

# The City of Montgomery

**Public Hearing & Technical Assistance Workshop for the Development and Implementation of the  
Program Year 2020 Action Plan Beginning May 1, 2020**

**Department of Economic & Community Development**



**Mann Wildlife Learning Museum  
325 East Vandiver Blvd., Montgomery, AL**

**1:30 p.m.**

**Mayor Steven Reed**

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**November 21, 2019**

# Welcome & Introduction of Staff

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- **Opening Remarks**
  - **Introduction to Community Development Staff**
    - **Desmond Wilson**, Director of Economic & Community Development
    - **Susan Hill**, Community Development Block Grant (CDBG) Program - Grants Coordinator
    - **Gary Sharp**, Community Development Block Grant (CDBG) Program - Grants Coordinator
    - **Paul Van Fleet**, HOME Partnership Investment Act (HOME) Program - Grants Coordinator
    - **Brenda Brown**, Community Development Division - Grants Accountant
    - **Adena Kramer**, Community Development Division - City Development Technician
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# Purpose of this Public Hearing

- It is statutorily required.
  - We must hold a minimum of **two (2)** public hearings during the program year:
    - **Consolidated & Action Plan**
    - **Consolidated Annual Performance & Evaluation Report (CAPER).**
  - We are required to take comments during the comment period and forward them to our HUD office.
  - All public hearing and comment period announcements are advertised in the **Montgomery Advertiser Newspaper** and posted in the **City's local libraries, City Hall, City's Website** and the **Department of Economic & Community Development.**
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# Citizens Participation & Comments

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- ▶ This public hearing is conducted to ensure citizen participation in the **Community Development Block Grant (CDBG)**, **HOME Investment Partnerships (HOME)** and **Emergency Solutions Grant (ESG)** funded programs.
  - ▶ The purpose of this Hearing is to meet the requirements set forth in **Section 104 of the 1974 Housing and Community Development Act as amended**, and **24 CFR 91** to provide for citizen involvement in the planning and implementation of the City of Montgomery's Community Development Programs.
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# Program Background Information

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- The **Department Economic & Community Development** through the Community Development Division coordinates the planning and administration of 3 federal programs funded by the U.S. Department of Housing & Urban Development (HUD):
    - **Community Development Block Grant (CDBG)**
    - **HOME Investment Partnerships (HOME)**
    - **Emergency Solutions Grant (ESG)**
  - As a HUD Participating Jurisdiction (PJ), our mission is to develop programmatic services and activities targeted at **“Low-to-Moderate Income”** persons and families living in the City of Montgomery, Alabama.
  - We accomplish this mission by establishing partnerships with **local & area non-profits, for-profits, Community Housing Development Organizations (CHDOs), contractors, faith-based organizations, lenders, and other charity organizations.**
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# Expected HUD Allocations for PY 2020

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PROGRAMS	Program Year 2016-2017	Program Year 2017-2018	Program Year 2018-2019	Program Year 2018-2019	Program Year 2020 (Projected)
Community Development Block Grant	\$1,558,068 -\$24,725	\$1,549,696 -\$8,372	\$1,756,276 +\$206,580	\$1,665,597 -\$90,679	Level Funding
HOME Investment Partnerships Act	\$704,755 +\$42,625	\$715,889 +\$11,134	\$985,165 +\$269,276	\$859,076 -\$126,089	Level Funding
Emergency Solutions Grant	\$142,483 -\$2,177	\$336,140 +\$9,310	\$139,508 -\$196,632	\$149,024 +\$9,516	Level Funding

# 2020-2024 Consolidated & Action Plan

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- ▶ We will be in the **1<sup>st</sup> year** of Consolidated Plan for **Program Years 2020-2024**.
  - ▶ When complete, the Plans will be available for download at [www.montgomeryal.gov](http://www.montgomeryal.gov) (Under Economic & Community Development & Community Development Links).
  - ▶ The Consolidated Plan serves as a **5-year strategic plan** for allocating the City's **CDBG**, **HOME**, and **ESG** program funds.
  - ▶ The Consolidated Plan requires an **Annual Action Plan** with proposed activities to be submitted to HUD when announcement of our official allocation has been published.
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# Overview of Community Development Block Grants Program (CDBG)

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- Authorized under Title I of the Housing and Community Development Act of 1974 (HCDA)
  - 3 National Objectives of the CDBG Program:
    1. Benefit Low-Moderate Income (LMI) individuals/families in the City of Montgomery
    2. Eliminate slum or blight
    3. Meet an urgent need (disaster or catastrophic situations)
  - **Must have an overall benefit of 70% Low-to-Moderate Income (LMI) individuals/families in the City of Montgomery during each Program Year**
  - Eligible CDBG Activities:
    - Acquisition and/or Disposition of Real Property
    - Public Facilities & Improvements
    - Clearance and Demolition
    - Public Services
    - Homeowner Assistance
    - Rehabilitation & Historic Preservation Activities
    - Special Economic Development Activities and Planning
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# Overview of the HOME Partnership Investment Grants Program (HOME)

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- Established by the National Affordable Housing Act of 1990 (NAHA)
  - Must benefit 100% (LMI) individuals/families in the City of Montgomery
  - Intent of the HOME Program:
    - Increase the supply of decent, affordable housing to low- and very low-income households
    - Expand the capacity of nonprofit housing providers
    - Strengthen the ability of state and local governments to provide housing
    - Leverage private sector participation.
  - 4 General Affordable Housing Activities:
    1. Owner-Occupied Homeowner Rehabilitation
    2. Homebuyer Activities (acquisition and/or rehabilitation, or new construction)
    3. Rental Housing (acquired and/or rehabilitated, or constructed)
    4. Tenant-based Rental Assistance (financial assistance for rent, security deposits and utilities)
  - Community Housing Development Organizations (CHDO): Minimum of 15% HOME Funds Reserved
  - Match Requirement: 12.5% of HOME Program Activities
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# Overview of the Emergency Solutions Grants Program (ESG)

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- Established by the Stewart B. McKinney Homeless Assistance Act of 1987, Title IV, Subtitle B, as amended (42 U.S.C. 11371 et seq.) Regulations: 24 CFR Part 576.
  
  - **Intent of ESG Program**
    - Help operate emergency shelters and transitional facilities for homeless people.
    - Provide essential support services to residents.
    - Help prevent at-risk families or individuals from becoming homeless.
  
  - **5 Components of the ESG Program**
    1. Street Outreach- Homeless
    2. Emergency Shelter- Homeless
    3. Homeless Prevention- At Risk of Being Homeless
    4. Rapid-Re-housing- Homeless
    5. Homeless Management Information System (HMIS)- Data Collection
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# CDBG, HOME, & ESG Programmatic Fees/Limitations

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## ➤ CDBG

- Minimum grant request for Public Service Projects: \$25,000
- Maximum grant request for Public Service Projects: \$75,000
- Must collect income information
- Exception to collection of income - Presumed benefit category such as homeless persons, battered spouses, abused children, elderly persons, severely disabled adults as defined by HUD, illiterate adults, persons living with AIDS, or migrant farm workers
- Grant Administration (salary, overhead, etc.): Not more than 20% of Total Award unless directly activity-related
- Consulting Fees: Not more than 5% of Total Award
- Developer's Fees: Not more than 10% of Total Award (Construction Projects ONLY)

## ➤ HOME

- Grant Administration (salary, overhead, etc.): Not more than 10% of Total Award
- Consulting Fees: Not more than 5% of Total Award
- Developer's Fees: Not more than 15% of Total Award

## ➤ ESG

- Grant Administration (salary, overhead, etc.): Not more than 5% of Total Award

➤ **Ensure proper zoning for your project by calling Land Use at (334) 625-2722.**

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# Tentative Grant Cycle for PY 2020

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Community Development Planning & Grant Cycle	
November 21, 2019	Public Hearing & Grant Application Release (HOME CBDG & ESG)
<b>December 20, 2019</b>	<b>Application Due Date (2:00 P.M.)</b>
January 2020	Completion Application Reviews
January 2020	Submission of Projects & Funding Recommendations to Mayor's Office
February 2020	Completion of Draft Action Plan & Public Notice for 30-Day Comment Period of Action Plan
March 2020	Submission of Final Action Plan for Approval by Mayor & City Council by Resolution
March 17, 2020	Submit Action Plan to HUD Office for Review
April 2020	Notification of Grant Awards & Decline Letters
April 2020	New Subrecipient Workshop
MAY 1, 2020	BEGINS NEW PROGRAM YEAR

# PY 2020 Application & Technical Assistance Workshop

## CDBG, ESG, & HOME Programs

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- Applications and/or RFPs will be accepted for all programs
  - Limited Technical- data resources, demographics, description of programs & eligible activities
  - New Grantees- **Must demonstrate organizational and financial capacity**
  - Previous Grantees-
    - **Demonstrated Capacity**
    - **Past Performance**
    - **Grants Management,**
    - **Goals/Objectives Obtainment**
    - **Program Effectiveness**
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# 2 CFR Part 200 Codification of the Uniform Administrative Requirement

- ▶ **A-21:** Cost Principles for Educational Institutions, **A-87:** Cost Principles for State, Local and Indian Tribal Governments, **A-89-** Catalog of Federal Domestic Assistance, **A-102:** Grants and Cooperative Agreements With State and Local Governments, **A-110:** Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, **A-122:** Cost Principles for Non-Profit Organizations, **A-133:** Audits of States, Local Governments, and Non-Profit Organizations, and the guidance in OMB Circular **A-50:** Audit Follow-up, on Single Audit Act Follow-up have all been codified into **2 CFR Part 200 under Uniform Administrative Requirement.**
  - ▶ **PJ's Responsibilities under 2 CFR Part 200**
    - ▶ Places more importance of effective Subrecipient management and oversight by grantees receiving funds from HUD
    - ▶ Places more responsibility to manage and monitor its Subrecipient to include performance and compliance with applicable laws and regulations
    - ▶ Forces Participating Jurisdiction to perform a stringent evaluation of the administrative & programmatic side of a potential grantee before grant funds are awarded
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## 2 CFR Part 200

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# Administrative Evaluation- Internal Controls §200.303

### ► **The Non-Federal Entity Must Ensure:**

- There is effective internal control over the federal award;
  - There is compliance with federal statutes, regulations, and the terms and conditions of the Federal award;
  - There is an evaluation mechanism to ensure that there is compliance with statute, regulations and the terms and conditions of Federal awards; and
  - Prompt action is taken when instances of noncompliance are identified including on compliance identified in audit findings.
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# Basic Elements of Internal Controls

## 2 CFR Part 200

### Application and/or On-Site Audits

- Written Organizational Policies & Procedures
  - Organizational Charts- Lines of Authority
  - Separation of Duties
  - Hiring Policies
  - Competent Staff – (Program & Financial)
  - Maintenance & Security of Records
  - Reconciliations & Recording of Cash (Bank Transactions)
  - Financial Audits
  - Articles of Incorporations
  - Adopted By-Laws
  - Active Board of Directors- Meetings and Minutes
  - Board Authorizations
  - Accounting Policies
  - Insurance
  - Organizational Bank Accounts
  - Purchasing & Procurement Policies
  - Signatory Authority
  - Audits
  - IRS Requirements
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# Programmatic Evaluation/Performance

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## ➤ **New Grantees**

- Administrative Requirements
- Competent & Qualified Personnel
- Satisfactory Audit Report
- Demonstrated Capacity
- Programmatic Experience
- At least 1 Year or More with Grant Management Experience Preferred
- Financial Capacity
- Most Recent Audit Report or Financial Statements

## ➤ **Past Grantees**

- Administrative Requirements
  - Competent & Qualified Personnel
  - Satisfactory Audit Report
  - Programmatic Experience
  - Grant Management Experience
  - Financial Capacity
  - Past Performance
    - Meeting Goals & Objectives
    - Eligible Activities
    - Timely Invoicing
    - Timely Reporting
    - Growth & Development
    - Positive Monitoring Visit
    - Cooperation with CD Staff
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# Audit Reports- Why Is It Important?

## Major Tool for Evaluation

- A nonprofit's main focus is to carry out its mission to the best of its ability yet there's one thing that cannot be lost in the desire to do good:
    - A fiduciary responsibility to its funding sources and the community to use those resources prudently.
  - Why a nonprofit might conduct an audit even when the law doesn't require it?
    - Primary Reason: To demonstrate the charitable organization's commitment to financial transparency.
    - Potential donors may want assurance that the charitable nonprofit's financial practices meet accepted standards.
    - Many public and private foundations/funders (including governments) require charitable nonprofits to submit audited financial statements or conduct an audit in order to be eligible for funding
    - Conducting an independent audit is good practice especially for Board Members who want assurances that the organization is fiscally sound.
    - A nonprofit can build its reputation for integrity, transparency, and professionalism, by having a regular independent audit conducted and making it available to stakeholders and the public.
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# 4 Basic Financial Statements in the Audit Report Needed By a Non-Profit Organization

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- ▶ **Financial statements** are needed to provide a complete financial picture of the organization
  - ▶ **Statement of Financial Position:** Also known as a balance sheet, this statement reports the organization's assets, liabilities, and net assets at a specific point in time (usually at the end of the organization's fiscal year).
  - ▶ **Statement of Activities:** This statement reports the results of operations (revenues and expenses) and change in net assets for the year.
  - ▶ **Statement of Cash Flows:** This statement provides information about the cash receipts and disbursements of the organization that result from operating activities, financing activities, and investing activities.
  - ▶ **Statement of Functional Expenses:** This statement provides information about the organization's expenses by function and by natural classification.
  - ▶ NOTE: If you do not have an audit report, you must provide your latest financial statements which must be certified by your bookkeeper, accountant, etc.
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# Types of Organizational Financial Analysis Performed Using Audited & Financial Statements

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## ➤ **Cursory Review of the Following:**

- **Date of the Audit/Financial Statements**
- **Opinions of the Auditors**
- **Completeness of the Audit Reports/Financial Statements**
- **Value of Assets (Current & Long-Term)**
- **Value of Property & Equipment**
- **Fixed Mortgages**
- **Total Value of Other Assets**
- **Concerns & Findings by Auditing Firms (If Applicable)**
- **Remedies to Concerns & Findings (If Applicable)**

## ➤ **Financial Analysis Performed:**

- **Current Ratio (1.5 or Higher): Net Liquid Assets/Projected Liabilities**
  - **Debt Ratio (.50 or Less): Debt Liabilities/Total Assets**
  - **Comparison of Balance Sheets (2-Year Period): Assets & Liabilities**
  - **Profit and Loss Analysis: Total Revenues/Total Expenses**
  - **Revenue to Date Ratio (1.0 or Greater): Total Revenue of Current Year/Total Revenue of Previous Year**
  - **Statement of Cash Flow Analysis: Net Decrease or Net Increase from Previous Year**
  - **Analysis of Consolidated Statement of Functional Expenses: Examining % of Total Expenses dedicated to Programming, Administration, & Fundraising**
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# Form 990 Analysis

- #1 Identity and Tax Status
- #2 Filer's Income Receive and From What Sources
- #3 Filer's Total Expenses Break Down Between Program, Management and Fundraising Expenses
- #4 Net Assets
- #5 Kinds of Programs the Filer Run and How Much Does It Spend on Them
- #6 Filer's Board Members and How Much Does Its Top Staff Get Paid
- #7 Initiation of Some New Activity by Filer
- #8 Engagement in Any Self-Dealing Transactions During the Year by the Filer
- #9 Is the Filer a Private Foundation?
- #10 Does the Filer Lobby?

Form <b>990</b>		<b>Return of Organization Exempt From Income Tax</b>	
Department of the Treasury Internal Revenue Service		Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	
		▶ The organization may have to use a copy of this return to satisfy state reporting requirements.	
<b>A</b> For the 2005 calendar year, or tax year beginning _____, 2005, and ending _____			
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	<b>C</b> Name of organization	
		Number and street (or P.O. box if mail is not delivered to street address) Room/suite	
		City or town, state or country, and ZIP + 4	
		<b>D</b> Employer identification number ( )	<b>E</b> Telephone number ( )
		<b>F</b> Accounting method: <input type="checkbox"/> Other (spec. _____)	
		* Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).	
<b>G</b> Website: ▶		<b>H</b> and <b>I</b> are not applicable to sect/	
<b>J</b> Organization type (check only one) ▶ <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(a)</b> Is this a group return for affil	
<b>K</b> Check here ▶ <input type="checkbox"/> if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be		<b>H(b)</b> If "Yes," enter number of affil	
		<b>H(c)</b> Are all affiliates included? (If "No," attach a list. See ins	
		<b>H(d)</b> Is this a separate return filed by organization covered by a group	

# Organizational Binder Analysis

- Non-Profit Designation from IRS
  - Articles of Incorporation
  - By-Laws
  - Detailed Organizational Chart
  - Job Descriptions/Resumes
  - Current Board Members
  - Minutes of Last 3 Board Meetings
  - Resumes on Accounting Personnel
  - Most Recent Audit with Management Letter
  - Most Recent IRS Form 990
  - 13-Page E-Verify MOU
  - Signed Affidavit for Business Entity/Employer/Contractor
  - Current Agency's Exclusion Record for System Award Management (SAM)
  - City of Montgomery Assurances
  - Certification Regarding Disbarment & Suspension
  - Current Insurance Certificate
  - 3 Letters of Reference from "**Persons Benefitting**" from your Agency's Services
  - \*\* ESG Written Standards Certification\*\*
- **Personnel Policy**
  - **Non-Discrimination Policy**
  - **Conflict of Interest Policy**
  - **Confidentiality Policy**
  - **Grievance Policy & Procedures**
  - **Accounting Policy & Procedures**
  - **Inventory Policy & Procedures**
  - **Procurement Policy & Procedures**
- **Note 1:** If the above policy documents are in one document , please leave intact and tab out.
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# PY 2020-2024 Consolidated Plan Goals

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#	Goal Outcome Indicator	Quantity	Unit of Measurement
1	Public facility or infrastructure activities other than Low/Moderate Income Housing Benefit	<b>2000</b>	Persons Assisted
2	Public facility or infrastructure activities for Low/Moderate Income Housing Benefit		Households Assisted
3	Public service activities other than Low/Moderate Income Housing Benefit	<b>2000</b>	Persons Assisted
4	Public service activities for Low/Moderate Income Housing Benefit		Households Assisted
5	Façade treatment/business building rehabilitation		Business
6	Brownfield acres remediated		Acre
7	Rental units constructed	<b>20</b>	Household Housing Unit
8	Rental units rehabilitated	<b>2</b>	Household Housing Unit
9	Homeowner housing added		Households Assisted
10	Homeowner housing rehabilitated	<b>20</b>	Households Assisted
11	Direct financial assistance to homebuyers		Households Assisted
12	Tenant-based rental assistance / Rapid Rehousing	<b>10</b>	Households Assisted

# PY 2020-2024 Consolidated Plan Goals (cont.)

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#	Goal Outcome Indicator	Quantity	Unit of Measurement
13	Homeless person overnight shelter	<b>300</b> 250 ESG 50 CDBG	Persons Assisted
14	Overnight/emergency shelter/transitional housing beds added		Beds
15	Homelessness prevention		Persons Assisted
16	Jobs created/retained	<b>5</b>	Jobs
17	Businesses assisted		Businesses Assisted
18	Housing for homeless added		Household Housing Unit
19	Housing for people with HIV/AIDS added		Household Housing Unit
20	HIV/AIDS housing operations		Household Housing Unit
21	Buildings demolished		Buildings
22	Housing code enforcement/foreclosed property care		Household Housing Unit
23	Other (HMIS)	<b>5</b>	Other

# PY 2020-2024 Consolidated Plan Geographic Areas/Priority Needs

Category
✓ Affordable Housing
✓ Homeless
✓ Non-Housing Community Development

Geographic Areas Included
✓ Citywide
✓ Downtown Area & North Montgomery
✓ Westside of Montgomery
✓ Southside of Montgomery

Priority Needs Addressed
✓ Infrastructure
✓ Homeless Services
✓ Public Services
✓ Public Facilities
✓ Housing

# CDBG, ESG, HOME Application Overview

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- Questions
  - Comments
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