

## CHAPTER 7. REVIEWING GRANTEE PERFORMANCE REPORTS

## 7-1 PURPOSE

The Grantee Performance Report (GPR) provides a systematic format for reporting on the use of CDBG entitlement funds. Such reporting is required by section 104(e) of the Housing and Community Development Act of 1974, as amended.

Reviews of the GPR constitute the major means by which HUD meets its statutory responsibility to review each grantee's performance under the CDBG entitlement program at least annually. Renewing the GPR enables HUD to identify and follow up on instances of possible non-compliance with eligibility, national objective and certain other requirements, and to focus its on-site monitoring and technical assistance efforts.

## 7-2 TIMING

Each grantee is required to submit a GPR to HUD 90 days after the end of its program year. The GPR should be reviewed for completeness within five days of submission to HUD. Substantive reviews should be completed within 90 days of GPR submission.

## 7-3 ACCEPTANCE AND COMPLETENESS REVIEW

- A. Receipt. Date stamp and log-in according to Field Office administrative procedures. Forward the GPR to the CPD Division.
- B. Review for completeness. Use the Completeness Review Sheet (Exhibit 7-1) to determine if the GPR is acceptable for processing.
  - 1. If the GPR is acceptable for processing, send a letter to the grantee acknowledging receipt.
  - 2. If the GPR is not acceptable for processing, request in writing that corrected pages be submitted, or if the changes are minor, obtain the information by telephone. If corrected pages are to be sent in by the grantee, the corrected pages are to be marked by the grantee as revised and dated. If corrections are made by telephone, the file must contain a record of the changes made,

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the date of the changes, and the name of the local officials agreeing to the changes. The Field

Office should acknowledge receipt when the document is acceptable for processing, noting the additional information received or changes made.

#### 7-4 SUBSTANTIVE REVIEWS

- A. General. Determine who is to review the GPR in addition to the CPD Representative and forward the appropriate information and instructions for review. Use the General Review checklist (Exhibit 7-2) to log the assignment and completion of each substantive review.
- B. Documenting reviews. Use the review sheets (exhibits 7-3 through 7-11) as a guide for substantive reviews. Proceed in order, as later reviews depend on activities being properly classified, eligible and in compliance with national objectives. In some instances, a substantive review may generate additional information germane to the grantee's program. Pencil this information in an appropriate place on the GPR, including noting whether the information was obtained by telephone and from whom, or the date of the correspondence which contained the information. For example, in checking for area benefit, if it is determined based on discussions with a local official that the percentage of L/M persons in the service area is different than the percentage reported by the grantee, this information should be noted next to the activity with the name of the local official who provided the information and the date of the conversation. Such notations are important since any questions about meeting a national objective based on what the GPR says must be followed up by HUD.
- C. Program income log. In order to undertake the review for program income it is necessary to maintain a log of activities which produce or are likely to produce program income. A sample program income log is included in Chapter 2 of this Handbook as Exhibit 2-3. This, or a similar log is to be maintained throughout the year and updated as information becomes available, including the information in the GPR.
- D. Review results to grantee. The grantee should be notified in writing within 90 days of submission of the GPR of the results of the substantive reviews. The letter should indicate all areas reviewed, and it should detail any findings and corrective actions

required, as indicated below. It should also identify any activities where there is reason to question whether the eligibility or national objective

requirements have been met and indicate whether HUD intends to follow up on the concern as part of its on-site monitoring or if the grantee is expected to respond to HUD in writing to clear up the matter. Where appropriate, positive statements about the grantee's performance should be included to provide a balanced view of the grantee's overall performance. Care must be taken in wording the letter so as not to mislead the grantee into thinking that HUD has performed all of the reviews needed to make a positive, final determination of compliance with program requirements based on descriptions provided in the GPR alone.

- E. Distribution. A copy of the substantive review letter should be forwarded to Headquarters, as well as a copy of the corrected GPR. The letter should be sent to the Entitlement Communities Division and the corrected GPR to the Policy Coordination Unit.

#### 7-5 FINDINGS

- A. If the completeness or substantive review reveals a clear regulatory violation, a finding is to be made and appropriate corrective action required of the grantee. For example, if a GPR is submitted late, a finding is to be made. The grantee should be notified of the finding and the required corrective action. The finding should be entered in FORMS\CPD.
- B. If the review indicates a possible regulatory violation, the Field Office should contact the grantee to obtain more information. If the grantee provides additional information which clears the possibility of a violation, the Field Office should annotate the GPR to show the additional information. If communication with the grantee fails to resolve the issue, the Field Office should notify the grantee of the finding and the required corrective action. The finding should be entered in FORMS\CPD and tracked until closed.

#### 7-6 ADMINISTRATIVE RECORD AND REVIEW DOCUMENTATION. The following documents should be prepared as part of the GPR review process and made part of the official file;

- A. Annotated Grantee Performance Report

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- B. Completeness Review Checklist and Review Sheets
- C. Letter to grantee acknowledging receipt
- D. Notes of phone calls and letters requesting additional

information

- E. Letter notifying grantee of results of substantive reviews
- F. Any written responses by the grantee conveying further information to clear up questionable areas raised by HUD in its review of the GPR.
- G. Finding Summary Sheets, if appropriate
- H. Copy of up-to-date program income log

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Exhibit 7-1

REVIEW: COMPLETENESS

Use this checklist to review for completeness. Enter "N/A" in the blanks to indicate an item is "not applicable." A "NO" response for an item indicates a need for follow-up.

If an incomplete GPR is returned to the grantee, newly submitted pages should be marked as revised or amended and should be dated. If an incomplete GPR is corrected over the phone, the file should contain a record of changes made, date of changes, and name(s) of local officials agreeing to the changes.

COVER SHEET, HUD-4949.1

- 1. Does item 2 contain the CDBG number for the most recently completed program year? \_\_\_ \_\_\_  
YES NO
- 2. Do items 4 and 5 contain the name and telephone number of a person on the grantee's staff who can answer questions on the content of the performance report? \_\_\_ \_\_\_  
YES NO
- 3. Does item 6 contain the date of the most recently completed CDBG program year? \_\_\_ \_\_\_  
YES NO
- 4. Has the grantee included a narrative as required by item 7? \_\_\_ \_\_\_  
YES NO
- 5. Does item 10 contain the signature of the grantee's authorized official representative? \_\_\_ \_\_\_  
YES NO

ACTIVITY SUMMARY, HUD-4949.2

- 1. For each activity reported in column b:
  - a. Have the standard activity titles prescribed on pages 2-1 thru 2-4 of the GPR instructions been \_\_\_ \_\_\_  
YES NO

used?

- b. Has an adequate activity description been provided under each standard activity title?    
YES NO

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- c. For L/M area benefit activities, have census tract/block group locations and the percentage of L/M persons for the entire area served been provided?    
YES NO
- d. For L/M multifamily housing activities, have the total number of units and the number to be occupied by L/M households been given for each structure?    
YES NO
- e. For L/M job creation and retention activities, are the total number of jobs and the number of jobs to be held by or available to L/M persons shown?    
YES NO
- f. For S/B area activities, are the area boundaries and percent of initial physical deterioration shown?    
YES NO
- g. In addition to the census tract/block group locations, have street addresses or other locational information been provided for each activity except single family housing, relocation, planning, and program administration?    
YES NO
2. For each activity reported in column b, has a separate activity number been assigned in column a?    
YES NO
3. For each activity reported in column b for which funds were obligated, except Planning and Program Administrative Costs:
- a. Has the month and year that funds were first obligated been reported in column c?    
YES NO
- b. Has a letter been placed in one of the columns d, e, or f?    
YES NO
- c. Is the amount entered in column g no more than the amount entered in column h?    
YES NO
- d. Where there is a lump sum drawdown activity, does amount in column g include only those funds disbursed (or transferred to a reserve account) by financial institutions for assistance provided    
YES NO

to the ultimate beneficiary?

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- e. Where an activity generated program income and was retained for use in the activity, has the program income been included in the appropriate columns g through j?  YES  NO
- f. Have subtotals been entered at the bottom of each page and the grand total on the last page?  YES  NO
- g. Have all appropriate activity status codes been entered in column k? More than one may be appropriate.)  YES  NO
- h. Where B for Activity Completed is entered in column k, have all requirements for meeting one of the National Objectives been met?  YES  NO
- i. Does the sum of columns h, i, and j equal the total amount currently budgeted for each activity?  YES  NO
- j. Where applicable, are unprogrammed funds entered in column j and identified as such in column b?  YES  NO
- k. Have actual accomplishments been entered in column l that include the type of product, unit of measure, and number of units completed to date or the actual percentage estimate of that portion of the activity that is actually complete? (Projections are not considered actual accomplishments.)  YES  NO
- l. Have actual accomplishments for single family and multifamily housing activities been reported as the total number of units completed to date and the number occupied by L/M households for each structure?  YES  NO
- m. Have actual accomplishments for job creation/retention activities been reported as the number of jobs created and retained to date?  YES  NO
- n. Has the status of each activity not reported as complete been included in column l? (Status includes major milestones completed and any particular problems or delays encountered.)  YES  NO

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4. Has the special accomplishment information been provided as prescribed on page 2-9 of the GPR instructions?
- a. Acquisition, construction, or rehabilitation of property for multifamily housing benefiting low and moderate income persons? \_\_\_\_ N/A \_\_\_\_ YES \_\_\_\_ NO
  - b. Job creation/retention activities for low and moderate income persons? \_\_\_\_ N/A \_\_\_\_ YES \_\_\_\_ NO

REHABILITATION ACTIVITIES, HUD-4949.2a

- 1. If the Activity Summary shows single family housing rehabilitation activity, have items 1 through 8 been completed for the first column? \_\_\_\_ N/A \_\_\_\_ YES \_\_\_\_ NO
- 2. If the Activity Summary shows multifamily housing rehabilitation activity, have items 1 thru 8 been completed for the second column? \_\_\_\_ N/A \_\_\_\_ YES \_\_\_\_ NO
- 3. If there is no rehabilitation activity in either single, multifamily, or both, have the appropriate box(es) been checked? \_\_\_\_ YES \_\_\_\_ NO

STATUS OF FUNDS PARTS I AND II, HUD-4949.3

- 1. For new entitlement grantees, is the amount entered on line 1 equal to \$0? \_\_\_\_ YES \_\_\_\_ NO  
 OR  
 For all other entitlement grantees, is the amount entered on line 1 the same as the amount reported in the previous year's Status of Funds Part I, line 5, "Unexpended balance of CDBG funds at end of this reporting period?"
- 2. Do the following entries correspond?
  - a. Does line 2a, 2b, and/or 2c match the category checked at Item 7 on the HUD-7082 (Funding Approval) and the amount shown equal the amount on line 8b? \_\_\_\_ YES \_\_\_\_ NO

- b. Does line 2e equal the sum of any voluntary returns made by the grantee of grant funds to its line-of-credit or CDBG program account during \_\_\_\_ YES \_\_\_\_ NO

the program year?

3. Has the grantee entered information on the remaining lines? (NOTE: Check for mathematical accuracy following substantive reviews; the substantive reviews will determine whether the underlying activities should be included in the calculations.)  YES  NO

LOW/MOD BENEFIT WORKSHEET, HUD-4949.3a

PART I: Direct Expenditures for the Acquisition, Construction or Rehabilitation of Property for Housing

1. Has each activity on the Activity Summary form with the following characteristics been listed in Part I of this form? (1) CDBG funds were used to pay for all or part of acquisition, construction, or rehabilitation of property for multifamily housing; (2) an "h" was entered in column d indicating L/M benefit on the Activity Summary form; and (3) the percent of units to be occupied by low- and moderate-income households in the structure is less than the percent of CDBG funds in the total cost of the activity.  YES  NO
2. Does each activity number and activity name listed in columns a and b, respectively, match a corresponding activity number and name as shown on the Activity Summary form?  YES  NO
3. Has the grantee entered information in columns c thru i and on the line "Sum of direct expenditures?" (NOTE: These columns should be checked for mathematical accuracy following substantive reviews. The substantive reviews will determine whether the underlying activities should be included in the calculations.)  YES  NO

Part II: CDBG Expenditures Used Only for Staff and Overhead to Assist in the Acquisition, Construction, or Rehabilitation for Housing

4. Has each activity on the Activity Summary form with the following characteristics been listed in Part II of this form? (1) CDBG funds were used only for staff and overhead; (2) other funds were used to pay for the actual acquisition, construction, or rehabilitation of property for housing; and (3) the percent of the program's assisted units this year to be occupied by low and moderate income households is less than the percent of the program's administrative costs this year that were paid for with  YES  NO

CDBG funds.

5. Does each activity number and activity name listed in columns a and b, respectively, match a corresponding activity number and name as shown on the Activity Summary form? \_\_\_ \_\_\_  
YES NO
6. Has the grantee entered information in columns c thru e and on the line "Sum of Staff Overhead"? \_\_\_ \_\_\_  
YES NO  
(NOTE: These columns should be checked for mathematical accuracy following substantive reviews. The substantive reviews will determine whether the underlying activities should be included in the calculations.)

PART III: Total Expenditures This Reporting Period for All Other Activities Qualifying As Low and Moderate Income Benefit

NOTE: This line should be checked following substantive reviews as to whether it equals the sum of all amounts shown in column g of the Activity Summary form for all low and moderate income benefit activities not reported in Part I or II of the Low/Mod Benefit Worksheet. The substantive reviews will determine whether the underlying activities should be included in the calculation.

PART IV: Total Parts I, II and III

NOTE: This line should be checked for mathematical accuracy following substantive reviews. The substantive reviews will determine whether the underlying activities should be included in the calculation.

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STATUS OF FUNDS PART III, HUD-4949.4

1. Has an activity number been provided in column a for each activity listed in column b? \_\_\_ \_\_\_  
YES NO
2. For each item listed in column b is the amount of program income generated during this reporting period shown in column f? \_\_\_ \_\_\_  
YES NO
3. Does the sum of column f equal the amount on line 2d of the Status of Funds Parts I and II form, HUD-4949.3? \_\_\_ \_\_\_  
YES NO

DIRECT BENEFIT ACTIVITIES, HUD-4949.5

1. Is each activity on the Activity Summary form that meets the definition of a direct benefit activity included in column b? (See page 5-1 of GPR) \_\_\_ \_\_\_  
YES NO

instructions for definition.)

2. Does each activity number and activity name listed in columns a and b, respectively, match a corresponding activity number and name as shown on the Activity Summary form? \_\_\_\_ \_  
YES NO
3. Has either an "H" or "P" been placed in column c for each activity to indicate whether households or persons have been assisted? \_\_\_\_ \_  
YES NO
4. For activities listed in column b:
- a. Has the grantee entered PB in column d for activities qualifying as presumptive benefit and for which no personal records are available? \_\_\_\_ \_  
YES NO
- b. Has the grantee entered N in column d and attached a narrative for activities not qualifying as presumptive benefit and for which no personal records are available? \_\_\_\_ \_  
YES NO
- c. Has the grantee completed columns c thru e for all other activities? \_\_\_\_ \_  
YES NO
- d. Is the percent in column e less than or equal to the percent in column d for all other activities? \_\_\_\_ \_  
YES NO

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5. Has the grantee completed columns f thru k? \_\_\_\_ \_  
YES NO
6. Do columns f thru j equal 100%? \_\_\_\_ \_  
YES NO

ACTIONS TO AFFIRMATIVELY FURTHER FAIR HOUSING, HUD-4949.6

1. Have the actions taken in the last program year to further fair housing been described? \_\_\_\_ \_  
YES NO
2. Have the results of the actions taken to affirmatively further fair housing been described? \_\_\_\_ \_  
YES NO

DISPLACEMENT FORM, HUD-4949.7

1. Has a census tract number been provided in column a opposite each line on which an entry is made? \_\_\_\_ \_  
YES NO

(NOTE: The name of another city or "unknown" may be appropriate for some relocatees shown in columns g thru p.)

2. For columns b thru p, has the correct mathematical TOTAL been provided at the bottom of each column? \_\_\_\_\_  
YES NO
3. Are the following correct on the "TOTALs" line:
- a. White, Not Hispanic Origin Totals line:  
Column b = columns g + l? \_\_\_\_\_  
YES NO
  - b. Black, Not Hispanic Origin Totals line:  
Column c = columns h + m? \_\_\_\_\_  
YES NO
  - c. American Indian or Alaskan Native Totals line:  
Column d = columns i + n? \_\_\_\_\_  
YES NO
  - d. Hispanic Totals line:  
Column e + columns j + o \_\_\_\_\_  
YES NO
  - e. Asian or Pacific Islander Totals line:  
column f = columns k + p \_\_\_\_\_  
YES NO

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4. Does the displacement narrative:
- a. Identify the number of families, individuals, businesses, nonprofit organizations, and farms displaced by each CDBG-assisted activity and by type (owner or renter)? \_\_\_\_\_  
YES NO
  - b. Describe the relocation assistance provided to displaced persons (e.g., Uniform Relocation Act assistance, optional relocation assistance, or other statute)? \_\_\_\_\_  
YES NO
  - c. Describe the steps to minimize the amount of displacement resulting from CDBG-assisted activities? \_\_\_\_\_  
YES NO
  - d. Indicate the number of persons, if any, not displaced but who were required to relocate temporarily? \_\_\_\_\_  
YES NO

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-2

REVIEW SHEET A: Review Checklist

Use this checklist to log GPR reviews for each grantee. Proceed in order, as later reviews depend on activities being eligible and meeting a national objective. The completeness review should be done within five calendar days of submission, and substantive reviews, including obtaining additional information, are to be completed within 90 days.

REVIEW	METHOD	PERSON	COMPLETED
Completeness	Fill out completeness checklist	_____	_____
Cover narrative	Check or required items	_____	_____
Eligibility	List questionable activities on Review Sheet B	_____	_____
Nat. Objectives	List questionable activities on Review Sheet C	_____	_____
Pub. service cap	Calculate on Review Sheet D	_____	_____
P&A cost cap	Calculate on Review Sheet E	_____	_____
Accomplishments	List questionable activities on Review Sheet F	_____	_____
Beneficiaries	Send form to FH&EO	_____	_____
Overall Benefit	Calculate on Review Sheet G	_____	_____
Program Income	List questionable activities on Review Sheet H	_____	_____
Aff. furthering	Send form to FH&EO	_____	_____
Displacement	Send form to FH&EO and narrative to Relocation	_____	_____
Amendments	Check for required amendments on Review Sheet I	_____	_____

Grantee: \_\_\_\_\_ Grant number: \_\_\_\_\_

REVIEW SHEET B: Eligibility

Review each activity listed on the Activity Summary forms, according to the attached guidance. It should fit one of the definitions and meet all criteria. (The Guide to Eligible Activities gives a fuller description of eligible

activities.) If necessary to determine eligibility, the major components of an single project are to be listed individually using the standard eligible activity category titles.

Use this review sheet to list questionable activities for follow-up. After consulting with the grantee, enter the result here and pencil in notes on the GPR. Reclassify any misclassified activities, identify any ineligible activities, and take other appropriate corrective or remedial actions.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-3

ATTACHMENT FOR REVIEW SHEET B: Guidance for Eligible Activities

Acquisition activities are the purchase, long-term lease, donation, or other acquisition of real property in whole or in part by the grantee, another public agency, or a private nonprofit entity. Private individuals and entities may acquire real property for rehabilitation and, then, use it as a residence or sell it for use as a residence. Businesses may acquire real property when the grantee determines it to be "appropriate" to carry out an economic development project.

Check to ensure that :

- Acquisition is not of buildings for the general conduct of government.

Disposition activities are paying costs incidental to disposing of real property acquired with CDBG funds by sale, lease, donation, or otherwise. Disposition is also paying reasonable costs of temporarily managing such property or property acquired under Urban Renewal until final disposition is made.

Public facilities and improvements activities are acquisition, construction, reconstruction, rehabilitation or installation of public improvements or facilities.

Check to ensure that :

- Facility is publicly owned or open to the public.
- Building is not for the general conduct of government.
- CDBG is not paying for repair or maintenance.
- Any special assessment conforms to requirements
- CDBG is not purchasing construction equipment.

- CDBG is not installing furnishings or personal property (except firefighting equipment).

Clearance activities are clearance, demolition, removal, and movement to other sites of buildings and improvements.

Public services activities are services available to the public such as job training, child care, counseling, health care, etc. (including labor, supplies, and materials) provided to individuals.

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Check to ensure that :

- It is a new service or quantifiable increase in level over those provided by State or locality.
- Amount obligated does not exceed 15% of the annual grant (or higher cap level for grantees that qualify) plus 15% of the program income received during the previous program year.
- No support going for political activities.
- Operating and maintenance expenses limited to portion of the facility where public service is located.

Direct Homeownership Assistance is the direct provision of assistance to facilitate and expand homeownership to persons of low and moderate income. This activity is not subject to the 15% limitation on public services.

Check to ensure that the assistance is being provided to low- and moderate-income homebuyers for one or more of the following :

- Subsidizing interest rates and mortgage principal amounts
- Financing the acquisition of housing to be occupied by the homebuyers
- Acquiring guarantees for mortgage financing obtained from private lenders
- Providing up to 50% of any downpayment required from the homebuyer
- Paying reasonable closing costs

Interim assistance activities are (1) limited improvements to a deteriorating area as a prelude to permanent improvements and (2) activities to alleviate an emergency condition.

Check to ensure that :

- Under (1), work is limited to repair of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings and to execution

of special garbage, trash, debris removal and neighborhood cleanup campaigns.

- Under (2), work is limited to those items under category 1, (except for repairs of parks and playgrounds) to clearance of streets, such as snow removal, and to improvements to private properties, all of which are necessary to alleviate the emergency condition.

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Relocation activities are the provision of payments and other relocation assistance for the permanent or temporary relocation of individuals, families, businesses, nonprofit organizations, or farm operations where the assistance is (1) required under the provisions of 24 CFR 570.606(b) or (c); or (2) determined by the grantee to be appropriate under the provisions of 24 CFR 570.606(d).

Loss of rental income activities are payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units for relocation of individuals and families displaced by CDBG activities.

Removal of architectural barriers are the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons to publicly or privately owned buildings, facilities, and improvements. This includes buildings for the general conduct of government.

Privately owned utilities activities are the acquisition, reconstruction, rehabilitation, or installation of distribution lines and facilities of privately owned utilities. The activity may be undertaken by the grantee, other public agencies, and private nonprofits.

Housing rehabilitation activities are rehabilitation of any publicly or privately owned residential property, conversion of non-residential property for housing, acquisition for rehabilitation, installation of energy and water efficiency improvements, connection to water and sewer lines, purchase of rehabilitation tools for lending, and rehabilitation services.

Check to ensure that :

- CDBG is not constructing a new housing unit.
- CDBG does not purchase non-fixed furnishings or equipment (except for stoves and refrigerators).
- CDBG does not purchase luxury items.
- CDBG does not pay labor costs for homeowners to rehab their properties.

New housing construction activities are construction of new residential housing structures by a 204c subrecipient, through a Housing Development Grant, as last resort housing, or under limited new construction provisions.

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Check to ensure that :

- CDBG does not purchase non-fixed furnishings or equipment (except for stoves and refrigerators).
- CDBG does not purchase luxury items.

Code enforcement activities are payment of salaries and overhead costs directly related to enforcement of local codes in deteriorating or deteriorated areas where such enforcement, together with public improvements, rehabilitation, and services to be provided, may be expected to arrest decline of the area. Question the grantee if this is shown as being done on a city-wide basis or if there is no indication of other work in the area.

Historic preservation activities are rehabilitation, preservation, and restoration of historic properties (listed on National Register, state or local inventory of historic places or designated as a landmark or historic district), whether publicly or privately owned.

Check to ensure that :

- Building is not for the general conduct of government.

Commercial or industrial rehabilitation activities are rehabilitation of commercial or industrial property, including facade improvements and correction of code violations.

Check to ensure that :

- CDBG does not construct a new unit.
- CDBG does not purchase non-fixed furnishings or equipment.

Special economic development activities are (a) commercial or industrial improvements (acquisition, rehabilitation, installation) carried out by the grantee or a nonprofit subrecipient and (b) assistance (loans, technical assistance, grants, etc.) to private businesses for any activities determined by the grantee as "appropriate" to carry out economic development projects (that will minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods).

Check to ensure that :

- No CDBG is going for political activities.
- CDBG does not go for new housing construction.

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- CDBG does not go for general programs to attract businesses, such as promotional activities.

Special activities by certain subrecipients are all activities carried out by 204(c) subrecipients for the purpose of neighborhood revitalization, community economic development, or energy conservation.

Check to ensure that :

- Building is not for the general conduct of government.
- CDBG is not paying for political activities.
- There is no violation of a specific limitation, such as a cap.

Planning and capacity building activities include preparation of development studies and development plans and activities designed to improve the grantee's capacity to manage development activities.

Check for proper classification and to ensure that :

- Amount expended along with costs of administration does not exceed 20% of grant plus program income

Program administration activities are those for overall program management, coordination, monitoring, and evaluation of the CDBG, UDAG, RRP, and HoDAG programs and specific activities described in the regulations at 570.206(b) thru (g).

Check for proper classification and to ensure that :

- No CDBG is going for political activities.
- No CDBG is going for acquisition, construction, reconstruction, or rehabilitation of office space in a government building for staff of those programs (rent, operation, and maintenance costs are allowable).
- Amount expended along with costs of planning does not exceed 20% of grant plus program income.

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Exhibit 7-4

REVIEW SHEET C: National Objectives

Review each activity listed on the Activity Summary forms, according to the attached guidance, to determine whether the activity is (1) properly classified and (2) appears to be in compliance with a national objective. For some activities, the Direct Benefit form will also be of use.

Use this sheet to list questionable activities for follow-up. After follow-up, enter the result here and pencil in notes on the GPR.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-4

ATTACHMENT TO REVIEW SHEET C

1. National Objectives: How to Review for Proper Classification

Take the following steps to determine if each activity on the Activity Summary forms, except Planning and Program Administration, has been classified under the appropriate national objective category.

- A. For each activity, identify which code letter has been entered in column (d), (e), or (f) of the Activity Summary form. The code letters used are:

Column (d) codes

- "a" = L/M area benefit activity
- "c" = L/M limited clientele activity
- "h" = L/M housing activity
- "j" = L/M job creation or retention activity

Column (e) codes

- "a" = S/B area activity
- "s" = S/B spot activity
- "r" = Urban renewal completion activity

Column (f) code

- "u" = Urgent needs activity

- B. From the information provided for the activity on the Activity Summary form, determine if it appears that the activity has been properly classified. Use the list which begins on the following page and the matrix which follows to help make the determination.

For example, housing rehabilitation or

construction cannot qualify under the L/M limited clientele and special economic development activities cannot qualify under the L/M housing category. (The Guide to Eligible Activities gives a fuller description of the national objectives.)

- C. If a grantee reports as a single activity a project which includes major sub-activities with multiple national objectives, the major activities should be reported and reviewed separately so that a determination of compliance with national objectives can be made for each eligible activity.

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- D. If the activity is properly classified, review to determine if it appears that the criteria for the applicable national objectives category have been met. Guidance for making that review begins in section III of this Exhibit.

If the activity is not properly classified, make a note on the GPR, identify the activity on Review Sheet E, notify the grantee, and determine if the activity can be properly classified under another category. If possible, reclassify the activity on the GPR and ask the grantee to supply any missing information. If, after consulting with the grantee, the activity does not fit under any category, include as a finding in the substantive review letter and request the grantee to take appropriate corrective or remedial action.

NOTE: The GPR should include all activities which were not previously reported as having met a national objective although all funds may have been expended. Land acquisition or disposition for multi-family housing development and economic development activities with job creation goals are activities that need to continue to be reported until the national objective has been met. The GPR from the previous year should be consulted to ensure that the grantee has included all activities which had not previously been reported as having met their national objective.

II. National Objectives: Determination of proper classification

Compare the activity description to the matrix which begins on page 19 of this exhibit to determine whether it is permissible for the activity to be classified under the national objective indicated in the GPR. If no, proceed as indicated in paragraph D., above. If yes, using the

information which follows, determine whether the activity is properly classified.

#### Acquisition

L/M Area Benefit: Acquired property will be used for an activity whose benefits will be available to all residents in an area, at least 51% of whom are L/M or, if applicable, has a proportion of L/M persons within the exception criteria level.

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L/M Limited Clientele: Acquired property will be used for an activity which benefits a specific group of people, at least 51% of whom are L/M.

L/M Housing: Acquired property will be used for housing for L/M persons (100 % L/M in one-family structures; 51% L/M in multi-family structures; and at least 20% in the case of non-elderly, multi-family, new construction).

L/M Jobs: Acquired property is used in an activity that creates/retains jobs, at least 51% for L/M persons.

S/B Area: Acquired property is located in a designated S/B area and the property will be used in a manner which addresses one or more specific conditions which qualified the area.

S/B Spot: Acquisition is a prerequisite for clearance, historic preservation, or limited building rehabilitation for elimination of specific conditions of blight or physical decay.

UR completion: Acquired property is located in an urban renewal project area or NDP action area and acquisition is necessary to complete the urban renewal plan.

Urgent Needs: Acquisition is part of an activity designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

#### Disposition

L/M Area: Disposed property will be used for an activity whose benefits will be available to all

residents in an area, at least 51% of whom are L/M or, if applicable, has a proportion of L/M persons within the exception criteria level.

L/M Limited Clientele: Disposed property will be used for an activity which benefits a specific group of people, at least 51% of whom are L/M.

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L/M Housing: Disposed property will be used for housing for L/M persons (100 % L/M in one-family structures; 51% L/M in multi-family structures; at least 20% L/M in the case of non-elderly, multi-family, new construction).

L/M Jobs: Disposed property will be used in an activity which creates/retains jobs, at least 51% for L/M persons.

S/B Area: Disposed property is located in a designated S/B area and the property will be used in a manner that addresses one or more specific conditions which qualified the area.

UR Completion: Disposed property is located in an urban renewal project area or NDP action area and disposition is necessary to complete the urban renewal plan.

Urgent Needs: Disposition is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

#### Public Facilities and Improvements

L/M Area Benefit: Facility or improvement is available to all residents in an area, at least 51% of whom are L/M or, if applicable, has a proportion of L/M persons within the exception criteria level.

L/M Limited Clientele: Benefits of facility or improvement are limited to a specific group of people, at least 51% of whom are L/M.

L/M Housing: Facility or improvement assists in the provision of housing to be occupied by L/M persons (100% L/M in one-family structures; 51% in multi-family structures; at least 20% L/M in the case of non-elderly, multi-family, new construction).

L/M Jobs: Facility or improvement is clearly linked to creating/retaining jobs, at least 51% for L/M persons.

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S/B Area: Facility or improvement is located in a designated S/B area and the activity addresses one or more specific conditions which qualified the area.

S/B Spot: Only historic preservation or rehab of blighted or decayed public buildings located outside a S/B area qualify; rehab is limited to extent necessary to eliminate specific conditions detrimental to public health and safety.

UR Completion: Facility or improvement is located in an urban renewal project area or NDP action area and is necessary to complete the urban renewal plan.

Urgent Needs: Facility or improvement is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

Clearance

L/M Area: Cleared property will be used for a purpose whose benefits will be available to all residents in an area, least 51% of whom are L/M or, if applicable, has a proportion of L/M persons within the exception criteria level.

L/M Limited Clientele: Cleared property will be used for a purpose which benefits a specific group of people, at least 51% of whom are L/M.

L/M Housing: Cleared property will be used for housing for L/M persons (100% L/M in one-family structures; 51% in multi-family structures; at least 20% L/M in the case of non-elderly, multi-family, new construction).

L/M Jobs: Cleared property will be used in an activity which creates/retains jobs, at least 51% for L/M persons.

S/B Area: Cleared property is located in a designated S/B area and clearance of the property or use after clearance addresses one or more specific conditions which qualified the area.

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S/B Spot: Clearance is designed to eliminate specific conditions of blight or physical decay on a spot basis.

UR Completion: Cleared property is located in an urban renewal project area or NDP action area and clearance is necessary to complete the urban renewal plan.

Urgent Needs: Clearance is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

Public Services

L/M Area Benefit: Public service is available to all residents in an area, at least 51% of whom are L/M or, if applicable, has a proportion of L/M persons within the exception criteria level.

L/M Limited Clientele: Public service is limited to a specific group of people, at least 51% of whom are L/M.

S/B Area: Public service is located in a S/B area and the activity addresses one or more specific conditions which qualified the area. Few public services meet these criteria because physical conditions typically qualify an area as S/B.

Urgent Needs: Public service is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

Direct Homeownership Assistance

L/M Limited Clientele: The statute limits assistance under this activity category to low- and moderate-income persons.

Interim Assistance

L/M Area: Assistance is to an area where at least 51% of residents are L/M or, if applicable, the proportion of L/M persons is within the exception criteria level.

S/B Area: Assistance is located in a designated S/B area.

Urgent Needs: Assistance is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

#### Relocation

Compliance depends on whether the relocation assistance is mandatory for the grantee.

Where assistance is required under the Uniform Act or the HCD Act, the assistance is viewed as an integral part of the displacing activity and meets the same national objective as the displacing activity. The income of recipients is not considered.

Where assistance is voluntary, the assistance may be viewed apart from the activity causing the displacement. It meets a national objective either on the basis of the re-use of the property or on the income of the recipients.

#### Loss of Rental Income

Compliance depends on the underlying relocation activity and, therefore, meets the same national objective.

#### Removal of Architectural Barriers

Barrier removal is considered to benefit L/M persons absent evidence to the contrary.

Except, removal in private single-unit residences is not automatically considered to benefit L/M persons. There, an application will indicate the income of the household, so a determination of compliance can be made. Where the household is not L/M, the removal may qualify under S/B Area criteria if the structure is substandard and the work includes correction of all deficiencies that make the structure substandard.

#### Privately Owned Utilities

These may qualify as meeting a national objective in the same manner as Public Facilities and Improvements activities.

Housing Rehabilitation

L/M Housing: Rehabilitation is of housing for L/M persons (100% L/M in one-family structures; 51% in multi-family structures).

S/B Area: Rehabilitation is of non-L/M housing located in a designated S/B area, housing deterioration is one of the conditions qualifying the area, and the structure was considered substandard before rehab.

S/B Spot: Rehabilitation is of non-L/M housing located outside a S/B area and the rehab is limited to elimination of specific conditions detrimental to public health and safety.

UR Completion: Rehabilitation is of non-L/M housing located in an urban renewal project area or NDP action area and the rehab is necessary to complete the urban renewal plan.

Urgent Needs: Rehabilitation is of non-L/M housing and is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently become urgent, lack financing ability by the grantee and by other sources.

New Housing Construction

L/M Housing: Construction is of housing for L/M persons or, in the case of non-elderly, multifamily, new construction, at least 20% of units will be for L/M persons.

S/B Area: Construction is of non-L/M housing located in a designated S/B area and development of housing is one of the conditions qualifying the area.

UR Completion: Construction is of non-L/M housing located in an urban renewal project area or NDP action area and the construction is necessary to complete the urban renewal plan.

Code Enforcement

L/M Area: Enforcement is in a deteriorated or deteriorating area, in which at least 51% of the residents are L/M, and the code enforcement together

with public improvements, rehabilitation, and services to be provided may be expected to arrest decline.

S/B Area: Enforcement is in a designated S/B area, and the code enforcement together with public improvements, rehabilitation, and services to be provided may be expected to arrest decline.

UR Completion: Enforcement is located in an urban renewal project area or NDP action area and is necessary to complete the urban renewal plan.

Urgent Needs: Enforcement is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

#### Historic Preservation

Compliance depends on the type of site or structure undergoing preservation. If activities are carried out on the site or structure in addition to historic preservation, those additional activities would have to comply separately with national objectives.

Preservation of public facilities or improvements should be evaluated under the category of Public Facilities and Improvements. Preservation of commercial or industrial sites and structures should be evaluated under the Special Economic Development category. Preservation of dwelling units which will be occupied at completion should be evaluated under the Housing Rehabilitation category, except that under S/B Spot preservation activities are not limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.

#### Commercial or Industrial Rehabilitation

These may qualify as meeting a national objective in the same manner as Special Economic Development activities. See next category.

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#### Special Economic Development

L/M Area Benefit: Assistance is to commercial business serving all residents in a residential area, at least 51% of whom are L/M or, if applicable, has a proportion of L/M persons within the exception criteria level.

L/M Jobs: Assistance to a business is directly linked to creation/retention of permanent jobs, at least 51% of which are for L/M persons.

S/B Area: Assistance is to a business located in a designated S/B area and the activity addresses one or more specific conditions which qualified the area.

S/B Spot: Assistance is to a business located outside a designated S/B area and designed to eliminate specific conditions of blight or physical decay. Assistance is limited to demolition, rehabilitation, historic preservation and related acquisition and relocation. Rehab is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.

UR Completion: Assistance is to a business located in an urban renewal project area or NDP action area and is necessary to complete the urban renewal plan.

Urgent Needs: Assistance to a business is designed to alleviate conditions that pose a serious and immediate threat, are of recent origin or recently became urgent, lack financing ability by the grantee and by other sources.

#### Special Activities by Subrecipients

Chapter 3 of The Guide to Eligible Activities describes how activities meet a national objective. The special activities must fit under one of those national objective categories.

#### Planning and Capacity Building and Program Administration

These activities are considered to address the national objectives. No check for compliance is required.

#### III. National Objectives: How to review for compliance

After determining that an activity has been classified under the appropriate national objectives category, use the following guidance to determine if it appears that the criteria for the applicable national objective category have been met.

If it appears that the activity does not meet one or more of the applicable criteria, or if insufficient information has been provided to make a determination, pencil in notes on

the GPR, identify the activity on Review Sheet E, and follow-up with the grantee.

If possible, obtain any missing information and make corrections with the grantee's concurrence. If, after consulting with the grantee, it appears that one or more activities will not meet a national objective, make a finding in the substantive review letter and take other appropriate corrective or remedial action.

L/M Area Benefit Activities Use the following guidance if the letter "a" has been entered in column (d) of the Activity Summary form.

- A. Locate on a census tract map the service area of the activity, using the census tract and block group information supplied by the grantee in the activity description on the Activity Summary form. Considering the nature of the activity described, make a judgment about whether the identified service area appears reasonable. For example, a service area which encompasses only the neighborhoods immediately surrounding a regional park would not be reasonable.

If the grantee grouped single activities together (e.g., Elm St., Van Dorn St., and Pershing Ave.) under one title (e.g., Street Reconstruction) and provided a single service area listing for all the activities, require the grantee to identify the service area for each activity separately. The grantee must also identify the percentage of L/M persons residing in each such service area.

- B. Using computer printouts of census tract and block group data, verify the percentage of L/M persons residing in the service area. Unless the activity

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qualifies under the area benefit exception criteria," that percentage must be at least 51%. If the service area contains less than 51% L/M persons, check to see if the activity qualifies under the exception criteria.

- C. If it appears that the grantee relied on a survey of the service area, instead of HUD-supplied census data, to establish that the percentage of L/M persons in the service area has increased to at least 51%, determine if the grantee has submitted to HUD a copy of the methodology used (including the survey instrument) and the results obtained. If not, advise the grantee to

submit that required information.

Care should be given to situations where a grantee that is eligible to use the "upper quartile" uses a survey to qualify area benefit activities. Surveys by such grantees are acceptable only in the following circumstances:

- when used to determine that the income characteristics of a service area has a percentage of low/mod residents that exceeds 51% or
- when used to determine that a service area not meeting the 51% requirement would meet the grantee's "upper quartile" percentage, in either of the following situations:

the service area is, or includes, an area that comprises less than one or more entire block group(s) and the survey is being used only to ascertain the low/mod percentage for that portion of the block group(s); or

the grantee is surveying all areas in its jurisdiction, re-ranking all of its block groups using the low/mod percentages derived from the survey, and establishes a new "upper quartile" percentage to be used for all its future area benefit activities.

This information should be reviewed by the Economic and Market Analysis Division.

L/M Limited Clientele Activities Use the following guidance if the letter "c" has been entered in column (d) of the Activity Summary form.

- A. Compare the accomplishments information for the activity on the Activity Summary form with the number of beneficiaries reported in column (c) of the Direct Benefit form to identify any inconsistencies.
- B. Review the information provided in column (d) of the Direct Benefit form, as follows:
  - 1. If a percentage has been entered, see if it is at least 51%.
  - 2. If the letters "PB" have been entered, see if information on the Activity Summary form indicates

that the beneficiaries fall within a group presumed by HUD to be principally L/M persons, such as the homeless.

3. If the letter "N" has been entered, review the grantee's narrative to determine if it is reasonable to conclude that the activity benefits a limited clientele at least 51% of whom are L/M based on the nature, location, and other information about the activity.
4. Direct Homeownership Activities authorized by the National Affordable Housing Act (NAHA) must benefit 100% L/M persons.

L/M Housing Activities Use the following guidance if the letter "h" has been entered in column (d) of the Activity Summary form.

- A. Compare the accomplishments information for the activity on the Activity Summary form with the number of beneficiaries reported in column (c) of the Direct Benefit form to identify any inconsistencies.
- B. For single-family housing activities, see if the percentage entered in column (d) of the Direct Benefit form is 100%.
- C. For multi-family (2+ units in a structure) housing activities, make the following reviews:

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1. Look at column (b) on the Activity Summary form to see if at least 51% of the units in each multi-family structure will be occupied by L/M households at completion of the activity. For duplexes, the percentage must be at least 50%. For non-elderly, multi-family new construction, the percentage must be at least 20%.
2. Look at column (1) on the Activity Summary form to see what percentage of units have been occupied by L/M households to date. If the percentage is significantly below that which ultimately will be needed to meet the housing occupancy criteria, alert the grantee. A final determination of compliance will not be possible until a sufficient number of units have been initially occupied following CDBG assistance to judge the mathematical feasibility of compliance with the housing occupancy criteria.

L/M Jobs Activities Use the following guidance if the letter "j" has been entered in column (d) of the Activity Summary form.

- A. Compare the accomplishments information for the activity on the Activity Summary form with the number of beneficiaries reported in column (c) of the Direct Benefit form to identify any inconsistencies.
- B. Look at column (b) on the Activity Summary form to see if at least 51% of the jobs expected to be created or retained are expected to be held by or made available to L/M persons.
- C. Look at column (1) on the Activity Summary form to see what percentage of the jobs created or retained to date have been taken by or made available to L/M persons to date. If the percentage is significantly below 51%, alert the grantee. A final determination of compliance will not be possible until all the jobs have been created or retained.

Where the final outcome is not yet known, and the grantee is relying on the ,available toll criteria,, review the jobs narrative to determine if the grantee appears to have taken sufficient steps to ensure that at least 51% of the jobs will actually be made

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available to L/M persons. That narrative must include a description of a "first consideration" process and all other required information.

- D. In reviewing the activity description, accomplishments, and jobs narrative, be alert for indications that the jobs calculations do not comply with applicable criteria of the L/M Jobs category. E.g., be alert for indications that:
  - 1. Income limits more liberal than Section 8 income limits are being applied or that total family income was not considered;
  - 2. Temporary jobs were counted;
  - 3. The grantee mistakenly aggregated jobs from different businesses instead of showing job information separately for each business assisted. (Note the exception to this rule described in question 22 of the June 2, 1987, memorandum on

economic development activities.)

- E. If the activity involves job retention, look for indications of clear and objective evidence that the jobs would be lost without CDBG assistance. If such evidence has not been submitted, ask the grantee if such evidence is on file. (There is no submission requirement, but the grantee must maintain such evidence.)

S/B Area Activities Use the following guidance if the letter "a" has been entered in column (e) of the Activity Summary form.

Locate the boundaries of the designated area and the site of the activity on a census tract or street map, using the information provided in the activity description on the Activity Summary form. If, based on your knowledge of the community, it is unlikely that the activity is located in an area meeting the S/B criteria, ask the grantee how it determined the activity qualified under this category.

S/B Spot Activities Use the following guidance if the letter "s" has been entered in column (e) of the Activity Summary form.

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Look for indications in the activity description and accomplishments columns that:

- A. Rehabilitation was limited to the extent necessary to eliminate conditions detrimental to public health and safety (This limitation does not apply to historic preservation activities.); and
- B. Acquisition or relocation activities were undertaken independent of clearance, rehabilitation, and historic preservation activities.

UR Completion Activities Use the following guidance if the letter "r" has been entered in column (e) of the Activity Summary form.

Compare the locational information for the activity provided in the activity description on the Activity Summary form with the urban renewal project area or NDP action area map, if available in the office, to determine if the activity is being carried out within the official boundaries of that area. If the map is unavailable, either telephone the grantee for information on area boundaries or review the activity during the next monitoring visit.

Urgent Needs Activities Use the following guidance if the letter "u" has been entered in column (f) of the Activity Summary form.

- A. Check to see if the Optional Certification for urgent needs activities was included with the grantee's final statement.
- B. Look at the activity description and accomplishments columns on the Activity Summary form for indications that the activity did address a condition that:
  - 1. Poses a serious and immediate threat to the health or welfare of the community; and
  - 2. Is of recent origin (i.e., one that developed or became critical within the 18 months preceding the grantee's certification).
- C. Except for major catastrophes or emergencies where it is obvious that the urgent need criteria can be met, discuss the urgent need activity with the grantee by

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telephone. In addition to confirming the immediate threat to public health or safety and the recency of the condition's origin, discuss the following:

- 1. The grantee's ability to finance the activity on its own. (Where the amount budgeted for the activity is relatively small compared to the grantee's operating budget, the grantee must maintain documentation that clearly supports a conclusion that it did not have funds to finance the activity. Documentation should include minutes of a meeting of the governing body of the grantee at which consideration was given to postponing less critical local expenditures in order to address the condition.)
- 2. The grantee's efforts to finance the activity from other sources. (Documentation should identify those efforts and the responses received to those efforts, supporting a conclusion that funds were not available.)

## NATIONAL OBJECTIVE MATRIX

LMA=Low/Mod Area                      SBA=Slum/Blight Area                      URG=Urgent Need  
 LMC=Low/Mod Limited Clientele        SBR=Slum Blight Urban  
 LMH=Low/Mod Housing                    Renewal                                      N Not Allowed  
 LMJ=Low/Mod Jobs                        SBS=Slum/Blight Spot                      \* = Does Not Apply

Act Code	Activity Label	NATIONAL OBJECTIVE			
		LMA	LMC	LMH	LMJ
01	Acquisition of Real Property (General)				
01A	Acquisition of Property for Senior Centers	N		N	N
01B	Acquisition of Property for Handicapped Centers	N		N	N
01C	Acquisition of Property for Homeless Centers	N		N	N
02	Disposition				
03	Public Facilities and Improvements (General)				
03A	Senior Centers	N		N	
03B	Handicapped Centers	N		N	
03C	Homeless Centers	N		N	
03D	Youth Centers	N		N	
03E	Neighborhood Facilities			N	
03F	Parks, Recreational Facilities			N	N
03G	Parking Facilities			N	
03H	Solid Waste Disposal Improvements				
03I	Flood Drain Improvements				
03J	Water Improvements				
03K	Street Improvement				
03L	Sidewalks				
03M	Child Care Centers	N		N	
03N	Tree Planting/Cleanup			N	
03O	Sewer Improvements			N	
04	Clearance and Demolition				
05	Public Services (General)			N	N
05A	Senior Services	N		N	N
05B	Handicapped Services	N		N	N
05C	Homeless Services	N		N	N
05D	Youth Services	N		N	N
05E	Transportation Services			N	N
05F	Substance Abuse Services			N	N
05G	Battered and Abused Spouses	N		N	N
05H	Employment Training			N	N
05I	Crime Awareness			N	N
05J	Housing Services				N

## NATIONAL OBJECTIVE MATRIX

LMA=Low/Mod Area                      SBA=Slum/Blight Area                      URG=Urgent Need  
 LMC=Low/Mod Limited Clientele        SBR=Slum Blight Urban  
 LMH=Low/Mod Housing                    Renewal                                      N Not Allowed  
 LMJ=Low/Mod Jobs                        SBS=Slum/Blight Spot                      \* = Does Not Apply

Act Code	Activity Label	NATIONAL OBJECTIVE			
		SBA	SBS	SBR	URG
01	Acquisition of Real Property (General)				
01A	Acquisition of Property for Senior Centers				
01B	Acquisition of Property for Handicapped Centers				
01C	Acquisition of Property for Homeless Centers				
02	Disposition			N	
03	Public Facilities and Improvements (General)				
03A	Senior Centers				
03B	Handicapped Centers				
03C	Homeless Centers				
03D	Youth Centers				
03E	Neighborhood Facilities				
03F	Parks, Recreational Facilities				
03G	Parking Facilities				
03H	Solid Waste Disposal Improvements				
03I	Flood Drain Improvements				
03J	Water Improvements				
03K	Street Improvement				
03L	Sidewalks				
03M	Child Care Centers				
03N	Tree Planting/Cleanup				
03O	Sewer Improvements				
04	Clearance and Demolition				
05	Public Services (General)		N		N
05A	Senior Services		N		N
05B	Handicapped Services		N		N
05C	Homeless Services		N		N
05D	Youth Services		N		N
05E	Transportation Services		N		N
05F	Substance Abuse Services		N		N
05G	Battered and Abused Spouses		N		N
05H	Employment Training		N		N
05I	Crime Awareness		N		N
05J	Housing Services		N		N

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Code	Label	LMA	LMC	LMH	LMJ
05K	Tenant/Landlord Counseling	N		N	N
05L	Child Care Services	N		N	N
05M	Health Services			N	N
06	Interim Assistance		N	N	N
07	Urban Renewal Completion				
08	Relocation				
09	Loss of Rental Income				
10	Removal of Architectural Barriers	N			N
11	Privately Owned Utilities				
12	Construction of Housing	N	N		N
13	Rehabilitation (General)				
13A	Single Family Residential	N	N		N
13B	Multi-Family Residential	N	N		N
13C	Low Income Public Housing	N	N		N
13D	Other Publicly-Owned Residential Buildings	N	N		N
13E	Publicly or Privately Owned Commercial/Industrial			N	
13F	Energy Efficiency Improvements				
13G	Acquisition - For Housing	N	N		N
13H	Rehabilitation Administration				
14	Code Enforcement		N	N	N
15	Historic Preservation (General)				
15A	Residential Historic Preservation	N	N		N
15B	Non-Residential Historic Preservation			N	
16	Renovation of Closed Buildings (General)				
16A	Residential Renovation of Closed Buildings	N	N		N
16B	Non-Residential Renovation of Closed Buildings			N	
17	Commercial/Industrial Improvement by Grantee/Nonprofit			N	
17A	CI Land Acquisition/Disposition			N	
17B	CI Infrastructure Development			N	
17C	CI Building Acquisition, Construction, Rehab			N	
17D	Other Commercial Industrial Improvements			N	
18	Direct Econ Dev Assistance to Private For Profit Entities		N	N	
18L	ED Direct Financial Assistance to For-Profits		N	N	
18T	ED Technical Assistance		N	N	

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Code	Label	SBA	SBS	SBR	URG
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05K	Tenant/Landlord Counseling		N	N					
05L	Child Care Services		N	N					
05M	Health Services		N	N					
06	Interim Assistance		N	N					
07	Urban Renewal Completion	N	N						N
08	Relocation								
09	Loss of Rental Income								
10	Removal of Architectural Barriers							N	
11	Privately Owned Utilities								
12	Construction of Housing			N					
13	Rehabilitation (General)								
13A	Single Family Residential								
13B	Multi-Family Residential								
13C	Low Income Public Housing								
13D	Other Publicly-Owned Residential Buildings								
13E	Publicly or Privately Owned Commercial/Industrial								
13F	Energy Efficiency Improvements								
13G	Acquisition - For Housing								
13H	Rehabilitation Administration								
14	Code Enforcement			N					
15	Historic Preservation (General)								N
15A	Residential Historic Preservation								N
15B	Non-Residential Historic Preservation								N
16	Renovation of Closed Buildings (General)								
16A	Residential Renovation of Closed Buildings								
16B	Non-Residential Renovation of Closed Buildings								
17	Commercial/Industrial Improvement by Grantee/Nonprofit								
17A	CI Land Acquisition/Disposition								
17B	CI Infrastructure Development								
17C	CI Building Acquisition, Construction, Rehab								
17D	Other Commercial Industrial Improvements								
18	Direct Econ Dev Assistance to Private For Profit Entities								
18L	ED Direct Financial Assistance to For-Profits								
18T	ED Technical Assistance								

Code	Label	LMA	LMC	LMH	LMJ	SBA	SBS	SBR	URG
19	Special Activities by								

Subrecipients (General)									
19A	Housing New Construction	N	N		N		N		
19B	Income Subsidy	N			N		N	N	
19C	Mortgage Subsidies	N			N		N	N	
19D	Other								
20	Planning	*	*	*	*	*	*	*	*
20A	Develop Comprehensive Plans	*	*	*	*	*	*	*	*
20B	Community Development Plans	*	*	*	*	*	*	*	*
20C	Environmental Studies	*	*	*	*	*	*	*	*
20D	Area Neighborhood Plan	*	*	*	*	*	*	*	*
20E	Functional Plans	*	*	*	*	*	*	*	*
21	Program Administration	*	*	*	*	*	*	*	*
21 A	General Management, Oversight, & Coordination	*	*	*	*	*	*	*	*
21 B	Indirect Costs	*	*	*	*	*	*	*	*
21 C	Public Information	*	*	*	*	*	*	*	*
21 D	Fair Housing Counseling Services (If Part of 20% Cap)	*	*	*	*	*	*	*	*
21 E	Assistance to Facilitate Perform & Payment Bonding	*	*	*	*	*	*	*	*
21 F	Submissions or Applications for Fed Programs	*	*	*	*	*	*	*	*
21 G	Admin Expenses to Facilitate Housing	*	*	*	*	*	*	*	*
21 H	Admin Expenses for the Rental Rehab or HODAG Programs	*	*	*	*	*	*	*	*
22	Unprogrammed Funds	*	*	*	*	*	*	*	*

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Exhibit 7-5

REVIEW SHEET D: Public Service Cap

Calculate the level of public service obligations according to the steps below. The grantee is required to be within the 15% cap. If the grantee has exceeded the cap, ask for further information and, when necessary, take corrective or remedial action.

1. Figure the obligations cap:

a. Enter the grant amount  
(on line 2a of HUD 4949.3). \$\_\_\_\_\_

b. Multiply by 15%, (or by the alternative percentage, if applicable, as described in

- the note below) x .15
- c. Amount \$\_\_\_\_\_
- d. Enter the amount of program income received in the preceding program year (on line 2d of the previous years GPR, Form HUD 4949.3). \$\_\_\_\_\_
- e. Multiply by 15% x .15
- f. Amount \$\_\_\_\_\_
- g. Total of lines 1c and 1f equals the cap \$\_\_\_\_\_
2. Figure this year's public service obligations:
- a. Enter total of public service expenditures (in column g of HUD-4949.2). \$\_\_\_\_\_
- b. Enter total of public service unliquidated obligations (in column i of HUD-4949.2). \$\_\_\_\_\_
- c. Add lines 2.a. and 2.b. \$\_\_\_\_\_
- d. Enter last year's public service unliquidated obligations. \$\_\_\_\_\_
- e. Subtract line 2.d. from line 2.c. \$\_\_\_\_\_
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Exhibit 7-5

3. Compare cap (on line 1.c.) with obligations (on line 2.e.) and circle one :

Obligations are less than the cap or equal to it.

Obligations exceed the cap.

NOTE: For grantees with prior authorization to exceed the 15% limit, the cap is the amount or percent they are authorized not to exceed. Determine this amount and enter it on line 1.c.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-6

Calculate the level of planning and administrative cost expenditures according to the steps below. The grantee is required to be within the 20% cap. If the grantee has exceeded the cap, ask for further information and, when necessary, take corrective or remedial action.

1. Figure the expenditures cap:

- a. Enter the grant and program income amount (on lines 2a, 2b, plus 2d of HUD-4949.3). \$\_\_\_\_\_
- b. Multiply by 20%. x .20
- c. Equals the cap. \$\_\_\_\_\_

2. Figure this year's P&A expenditures:

- a. Enter total of expenditures for planning and admin. (in column g of HUD-4949.2). \$\_\_\_\_\_

3. Compare cap (on line 1.c.) with P&A expenditures (on line 2.a.) and circle one :

P&A expenditures are less than the cap or equal to it.

P&A expenditures exceed the cap.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-7

REVIEW SHEET F: Accomplishments

Review each activity listed on Activity Summary forms to identify any activities in which expenditures appear unreasonable compared to accomplishments. Compare the expenditures to date (in column h if CDBG was the only source of funding or in column 1 if other funds were used, too) with the accomplishments to date (in column 1).

Use this review sheet to list activities for follow-up where there is a significant amount of expenditures and very little in the way of accomplishments. After follow-up, enter the result here and pencil in notes on the GPR.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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REVIEW SHEET G: Overall Benefit

Do the calculation shown below using the Status of Funds Part II form to determine whether the grantee met its certification that at least 70 percent of all CDBG funds expended during one, two, or three consecutive program years, as specified, were for activities benefitting L/M persons. (The Guide to Eligible Activities gives a fuller description of overall benefit.) Where the certification is not met, ask for further information and, when necessary, take corrective or remedial action.

To calculate the level of overall benefit this year :

1. Figure the amount subject to program benefit:

a. Enter the activity expenditures  
(on line 6a of HUD-4949.3). \$ \_\_\_\_\_

b. Subtract P&A expenditures  
(in column g of HUD-4949.2). \$ \_\_\_\_\_

c. Equals expenditures subject to overall  
benefit calculation. \$ \_\_\_\_\_

2. Figure the percent of expenditures benefitting L/M persons:

a. Enter amount of expenditures benefitting  
L/M persons (in Part IV of HUD-4949.3a). \$ \_\_\_\_\_

b. Divide by amount subject to program  
benefit (on line 1.c.). \$ \_\_\_\_\_

c. Equals the percent of expenditures  
benefitting L/M persons. \_\_\_\_\_%

3. Compare that percentage with the overall benefit standard:

The percentage should be greater than or equal to 70% (or 60% if program year began prior to 11/28/90), if the grantee chose a one year certification period? Is it? N/A YES NO

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For two or three year certification periods :

Take the cumulative expenditures subject to program benefit and divide by the cumulative expenditures benefitting L/M persons.

That percentage should be greater than or equal to 70%. Is it?

N/A      YES      NO

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-9

REVIEW SHEET H: Program Income

Review the information listed (in columns b and f of HUD-4949.4) in relation to the log of activities that are producing or are likely in coming years to produce program income. (The log is developed from Activity Summary forms and Urban Renewal project information.) Note where the program income is received by a subrecipient (in column c of HUD-4949.4) and use that information in the subrecipient reviews.

Use this review sheet to list questions for follow-up. After follow-up, enter the result here and pencil in notes on the GPR.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-10

REVIEW SHEET I: Amendments

Using the GPR, the Final Statement covering the same year, and any amendments to that Final Statement received from the grantee, determine if the grantee (a) is failing to account in its Final Statement for program income that could reasonably have been anticipated to be received during the program year or (b) is failing to amend its Final Statement where activities were added, deleted, or substantially changed as a result of unanticipated levels of program income. Follow the five steps below:

1. Enter total amount of CDBG funds covered in Final Statement, including annual grant, anticipated program income, and Section 108 guaranteed loan funds. \$ \_\_\_\_\_
2. Enter:
  - a. Any Section 108 guaranteed loan funds \$ \_\_\_\_\_

- b. Annual Grant \$ \_\_\_\_\_
3. Line 1. minus lines 2.a. and 2.b. equals amount of program income covered in the Final Statement. \$ \_\_\_\_\_
4. Amount of program income received during the program year as reported on GPR Status of Funds Part III (HUD-4949.4). \$ \_\_\_\_\_
5. Compare the amount of program income, if any, anticipated in the Final Statement (on line 3) with the amount (on line 4) and, then, check one of the two lines below and take the action(s) indicated there.

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Exhibit 7-10

\_\_\_\_\_ Amount of program income received does not vary significantly from the amount anticipated. Do not take further action.

\_\_\_\_\_ Amount of program income received varies significantly from the amount anticipated.

a. Check to see if amendments were made where activities were added, deleted, or substantially changed as a result of an unanticipated level of program income. If not, ask the grantee to explain.

b. Check to see if the grantee should have anticipated the level of program income it actually received. If so, ask the grantee to take actions to improve their projections.

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

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Exhibit 7-11

GRANTEE PRODUCTIVITY MONITORING WORKSHEET

Grantee \_\_\_\_\_ Program Year \_\_\_\_\_

CDBG Rehabilitation Program Group (Circle) I II III IV V  
 \$ Single + \$ Multifamily CDBG Expenditures - \$ Total

Program size \$ \_\_\_\_\_ S N %N M N %N

1. Completions: How Many Each Year?

Units or Projects Completed \_\_\_\_\_

2. BASIC: Completions: How Many Weeks Did it Take to Complete?

Time: Avg. Weeks to Complete \_\_\_\_\_%

Round-off to nearest whole number.

%N = Grantee No. / National Guide No.

3. Total Number of Grantee FTE SY?

Staffing: No. of Staff Years \_\_\_\_\_

4. BASIC: How Many Completions per Grantee FTE SY?

Completions / No. FTE SY \_\_\_\_\_%

Round-off to nearest whole number.

%N = Grantee No. / National Guide No.

5. Average Total \$ Costs per Unit and Project?

Total Expenditures \* /  
No. Units or No. Projects \$ \_\_\_\_\_ \$ \_\_\_\_\_

Note: \* All expenditures, not just CDBG.

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Exhibit 7-11

6. BASIC: Average Percentage Ratio of Total CDBG Activity  
Delivery (Administrative) Costs to Total Unit or Project  
Expenditures? (Do not enter if only local funds are used.)

Total CDBG Act. Del. Cst. (a + b) /  
Total Expenditures\* \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_% \_\_\_\_\_%

Calculate percentages to nearest tenth.

%N = Grantee No. / National Guide No.

Key: S: Single Family M: Multifamily N: National Guide Norm

%N: Percent of Natl. Norm Grantee Achieved /: "divided by"

Date of this Worksheet \_\_\_\_/\_\_\_\_/\_\_\_\_

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