition for the presumed group you serve, for example, homeless individuals must meet HUD's definition and documentation requirements at [https://www.onecpd.info/resources/documents/HomelessDefinition\\_RecordkeepingRequirementsandCriteria.pdf](https://www.onecpd.info/resources/documents/HomelessDefinition_RecordkeepingRequirementsandCriteria.pdf)

2. **Require documentation on family size and income in order to show that at least 51 percent of the clientele are low income** – This means your program can serve low and moderate income clientele if at least 51% of your clientele are low income. Agencies must keep information on client income and family size which can document whether or not 51% or more of the clientele are persons whose family income does not exceed HUD's published low income limits for Kitsap County.

*Applicants must:*

- Provide documentation of the total number of clients/households served in the prior year (if this is an existing service);
- State what percent of the clients/households served in the prior year were low or very low income (or met criteria that are stricter);
- Provide a copy of the income qualification criteria that were used to screen clients and to determine the percent that were low and very low income;
- Provide a copy of the client intake form highlighting the questions regarding family size and income levels; and
- Agree to maintain documentation of the client's incomes for the CDBG contract period.

3. **Income Eligibility Requirements (Direct Benefit)** -- This means that the agency uses income screening to limit the benefits of the CDBG funded activity to only those persons who are low and very low income. For example, a housing counseling program would screen potential clients and use the CDBG funds to pay for the counseling only of those who are income eligible.

*Applicants must:*

- Screen clients by family size and income;

- Provide a copy of the income qualification criteria that were used to screen clients to determine low and very low income status;
- Provide a copy of the client intake form highlighting the questions regarding family size and income levels; and
- Describe how the program/project would limit the benefits of the CDBG funded activity exclusively to low and very low income persons/households.

**4. Nature/Location of Activity Allows Conclusion of Primarily Low and Very Low Income Benefit** -- This means that the activity is of such a nature and in such a location that it may be concluded that the clientele will be primarily low and very low income; for example, free childcare in an assisted housing project.

*Applicants must:*

- Explain how the nature, and if applicable, the location of the proposed project, establishes that it is used primarily for low and very low income persons.

In addition to the four activities described above, the following activities may qualify under the limited clientele national objective.

- **Removal of Architectural Barriers**

A project which removes material or architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned non-residential buildings, facilities and improvements, and the common areas of residential structures containing more than one dwelling unit is considered a limited clientele activity.

Note: This refers to the removal of existing barriers. It does not apply to new construction.

- **Assistance to Owners of Microenterprises**

When assistance is to be provided to a microenterprise (a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise) the owner must qualify as low or moderate income. Note: for microenterprise projects under the limited clientele national objective justification, the low income threshold applies only to the owner, there are no income requirements for the workers the owner employs.

- **Employment Support Services.**

If CDBG assistance is only provided for training or supportive services (peer support programs, counseling, child care, transportation, and other similar services) to assist business(es), the percentage of low and moderate income persons assisted may be less than 51% if the proportion of the total cost borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income. For example: A new business moves into town and begins an on-site day care program for workers. The total cost of the day care is \$10,000. There are 40 children, 3 of which meet qualifications as low and moderate income. The maximum amount chargeable to the CDBG program is \$750.00. ( $\$10,000/40 = \$250 \times 3 = \$750$ ).

*Applicants must:*

- Maintain data documenting the total cost of the service, Screen clients by family size and income; and provide a copy of the client intake form highlighting the questions regarding family size and income levels;

### **C. Housing Activities**

These are activities providing or improving permanent residential structures which are or will be occupied by low and very low income households. It does not include group homes or shelters for the homeless, which are considered limited clientele activities.

*Applicants must:*

- Maintain a copy of the written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multi-unit structure assisted and the number of those units which will be occupied by low and moderate income households after assistance.
- Maintain records on the total cost of the activity, including both CDBG and non-CDBG funds.
- Document criteria used to screen households for family size and income eligibility.
- For rental housing, maintain records on rent charged (or to be charged) after assistance for each dwelling unit in each structure assisted.

### **D. Job Creation or Retention Activities**

These are economic development activities which are designed to create or retain permanent jobs, where at least 51% of the jobs, computed on a full-time equivalent basis, can be documented to employ low and very low income persons for the geographic area where it is located. **There are very specific elements of this national objective. Please contact Block Grant staff to discuss your project prior to submitting an application.**

## **II. REDUCE OR ELIMINATE SLUM OR BLIGHT**

An activity may meet the national objective of reducing or eliminating slum and blight, instead of benefiting low and very low income people. Currently, there are only designated slum and blight areas in the City of Bremerton. There are no slum and blight designations outside the City. There are two different ways that CDBG activities can meet this second national objective.

Area Basis A project must be located in an area defined as a slum or blighted area under state or local law; the conditions which qualified the area as slum or blight must be on record; and the project must specifically address one or more of these conditions.

Spot Basis A CDBG project to eliminate slum and blight on a spot basis (for example, outside of a locally designated slum or blighted area) must be limited to activities necessary to

eliminate specific conditions posing a threat to the public health or safety. The health or safety hazard must be identified, and the scope of the project must be limited to correcting the hazard.

### III. MEET AN URGENT NEED

Use of this category is extremely rare. It is designed only for activities that alleviate emergency conditions. Urgent need activities must meet the following qualifying criteria.

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- The recipient is unable to finance the activity on its own; and
- Other sources of funding are not available.

An example of an activity that would qualify under the urgent Needs National Objective: Our County is hit by an earthquake within the last month and does not have any other resources to demolish severely damaged structures which pose a danger to occupants of neighboring structures.

### CDBG FUNDING - SPECIFIC REQUIREMENTS

#### 1. Reversion of Assets/ Change-of-Use Restrictions

All recipients must agree to restrict the use of the property, which was acquired and/or improved using CDBG funds, to the intended purpose for which the funds were awarded. The restriction will be based on the dollars invested and follow the guidelines in the chart below. This is to ensure compliance with HUD requirements and to ensure continued public benefit.

Activity	Dollar Threshold*	Minimum Years Restricted
Rehabilitation or Acquisition of existing facilities or housing (including homeownership assistance)	Less than \$15,000 \$15,000 - \$40,000 Greater than \$40,000	5 Years 10 Years 15 Years
New Construction or Acquisition of land for new construction	Any \$ amount	20 Years

\* Dollar threshold is per facility, or if housing, per unit for single family housing

Reversion of assets provisions require agency to transfer to the City or County any CDBG funds on hand at the time of expiration of the subrecipient agreement, any accounts receivable attributable to the use of CDBG funds, and any non-expendable personal property that was purchased with CDBG funds

#### 2. Restriction on Assessments

CDBG funds may not be used for public improvement projects where a portion of the projects is to be financed by assessments to area property owners, unless the project is structured such that CDBG funds are used to pay the assessments of all low and very low income property owners. The analysis of incomes of affected persons must be done ahead of time and submitted as part of the application for CDBG funds.

**3. Guidelines for Economic Development Projects (24 CFR 570.209)**

Kitsap County will utilize the guidelines provided at 24 CFR 570.209 relative to project costs and financial requirements and standards for evaluating public benefit.

**4. Supplanting (24 CFR 570.207)**

Federal regulations prohibit using CDBG funds to supplant (replace or substitute for) local funds for public services or ongoing responsibilities of general local government. The intent of this federal regulation is to prevent local government from using the availability of federal CDBG dollars as an excuse to reduce local funding commitment.

**5. CDBG Match**

CDBG Capital construction and rehabilitation projects must meet a match requirement of 5%. This requirement does not apply to on-going homeownership programs. The match requirement means for every \$1 of CDBG funding in the project, \$.05 of other funds will be required.



## **Appendix C**

### **HOME Eligibility Requirements & Program Rules**

## HOME ELIGIBILITY REQUIREMENTS AND PROGRAM RULES

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The HOME Program was created by the National Affordable Housing Act of 1990 (NAHA) to promote the following objectives:

- Provide decent and affordable housing to lower-income households,
- Expand the capacity of nonprofit housing services,
- Strengthen the ability of local governments to provide housing, and
- Leverage private-sector participation.

### What are Eligible HOME - Funded Activities?

- **Homeowner Rehabilitation:** HOME funds may be used to assist existing owner-occupants with the repair, rehabilitation or reconstruction of their homes.
- **Homebuyer Activities:** Participating jurisdictions may finance the acquisition and/or rehabilitation or new construction of homes for homebuyers.
- **Rental Housing:** Affordable rental housing may be acquired and/or rehabilitated, or constructed.

### What are Eligible HOME Costs?

- **Developmental Hard Costs:** HOME funds may be used for the actual cost of constructing or rehabilitating housing. Eligible costs include demolition of existing structures and improvements to the project site that are in keeping with improvements of surrounding, standard projects, and costs to make utility connections.
- **Acquisition Costs:** HOME funds may be used for the costs of acquiring improved or unimproved real property.
- **Related Soft Costs:** HOME funds may be used for other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of new construction, rehabilitation, or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:
  - Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups;
  - Costs to process and settle financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees
  - for recordation and filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, builders or developer fees;
  - Costs of a project audit;

- Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants;
- Costs for new construction or substantial rehabilitation, the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project run up and which may only be used to pay operating expenses, reserve for replacements and debt service.
- **Relocation Costs:** HOME funds may be used for the costs of relocation payments and other relocation assistance for permanent or temporarily relocating individuals, families, businesses, non-profit organizations, and farm operation where assistance is required.
- **CHDO Operating Expenses**
- **Total HOME Assisted costs:** HOME funds may be used to pay for all expenses from developmental hard costs through CHDO operating expenses.
- **Total Number of HOME Assisted Units:** HOME funds may be used to pay for the costs of the total number of units that will be assisted with HOME funds.
- **HOME Costs per Unit:** HOME funds may be used for the total HOME costs divided by the total number of HOME assisted units.

### What Is a Community Development Housing Organization (CHDO)?

A CHDO is a private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves. A CHDO must meet certain requirements pertaining to their:

- Legal status;
- Organizational structure; and
- Capacity and experience

HOME program rules require that a minimum of 15% of HOME funds be set-aside for CHDOs. These funds can be used by the CHDO for HOME activities where the CHDO acts as the developer, sponsor and/or owner of the housing. Due to regulatory changes in the HOME program, the 15% set-aside for Community Housing Development Organization (CHDO) projects must be awarded annually to a certified CHDO. HUD no longer grants a waiver for this requirement.

For more information on becoming a CHDO please contact the County Block Grant office.

### Program Rules

The HOME Program has specific program rules that applicants should be aware of when contemplating applying for funds. Some applicable program rules include but are not limited to:

#### **1. HOME Project Completion**

Recipients of HOME funds will have 4 years from the commitment date (contract date) to complete projects. Project completion means that all construction work and title transfer (if applicable) is completed and the final draw of HOME funds has been disbursed.

Rental Housing: Within six months from the date of project completion, if a HOME assisted rental unit remains unoccupied, the Block Grant office will provide to HUD information about current marketing efforts, and if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible. Within 18 months from the date of project completion, if efforts to market the unit are unsuccessful and the unit is not occupied by an eligible tenant, HUD will require repayment of all HOME funds invested in the unit.

Homeownership Housing: HOME assisted homeownership housing must have a ratified sales contract with an eligible homebuyer within 9 months of the completion of construction or rehabilitation, or it must be converted to rental housing. If converted, this rental housing must comply with all provisions of 24 CFR 92.252. If an unsold homebuyer unit is not converted to rental housing, the HOME funds must be repaid.

**2. Affordability Period restrictions for HOME funded projects**

To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. The length of the affordability period depends on the amount of the HOME funds in the property and nature of the activity funded. Affordability periods range from 5 to 20 years and follow the guidelines in the chart below.

<b>Homeowner/Homebuyer Activities</b>	
<b>HOME assistance provided per unit</b>	<b>Period of Affordability</b>
Under \$15,000	5 years
Between \$15,000 to \$40,000	10 years
Over \$40,000	15 years

<b>Rental Housing Activities</b>		
<b>Activity</b>	<b>Dollar Threshold**</b>	<b>Minimum Affordability Period</b>
Rehabilitation or Acquisition of existing housing	Less than \$15,000/unit \$15,000 - \$40,000/unit Greater than \$40,000/unit	5 Years 10 Years 15 Years
Refinance of a Rehabilitation project	Any \$ amount	15 years
New Construction (including land acquisition) or Acquisition of new housing.	Any \$ amount	20 Years

### **3. HOME Resale/Recapture Provisions**

For HOME, the Participating Jurisdiction (County) will designate in the written agreement whether Resale or Recapture (24 CFR 92.294(a)(5)) will be used for maintaining affordability for each HOME assisted property. Additionally, deed restrictions must be recorded on the property to ensure the affordability.

### **4. HOME Assisted Rental Housing**

The HOME Program requires that all households who occupy HOME units be low income. Property owners and operators must develop policies and procedures which address:

- Admission & Tenant Selection (including an Affirmative Marketing Plan)
- Lease Provisions & Occupancy

At initial occupancy and during the period of affordability Block Grant staff will monitor the project for compliance with HOME requirements. The monitoring will include inspections of HOME assisted units and the property overall, review of policies and procedures, project financial information and tenant files.

### **5. CHDO Certification**

A Community Housing Development Organization (CHDO) must meet certain statutory requirements under the HOME program to be designated as a CHDO. CHDO activities must involve acquisition, construction or rehabilitation, and sale (homebuyer or rental) of

housing to eligible households. To be a CHDO, an organization must have “demonstrated capacity for carrying out activities assisted with HOME funds.” There are specific requirements to be certified as a CHDO. Kitsap County Block Grant Program is required to certify that an organization qualifies as a Community Housing Development Organization (CHDO) each time it commits CHDO set-aside funds to the organization. CHDO certification will be required before a commitment of set-aside funds is made. Contact the Block Grant Program for more information on becoming a CHDO.

#### **6. Underwriting, Subsidy Layering Review & Developer Capacity Analysis**

Kitsap County, using guidelines it has established, will document that when HOME funds are used in combination with other government assistance in a project, no more subsidy is invested than necessary. Staff will also conduct a review of developer capacity and project fiscal soundness. A Conditional Commitment of funds will be made until all other project funding has been secured and documented.

#### **7. Leveraging**

The City of Bremerton requires leveraging of HOME funds for homeownership housing projects. For every \$1 of HOME funds committed, the project sponsor must show leveraged funding of \$2 from other sources.

#### **8. HOME Match Requirements**

The HOME program requires a match of 25% for every HOME dollar spent. Block Grant staff is responsible for ensuring that the HOME Consortium is meeting this requirement. Staff will work with agencies to identify sources and levels of HOME match required on a project basis. The match requirement may be met in several ways:

- A. Non-Federal Cash or Cash Equivalent – acceptable sources of cash match include:
  - a. Local or state general revenues
  - b. Housing Trust Funds
  - c. Foundations, donations
  - d. State appropriations
  - e. HFA reserves that are not federal funds (e.g. bond proceeds)
  - f. The interest rate subsidy achieved by the exemption of state or local taxes
  - g. Present value of the interest subsidy for loans made at rates below market
- B. Value of waived taxes, fees or charges associated with the project;
- C. Value of donated land or real property;
- D. Cost of infrastructure improvements associated with the project;
- E. A percentage of the proceeds of single or multi-family housing bonds issued by state or local government;
- F. Value of donated materials, equipment, labor and professional services;
- G. Sweat equity;
- H. Direct costs of supportive services to residents of the project;
- I. Direct cost of homebuyer counseling to families purchasing homes with

HOME assistance.

### **9. Market Assessment Requirement**

Most Homebuyer and Rental housing development projects (includes acquisition, rehabilitation, new construction, down payment assistance) awarded HOME funds will be required to have a Market Assessment. For HOME-funded direct homebuyer assistance that is not part of a HOME-funded development activity, and homeowner rehabilitation activities, a market assessment is not required.

It must be completed by the applicant (or consultant hired by the applicant) and submitted at the time of application for funding or before the commitment of funds. Block Grant Program staff will review the Market Assessment to determine:

- If a need for the type and number of housing units has been convincingly demonstrated;
- If the developer/program will be able to sell the planned homebuyer units prior to the six-month deadline;
- If the developer/program will be able to lease-up the planned rental units as expected, e.g. within the timeframe specified in the project pro-forma;
- If the development will adversely impact existing affordable housing developments.

### **10. Site and Neighborhood Standards**

HOME funded rental projects that are newly constructed are subject to a site and neighborhood standards [24 CFR 92.202(b)] review by the Block Grant Program to determine that:

1. Site is adequate for proposed purpose
2. Project and location furthers compliance with fair housing laws
3. Site is not in an area of minority concentration – if the site is in an area of minority concentration, the Block Grant Program will determine that one or more of the following is true:
  - a. The project will not increase significantly the proportion of minorities
  - b. Sufficient comparable housing opportunities exist outside the area for minorities based on analysis of HUD-assisted housing
  - c. Proposed project is necessary to meet overriding housing need that cannot otherwise be met
  - d. Proposed project is integral to a neighborhood preservation strategy or integral to revitalization area strategy.
4. Project promotes greater choice of housing opportunities and avoids undue concentration of assisted persons
5. Proposed site is not seriously detrimental to family life
6. Proposed site is comparably accessible to broad range of services and facilities
7. Travel and access to jobs from proposed site is not excessive.

## Long Term Affordability

One of the purposes of the HOME Program is to increase the supply of affordable housing units. To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. The length of the affordability period depends on the amount of the HOME funds in the property and nature of the activity funded. Affordability periods range from 5 to 20 years. Deed restrictions must be recorded on the property to ensure the affordability

Homebuyer activities will use either Resale or Recapture (24 CFR 92.294(a)(5) for maintaining affordability for each HOME assisted property. Kitsap County and City of Bremerton will designate in the written agreement (contract) the method to be used.

Rental housing activities will carry rent and occupancy restrictions during the period of affordability. Affordability restrictions remain in force regardless of transfer of ownership.

## **Homebuyer Projects**

Homeownership housing projects assisted with HOME must meet the affordability described below, as per 92.254(a)(4). The affordability period begins after project completion, and is based on the amount of HOME investment per unit

If a program or project does not meet its affordability requirements through change in ownership, change in use, or other failure to adhere to contractual obligations, Resale or Recapture provisions are triggered in order to continue the HOME investment to its intended recipient. Either Resale or Recapture is set forth in each project/program's contract.

### Resale for Homebuyer Projects

All HOME assisted homebuyers subject to Resale provisions must meet the following during the Period of Affordability, which will be recorded in a restrictive covenant and shall be required of the original and any subsequent buyer of the subject property during the term of the Period of Affordability:

1. The homebuyer must enter into restrictive covenant outlining resale requirements.
2. Subject property must be homebuyer's principal residence at all times during the Period of Affordability.
3. Property is sold to an income qualified homebuyer with an income within the range of 51% and 80% of Area Median Income. The property must be sold at a price that is "affordable to a reasonable range of low-income buyers." The sales price shall be set such that the amount of Principal, Interest, Taxes and Insurance does not



exceed 30% of the new buyer's annual income. The Kitsap County Block Grant Program must approve the resale price.

4. The owner shall receive a fair return on their investment. Fair Return on Investment means the total homeowner investment which includes the total cash contribution (excluding standard maintenance) plus the approved capital improvements as described below:
  - a. The cost of any capital improvements, documented with receipts provided by the homeowner, including but not limited to:
    - i. Any additions to the home such as a bedroom, bathroom, or garage;
    - ii. Replacement of heating, ventilation, and air conditioning systems;
    - iii. Accessibility improvements such as bathroom modifications for disabled or elderly, installation of wheel chair ramps and grab bars, any and all of which must have been paid for directly by the Owner and which were not installed through a federal, state, or locally-funded grant program; and
    - iv. Outdoor improvements such as a new driveway, walkway, retaining wall, or fence.
  - b. All capital improvements will be visually inspected to verify their existence.
5. The **Housing Price Index (HPI)** of the **Federal Housing Finance Agency** will be used as the index to determine fair return on investment. The percentage of change as calculated by the HPI projects what a house purchased at a point in time would be worth today if it appreciated (or depreciated) at the average rate for all homes in the areas. The calculation shall be performed for the Bremerton-Silverdale Metropolitan Statistical Area (MSA).
6. Calculating Fair Return on Investment: Calculating the Fair Return to the original homeowner would be as follows:
  - Step 1: Owner cash contribution at closing + capital improvements x HPI% change= fair return on initial & capital investments
  - Step 2: The results are then added to the owner's cash contribution + capital improvements to get the total return to the original homebuyer at sale.

### Recapture for Homebuyer Projects

All HOME assisted homebuyers subject to Recapture provisions must meet the following during the Period of Affordability, which will be recorded in a restrictive covenant and shall be required during the term of the Period of Affordability:

1. The homebuyer must enter into restrictive covenant outlining recapture requirements.
2. The PJ will record a lien on the property securing the asset until expiration of the Period of Affordability.

3. The homebuyer may sell the home at any time during the Period of Affordability, to any willing buyer, and at the price the market will bear.
4. In the event of voluntary or involuntary sale during the Period of Affordability, the PJ will recapture the HOME investment as follows:
  - a. The owner shall receive a fair return on their investment: portion of HOME funds recaptured will be based on shared net proceeds (down payment and any capital improvements, excluding standard maintenance, since purchase).  
Net Proceeds = [Sale Price] – [Non-HOME Debt] – [Closing Costs]
  - b. A third party appraisal will determine fair market value.

### Housing Homeownership Requirements

The HOME program requires that for all HOME assisted homeownership projects:

1. All of the HOME funds will benefit families whose incomes are at or below 80% of the area median income.
2. The assisted housing will be the owner's principal residence.
3. The purchase price of the property or the appraised value of a property already owned, after rehabilitation will be less than 95 percent of the median area purchase price. The 2013 HOME Final Rule 24 CFR 92.254(a)(2)(iii) is amended to eliminate the use of the 203(b) limit and to change the methods for determining 95% of area median purchase price. HUD will determine and issue limits that represent 95% of the area median purchase price separately for newly constructed and existing single family housing units. Kitsap County Block Grant Program will use the HUD-issued limits.
4. All homebuyers that receive HOME assistance or purchase a unit developed with HOME funds must receive housing counseling. The Block Grant staff will review the housing counseling policies of subrecipients and owner/sponsor developers of homeowner housing to determine compliance with this requirement.
5. A subsequent low-income purchaser of a HOME-assisted homeownership unit may assume the existing HOME loan and recapture obligation entered into by the original buyer when no additional HOME assistance is provided to the subsequent homebuyer.
6. *City of Bremerton* HOME funded homeownership projects are capped at \$30,000 per unit.
7. Subrecipients administrating homebuyer assistance programs must have and follow written policies for:
  - a. **Underwriting:** Underwriting standards for homeownership assistance must address housing debt, overall household debt, the appropriateness of the amount

- of assistance, recurring household expenses, assets available to acquire the housing, monthly expenses of the household and financial resources available to the household to sustain homeownership.
- b. **Predatory lending:** (HUD will issue guidance on preventing predatory lending)
  - c. **Refinancing:** The refinancing policy must address refinancing loans to which HOME loans are subordinated to ensure that the terms of the new loan are reasonable.

### Rental Housing Requirements

Rental housing projects which include HOME assisted units must meet the affordability described in 92.252(e), the affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership.

At least 20% of HOME assisted rental units must be occupied by families who have annual incomes that are 50% or less of AMI. Properties with 5 units or less are exempt from this rule. Additionally the Block Grant Program must ensure that 90% of the total households served under all County/City funded HOME rental programs have incomes that do not exceed 60% of the AMI. The remaining households must not exceed 80% of AMI.

### Minority and Women Owned Businesses

The HOME program requires the encouragement and use of minority and women owned business enterprises in the implementation of HOME program activities.

### Affirmative Fair Housing Marketing Plan

All Home-funded programs, including downpayment assistance programs, must follow an affirmative marketing plan. The specific affirmative marketing procedures to be used will depend on the type and size of the program or project. The Kitsap County-City of Bremerton HOME Consortium has an Affirmative Fair Housing Marketing Plan that clearly state what actions owners/managers must take to provide information to, and otherwise attract, eligible persons in the housing market who are unlikely to apply without special outreach. The extent of the affirmative marketing activities typically varies depending on the size of the property.

Kitsap County HOME Consortium staff will evaluate the success of the affirmative marketing actions every year for each project. Owners and managers are required to retain certain records so staff can evaluate its results. Affirmative Marketing will be reviewed during annual on-site monitoring.

## Property and Construction Issues

### A. Compliance with Codes and Standards

For all projects, the Block Grant office is primarily responsible for ensuring compliance with Federal requirements and meeting both project and program goals. This is the case no matter what cost is funded under the HOME Program.

#### 1. Acquisition of existing housing (no rehab. or construction) 24 CFR 92.251(c)

Housing acquired with HOME funds must be inspected for health and safety at the time of title transfer. Block Grant staff will conduct an inspection using established standards. Any deficiencies will be noted and a date for correction and re-inspection will be communicated to the owner. HOME funds will not be disbursed for the acquisition until the project passes the inspection.

#### 2. Rehabilitation of housing 24 CFR 92.251(b)

For any HOME-funded rehabilitation work, the housing must meet the ***Kitsap County/City of Bremerton Housing Rehabilitation Standards*** and County or applicable City Building Code.

The Rehabilitation Standards address the following:

- **Health & Safety** – the rehab. standards specify the life threatening deficiencies that must be addressed immediately if a housing unit is occupied.
- **Remaining Useful life of major Systems** – An estimate of the remaining useful life of major system must be completed. Major systems include structural support, roofing, exterior cladding, weatherproofing (e.g., windows, doors, siding, gutters), plumbing electrical and heating, ventilation and air conditioning.
  - **Major systems for rental housing** - This must be done with a capital needs assessment for projects with 26 or more units. If the remaining useful life is less than the affordability period, the Block Grant Program will require replacement reserve deposits to ensure that the project's major systems and physical needs can be adequately maintained and addressed throughout the affordability period.
  - **Major systems for homeownership housing** – upon project completion, major systems must have a useful life of at least five years.

- **Lead based paint requirements**, in accordance with 24 CFR Part 35.
- **Accessibility requirements**, as applicable, in accordance with Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and the Fair Housing Act.
- **Disaster mitigation standards**, in accordance with State and local requirements.
- **Rehabilitation work must comply with local codes, ordinances, and zoning requirements.**
- **Uniform Physical Conditions Standards (UPCS)**

### **3. New construction of housing 24 CFR 92.251(a)**

All new housing projects constructed with HOME funds must have project specific material and methods or “construction specifications” for the project. The specifications and design plans will be reviewed by Block Grant staff to ensure that the amenities and aesthetic features of the project are in keeping with modest housing of similar type in the community. Projects will be required to obtain the necessary development permits from the jurisdiction where the project is located and copies of the signed-off permit & certificate of occupancy will be required for final reimbursement of funds.

All new construction work must meet the International Code Council’s International Residential Code or International Building Code, whichever is applicable, and disaster mitigation standards in accordance with State and local requirements. In addition projects must meet the applicable accessibility requirements in accordance with Section 504 of the Rehabilitation Act, the Americans with Disabilities Act and the Fair Housing Act.

Block grant staff will review and approve written cost estimates, construction contracts and construction documents. In addition, staff will conduct construction progress and final inspections to ensure that work is done in accordance with the applicable codes, the construction contract, and construction documents.

### **4. Newly Constructed or Recently Rehabilitated Housing 24 CFR 92.251(c)(1)**

Housing that has been newly constructed or rehabilitated within one year of the date of commitment of HOME funds must meet the applicable property standards [92.251(a)] for new construction and [92.251(b)] for rehabilitation. The Block Grant office will document compliance based on a review of approved building

plans and certificates of occupancy and a property inspection that is conducted no earlier than 90 days before the commitment of HOME funds.

#### **5. All Other Existing Housing – Rental**

For all other housing (housing not recently rehabilitated or newly constructed) that will be acquired (without rehabilitation) for rental housing, the property must meet the applicable standard for rehabilitation at 92.251(b). The Block Grant office will document compliance based upon a current inspection that is conducted no earlier than 90 days before the date of commitment of HOME assistance. If the property does not meet these standards, it cannot be acquired with HOME funds unless it is rehabilitated to meet this standard.

#### **6. All Other Existing Housing – Homeownership (Down Payment) Assistance**

Block Grant staff will utilize Uniform Physical Conditions Standards to ensure that existing housing acquired for homeownership is decent, safe, sanitary, and in good repair.

#### **7. Manufactured Housing Property Standards [24 CFR 92.251(e)]**

Newly constructed manufactured housing and housing that replaces an existing substandard unit must be on a permanent foundation. For all rehabilitated manufactured housing, the foundation and anchoring must meet all applicable State and local codes and other requirements.

All new construction of manufactured housing must meet the Manufactured Home Construction and Safety Standards codified at 24 CFR part 3280.

All new manufactured housing must, at the time of project completion, be connected to permanent utility hook-ups and be located on land that is owned (or leased for a period at least as long as the affordability period) by the manufactured housing unit owner.

Existing manufactured housing that is rehabilitated with HOME funds must meet the property standards applicable to rehabilitation, as outlined in 92.251(b).

#### **8. On-going Property Standards for Rental Projects [24 CFR 92.251(f)]**

Properties must be maintained to meet all applicable State and local codes. Housing will be inspected using UCPS as the standard (replaces HQS). Housing must be free of all health and safety defects and any life-threatening deficiencies identified during inspection must be corrected immediately. Housing must also meet the lead-based paint requirements in 24 CFR part 35.

## **B. Lead Based Paint**

All housing funded with HOME and/or CDBG constructed before 1978 must comply with lead-based paint regulations at 24 CFR Part 35. The purpose of the regulation is to identify and address lead-based paint hazards before children are exposed to lead.

## **Appendix D**

### **Anti-Displacement & Relocation Assistance Plan**



# Anti-displacement and Relocation Assistance Plan

## INTRODUCTION

- Applicants for federal funds must comply with the **Uniform Relocation Assistance and Real Property Acquisition Policies Act** of 1970, referred to as URA. URA regulations, at 49 CFR Part 24, apply to any federally-assisted project involving acquisition, demolition or rehabilitation.
- The URA protects all persons who are displaced by a federally assisted project, regardless of their income. This is in contrast to Section 104(d) which only protects displaced persons whose income is at or below 80% of the area median income. The URA also protects businesses located in a building acquired, demolished or rehabilitated with federal funds.

## REAL PROPERTY ACQUISITION

- A. When acquisition of real property is the result of a voluntary proposal which has been submitted by an owner in response to a public invitation or solicitation for offers, it is referred to as voluntary acquisition. In contrast, acquisition of property by the local government entity which is not voluntarily offered for sale is referred to as involuntary acquisition. Voluntary Acquisition must adhere to the following procedures:
- a) Determine if the housing unit is a low/moderate income dwelling unit and if so contact the Block Grant Program office.
  - b) Clearly advise the owner that in the event negotiations fail to result in an agreement the property will not be acquired.
  - c) Arrange for a full independent narrative appraisal of the property by a qualified appraiser.
  - d) Inform the owner of what the agency believes to be fair market value of the property and that the agency does not have the authority to acquire the property by eminent domain. (HUD Guideform **Notice of Voluntary Arms Length Transaction** is available from the Block Grant Office)
- B. All acquisitions must go through real estate escrow. The escrow agent must be a neutral third party to the acquisition.
- C. All acquisitions must have title insurance.
- D. All acquisitions will need a notice of some kind. All occupants are entitled to timely notice explaining whether or not they will be displaced.
- Occupants to be displaced must be informed of their eligibility for relocation assistance and the nature of the assistance.

- Occupants not to be displaced must be informed of the terms and conditions under which they may occupy the property upon completion of the project.

## NOTICES

- **General Information Notice (GIN):** Informs occupants of a possible project and of their rights under URA. Stresses that the household should not move at this time.
- **Move-in Notice** informs households moving into potential projects after the application that may be displaced and that they will not be entitled to assistance.
- **Notice of Non-Displacement** informs households who will remain in the project after completion of the assisted activity of their rights and of the terms and conditions of their remaining at the property.
- **Temporary Relocation Notice** informs households who will be temporarily relocated of their rights and of the conditions of their temporary move.
- **Notice of Eligibility** informs households to be displaced of their rights and levels of assistance under federal law.
- **90 and 30 Day Notices** informs displaced households of the day by which they must vacate the property.

## PLANNING FOR RELOCATION UNDER URA

- A. Minimizing Displacement: It is the policy of the Kitsap County Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs to minimize displacement of people or businesses as a result of activities assisted with CDBG or HOME funds. This means:
- a) Considering whether displacement will occur and how this would affect the feasibility of the project.
  - b) Identifying potential relocation workload and resources early.
  - c) Assuring, whenever possible, that residential occupants of buildings to be rehabilitated are offered an opportunity to return.
  - d) Planning rehabilitation projects to include “staging” where this would minimize displacement.
- B. Relocation Assistance for Displaced Residents  
Relocation is defined as the permanent movement of occupants/tenants, required as a result of a CDBG or HOME activity. Federal regulations require that if any individuals, families, businesses or farms are displaced the subrecipient must:
- a) Inform the person(s) that they may be displaced and generally describe the relocation payment(s) for which they may be eligible, the

basic conditions of eligibility, and the procedures for obtaining payment(s).

- b) Inform the person that they will not be required to move without at least 90 days advance written notice and that the person to be displaced cannot be required to move permanently unless at least one comparable replacement dwelling unit has been made available.
- c) Inform the person that they will be given reasonable relocation advisory services, including referrals to replacement properties, help in filing payment claims, and other necessary assistance to help them relocate.
- d) Provide the person with a description of their right to appeal any determinations for assistance under the Uniform Relocation and Real Property Acquisition Act (49 CFR, Part 24).
- e) Assure that those persons who are required to relocate receive their full replacement housing payments, moving, and related expenses.

C. Rights of Residents who Remain in the Project

- a) Remaining Households must be offered affordable Housing.
  - Tenants who are intended to remain in the project must receive the offer of a “suitable” unit which can be rented at an “affordable” price. Determining which tenants will be able to remain in the project is a key component of determining the feasibility of an occupied project.
- b) Temporary Relocation
  - Residents who will remain in the project after rehabilitation may be required to move temporarily during rehabilitation.
  - The temporary dwelling must be suitable and decent, safe and sanitary but not necessarily comparable.
  - In addition to the Notice of Non-displacement, the resident must, as a minimum, receive reasonable advance written notice of the date and approximate duration of the planned temporary move; information about the terms and conditions under which the tenant will be returning to when the project is completed; and reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary move.
- c) Permanent Moves Within the Project
  - Tenants may be allowed to remain in a project after rehabilitation, but not necessarily in the same unit.
  - Permanent moves within the same project must be to suitable, decent, safe and sanitary - but not necessarily comparable – units.

- In addition to the Notice of Non-displacement, the resident must, as a minimum receive reasonable advance written notice of the date of the planned move to an alternate unit and; reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

### **SECTION 104(d) - REPLACEMENT OF HOUSING**

Section 104(d) of the Housing and Community Development Act of 1974 as amended requires the one-for-one replacement of low/moderate income occupied or occupiable dwelling units which are demolished or converted to a use other than low/moderate income housing as a direct result of CDBG or HOME assistance. Under this section relocation assistance shall be provided in accordance with 24 CFR Part 42.350. One for one replacement of units shall be provided in accordance with 24 CFR Part 42.375.

All comparable replacement housing will be provided within one year prior to or three years after commencement of the demolition or conversion. Before entering into a contract committing the County to provide funds for an activity that will directly result in demolition or conversion, Kitsap County will require the applicant to publish a notice in the newspaper, and Kitsap County will submit to HUD, the following information in writing:

- 1) Description of proposed assisted activity;
- 2) The address, number of bedrooms and map of location of the lower income housing that will be lost as a result of the project;
- 3) Time schedule for start and completion of the demolition or conversion;
- 4) To the extent known, the address, number of bedrooms and map of the location of replacement housing that has or will be provided. If such data are not available at the time of the general submission, Kitsap County will identify the general location on an area map and information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as it is available;
- 5) Basis for concluding replacement housing will remain a low-income unit for at least 10 years from the date of initial occupancy;
- 6) Information demonstrating that any proposed replacement of housing units, that are different in size from those units lost, is appropriate and consistent with housing needs and priorities identified in the Consolidated Plan.

## DEFINITIONS

**Comparable replacement dwelling unit:** A unit that meets the criteria of 49 CFR 24.2(d)(1) through (6); and is available at a monthly cost for rent that does not exceed the “Total Tenant Payment” determined under 24 CFR Part 42 813.107.

**Conversion:** This term means altering a housing unit so that it is used for non-housing purposes; used for housing but no longer meets the definition of lower income dwelling unit; or used as an emergency shelter.

**Lower-Income Dwelling Unit:** A dwelling unit with a market rent (including utility costs) that does not exceed the applicable Fair Market Rent (FMR) for Section 8 existing housing established under 24 CFR part 888. However, the term does not include any unit that is owned and occupied by the same person before and after the assisted rehabilitation.

**Vacant occupiable dwelling unit:** a vacant dwelling unit that is in a standard condition; vacant dwelling unit that is in a substandard condition but is suitable for rehabilitation; or a dwelling unit in any condition that has been occupied (except by a squatter) at any time within the period beginning 3 months before the date of execution of the agreement by the recipient covering the rehabilitation or demolition.

# **Appendix E**

## **Glossary**

## **GLOSSARY**

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**Administrative Expenses:** Those expenses directly associated with the recipient's general administration of the CDBG or HOME program, such as salaries, supplies, equipment, accounting, phones, audits, benefits, travel and indirect costs.

**Affordability:** Affordability is achieved when a household's rent or mortgage payment, plus utilities, does not exceed 30% of the monthly income for the targeted income group as adjusted for household size.

**Annual Action Plan:** This document allocates one year's funding to specific projects and activities for the CDBG and HOME programs. It is submitted annually to HUD, 45 days prior to the start of the County's fiscal year or no later than November 15 (unless otherwise instructed by HUD) and is developed in accordance with federal regulations (24 CFR Part 91).

**Architectural Barriers:** Restrict mobility and accessibility of elderly or individuals with disabilities.

**Benefit Criteria:** A CDBG activity must either, principally benefit low or very low income persons reduce or prevent slums and blight or meet a recent urgent need. These three objectives are the Benefit Criteria.

**Cash Flow:** Gross income minus vacancy rate, operating expenses, reserves, debt service and taxes.

**Grant Recommendation Committee (GRC):** A group of seven citizens meeting specific qualifications, who develop funding recommendations for approval by the Board of County Commissioners (BoCC) and Bremerton City Council.

**Citizen Participation Plan:** This plan is prepared to facilitate and encourage public participation and involvement in the Consolidated Plan process and the City's and County's CDBG and HOME program, especially by low- and moderate-income persons. The plan identifies the public participation requirements as identified by federal regulations (24 CFR Part 91).

**Committed Funds:** Funds committed to a project by a project funding source. The award amount, terms and uses of the committed funds are documented in a letter to the applicant. A copy of this award letter is included with the application for CDBG/HOME funds.

**Conditional Funds:** Funds committed, with conditions, to a project by a project funding source. The conditions of the commitment, amount, terms, and uses are documented in a letter to the applicant. A copy of the letter is included with the application for CDBG/HOME funds.

**Consolidated Annual Performance Evaluation Report (CAPER):** This document reports on the progress in carrying out the Consolidated Plan and Annual Action Plan. The report is prepared annually by both the City and County in accordance with federal regulations (24 CFR Part 91). It is due to HUD no later than 90 days after the end of the program year or March 31.

**Consolidated Plan:** This document serves as the City's and County's application for CDBG and HOME funds. It sets forth the priorities and strategies to address the needs of primarily low- and moderate-income persons and areas in the county. It typically covers a five-year time period. It is submitted to HUD 45 days prior to the start of the program year or no later than November 15 and is developed in accordance with federal regulations (24 CFR Part 91).

**Consultant Fees:** Fees paid to a third party developer consultant for costs associated with implementation of a project.

**Entitlement Community:** A local jurisdiction that receives an allocation of Community Development Block Grant funds directly from HUD. All participating jurisdictions are entitlement communities; however, not all entitlement communities are participating jurisdictions.

**Household:** All persons occupying a housing unit. The occupants may be a family, as defined in 24 CFR 5.403; two or more families living together; or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived, sexual orientation, gender identity, or marital status.

**Housing.** Housing includes permanent housing units for sale or rent including; manufactured housing, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing **does not** include emergency shelters or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students or dormitories.

**Interlocal Agreement:** Agreements made to ensure the cooperation of units of local government which form consortiums for the purpose of obtaining funding.

**Low- and Moderate-Income Households (LMI):** These are households earning less than 80% of the area median income (AMI). They are broken down into the following income designations:

- **Extremely Low-Income:** households with incomes less than 30% of the area median family income adjusted for household size.
- **Low-Income:** households with incomes between 31% and 50% of the area median income, adjusted for household size.
- **Moderate-Income:** households with incomes between 51% and 80% of the area median income, adjusted for household size.

**Low- and Moderate-Income Area Neighborhood (LMA):** In general, this is defined as census tracts or block groups where a minimum of 51% of the residents have low or moderate incomes (i.e. not exceeding 80% of the area median income).

**Median Family Income:** HUD releases income limits annually for its programs. Income limits are calculated using American Community Survey and Census data. Data for Kitsap County is based on the Bremerton-Silverdale Metropolitan Statistical Area (MSA). Incomes are indexed by household size.

**Operating Support:** Financial assistance used to supplement the day-to-day operations of a project.

**Participating Jurisdiction:** This term refers to cities, counties and consortia which receive an allocation of federal HOME funds directly from HUD.



**Persons with Disabilities:** This term means a household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if the person has a physical, mental, emotional or developmental impairment that is expected to be of long-continued and indefinite duration and substantially impedes his or her ability to live independently.

**Program:** An ongoing set of services that are provided to clients in order to achieve specific results. A program may also include the provision of housing.

**Program Year:** The program year for the County CDBG and HOME program is January 1 through December 31, which is the same as the County's fiscal year.

**Project:** A specific time-limited set of tasks to be executed within certain cost constraints and other defined parameters.

**Project Completion (HOME Projects):** Project completion means all necessary title transfer requirements and construction work have been performed; the project complies with the HOME requirements, including property standards under 24 CFR 92.251; the final drawdown of HOME funds has been disbursed for the project; and the project completion information has been entered into HUD's Integrated Disbursement and Information System, except with respect to rental housing, project completion occurs upon completion of construction and before occupancy.

**Project Management:** Costs directly related to managing the project to the point of completion normally paid to a third party.

**Project Soundness:** The feasibility, sensibility, and effectiveness of the project to meet a defined community need and the organizational strength and capacity to bring the project to completion.

**Proposed Funds:** Funds which have been or will be requested from a potential project funding source.

**Relocation Expenses:** Those costs paid to households or businesses when temporary or permanent relocation becomes necessary.

**Single family housing:** One to four-family residence, condominium unit, cooperative unit, combination of manufactured housing and lot, or manufactured housing lot.

**Single room occupancy (SRO) housing:** Housing (consisting of single- room dwelling units) that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities (and may contain both).

**Special Needs Housing:** Housing for special needs populations who require special housing-related services. This is also referred to as supportive housing.

**Special Needs Population:** This population of people includes elderly and frail elderly; persons with mental, physical or developmental disabilities; persons with HIV/AIDS; persons with alcohol or drug addiction; victims of domestic violence; persons discharged from institutions (prison, jail, mental hospital, foster care).

**Transitional housing:** Housing that is designed to provide housing and appropriate supportive services to person, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children. It has as its purpose facilitating the movement of individuals and families to independent living within a time period that is set.

**Uniform Physical Condition Standards (UPCS):** Uniform national standards established by HUD pursuant to 24 CFR 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for each of the following areas: site, building exterior, building systems, dwelling units, and common areas.

## **Appendix F**

### **Conflict of Interest Policy**

## **Conflict of Interest Policy Kitsap Coordinated Grant Application Process**

From time to time, community volunteers who are appointed to the Grant Recommendation Committees (GRC) have prior experience with one of the applicants or programs requesting grant funding. The following guidelines are intended to clarify what should happen in these cases to avoid real or perceived conflict of interest.

1) Conflict of Interest:

- a. No member of the GRC shall be beneficially interested, directly or indirectly, in any grant applications which may be made by, through, or under the recommendation of the GRC, in whole or in part, or which may be made for the benefit of his or her office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein (from RCW 42.23.030)
- b. No member of the GRC shall engage in any activity, including participation in the selection, award, or administration of a grant award or contract if a conflict of interest, real or apparent, exists.

2) Remote Interest:

- a. A GRC member is not interested in a contract, within the meaning of 1.a. above, if the member only has a “remote interest” in the contract and the extent of the interest is disclosed to the GRC and staff at the beginning of the review process and is noted in the official minutes prior to the recommendation of the contract. (from RCW 42.23.040)
  - i. As used in this section “remote interest” means:
    1. That of a non-salaried officer of a non-profit corporation;
    2. That of an employee or agent of a contracting party where the compensation of such employee or agent consists entirely of fixed wages or salary;
    3. That of a landlord or tenant of a contracting party;
    4. That of a holder of less than one percent of the shares of a corporation or cooperative which is a contracting party.
  - ii. Even if the GRC member’s interest is only remote, the member cannot influence or attempt to influence any other GRC member in the award of a contract they are remotely interested in. For purposes of this provision, influence or attempt to influence includes any of the following:
    1. Scoring the grant application;
    2. Discussing the grant application with other GRC members;
    3. Joining the audience, acting on behalf of the applicant, or interacting in any manner with members of the GRC;
    4. GRC members should physically leave the room when the remaining GRC members discuss the matter. This removes any potential claim that the GRC member has attempted to exert undue influence over the other GRC members.

- 3) Potential Bias by Prior Association:
  - a. A GRC member may have a “potential bias by prior association” if they have had an interest or remote interest in the past, but do not meet these definitions during the time they are serving on the GRC, or who have personal prior experience with an applicant including serving as a board member in the past, being employed in the past, or being a current or past volunteer. In the event of a potential bias by prior association:
    - i. The GRC member should disclose to the GRC and staff the nature of their prior association at the beginning of the application review process.
    - ii. They should not score that grant application.
    - iii. The GRC member may be present for the interview and discussion of the grant application, but should not attempt to influence any other GRC member in the recommendation or award of a contract. If a GRC member does not feel that they can be objective for the interview and/or the discussion, they may choose to physically remove themselves.
- 4) Conflicts Disclosed. The staff should advise GRC members before the process begins that members need to disclose, in advance, any remote interest, potential bias by prior association that they have, or relatives serving as staff to any applicants. It is recommended that the disclosures be done in writing.
- 5) Voting and Recommendations.
  - a. The GRC member should recuse themselves from voting on any recommendation that would include applications in which they have a remote interest in or with whom they have a potential bias by prior association.
  - b. If the final recommendations of the GRC are consolidated into a single motion, then the GRC member may participate in the vote so long as their participation in the discussion does not influence or attempt to influence the outcome with respect to the applicant in which they have a remote interest in or with whom they have a potential bias by prior association.
- 6) Alternate GRC. If there are two or more GRCs in a funding cycle or process, and a member has a conflict of interest, remote interest, or potential bias by prior association with an application that one of the GRCs is reviewing, that member may serve on a different GRC without reservation or restriction.