

CHAPTER 2. PROCESSING STEPS

2-1 PROCEDURES The procedures for processing ARC grants administered in conjunction with CDBG funds differ depending on whether the recipient is eligible to receive CDBG assistance through the State CDBG Program, the HUD Administered Small Cities CDBG Program, or the Entitlement CDBG Program. Follow the procedures applicable to the appropriate program.

A. State CDBG Program. The majority of ARC funds transferred to HUD are administered by states in conjunction with State CDBG Program funds. However, the applicant need not have an active State CDBG grant to apply for ARC funds.

1. The applicant must submit to the state an application for CDBG assistance.
2. The State will review the application. If State CDBG funds are not available to fund the project, the state will submit it to the state ARC Representative and the HUD Field Office for review with the following certifications:
 - a. that the activity meets a national objective, is eligible for assistance under the CDBG Program, and is consistent with all the statutory requirements of Title I of the Housing and Community Development Act of 1974, as amended;
 - b. that the state is willing to administer the ARC grant consistent with all applicable CDBG laws and regulations;
 - c. that the level of State CDBG financial assistance is not diminished in order to substitute ARC funding; and
 - d. that any unexpended funds will be returned to HUD for refund to ARC (see "State CDBG Certification" in Exhibit 2-1).

3. The HUD Field Office will review the application and will assign a grant number to it according to the procedures identified in Chapter 3.

4. The state ARC Alternate will review the application and will submit its recommendation for approval along with the State Certification to the Federal Co Chairman of the Appalachian Regional Commission.
- B. HUD-Administered CDBG Program. The State of New York is unique among the Appalachian Region states -- it does not currently have a State CDBG Program. HUD is responsible for the administration of all CDBG-related ARC grants for small non-entitlement communities in that state. To apply for ARC funds, small cities need not have an active CDBG related grant.
1. The applicant must submit to the HUD Field Office an application for the CDBG assistance to the HUD Field Office for review and the preliminary authorization from to the State ARC Alternate.
 2. If HUD-Administered CDBG funds are not sufficient to fund the project, the HUD Field Office will review the application, will prepare its certification with the items listed below, and will submit the package to the State ARC Alternate.
 - a. that the activity meets a national objective and is eligible for assistance under the CDBG Program and is consistent with the statutory requirements of Title I of the Housing and Community Development Act of 1974, as amended;
 - b. that the HUD Field Office will administer the ARC grant in accordance with the rules and regulations of the CDBG Program;
 - c. that the level of HUD financial assistance is not diminished in order to substitute ARC funding; and

- d. that any unexpended funds will be returned to HUD for refund to ARC (see Exhibit 3 - "HUD Field Office Manager's Certification").
3. The State ARC Alternate will review the

application and will submit its recommendation for approval along with the HUD Field Office Manager Certifications to the Federal Co-Chairman of the Appalachian Regional Commission.

4. The Field Office will assign a grant number to the application according to the procedures identified in Chapter 3.

C. Entitlement CDBG Program. HUD has the responsibility for the administration of all CDBG related ARC grants located in entitlement cities.

1. The applicant must submit to the designated agency of the entitlement grantee a description of the activity to be funded.
2. The designated agency of the Entitlement grantee will review the application. If Entitlement CDBG funds are not available to fund the project, it will send the application to the State ARC Alternate and to the HUD Field Office staff for review.
3. The HUD Field Office will assign a grant number to the application according to the procedures identified in Chapter 3 and will prepare the following certifications:
 - a. that the activity meets a national objective, is eligible for assistance under the Entitlement CDBG Program, and is consistent with the statutory requirements of Title I of the Housing and Community Development Act of 1974, as amended;
 - b. that the HUD Field Office will administer the ARC grant in accordance with the rules and regulations of the CDBG Program;

- c. that the level of HUD financial assistance is not diminished in order to substitute ARC funding; and
 - d. that any unexpended funds will be returned to Headquarters for refund to ARC (See "HUD Field Office Manager's Certification" in Exhibit 2-2).
4. The State ARC Representative will review the

application and will submit its recommendation for approval along with the certifications to the Federal Co-Chairman of the Appalachian Regional Commission.

2-2 ARC'S PROCESSING Once ARC has approved the application, the Commission notifies the state and HUD's Office of Block Grant Assistance in Headquarters in writing of each project to be assisted; the cost; grant amount; and any special terms, conditions, and limitations.

2-3 HUD'S PROCESSING The following steps will be initiated by the respective offices to process applications after ARC approves them:

A. At Headquarters:

1. The Office of Block Grant Assistance (OBGA) will acknowledge receipt of the ARC transfer of funds and agree that HUD will administer the ARC grant.
2. OBGA will verify the grant number assigned by the Field Office to determine if it is consistent with the procedures identified in Chapter 3.
3. OBGA will request the HUD Office of Finance and Accounting (OFA) to prepare an Inter-Office Transfer (IOTV) voucher to transfer ARC funds to the appropriate Regional Accounting Division (RAD);
4. OBGA will notify the HUD Field Office of the decision to administer the grant when it acknowledges the ARC approval;

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B. At the Field Office Level:

1. The Regional Accounting Division (RAD) will record the subassignment and the reservation of funds based on the IOTV received from OFA and notify the appropriate Field Office;
2. Upon notification from RAD that ARC funds have been subassigned, the Field Office will prepare a letter transmitting the grant agreement for the ARC project to the state or local government;
3. When the signed Grant Agreement is returned, the Field Office will forward the Grant

Agreement to RAD;

4. RAD will record the Grant Agreement in the accounting system. When the SF1199A is received and processed, the Line of Credit will be adjusted.