

## Summary of CDBG-CV Pre-Application Review

City of Key West

DEO conducted a review of the pre-application and supporting materials as provided. The purpose of the pre-application review was to provide technical assistance to the applicant and note potential deficiencies prior to final application. Our review was not designed to identify all deficiencies. Therefore, deficiencies may exist that were not identified. We encourage the applicant to review the references and guidelines provided throughout this review document, and available on the DEO website, prior to submission of your final application to DEO.

## Applicant Information

The Applicant Information review is to ensure that entities are eligible for CDBG-CV Small Cities funding. [CDBG-CV Small Cities Program Eligible Communities List](#), [24 CFR 570.480\(g\)](#), [2 CFR 25.200](#)

- Our review concluded that all required fields were completed.
- Our review determined that the applicant is listed on the CDBG-CV Small Cities Eligible Communities List.
- Our review determined that the applicant is registered in the System for Awards Management ([SAM](#)).

## Grant Request Information

The CDBG-CV Small Cities Program requires that applicants apply for a single eligible project or program. The minimum grant request is \$200,000 and the maximum grant request allowable is \$5,000,000. [CDBG-CV Small Cities Program Guidelines](#)

- Our review concluded that the applicant submitted a pre-application grant request within the allowable minimum and maximum funds request.

## Citizen Participation

Section 104(a)(2) of the Housing and Community Development Act provides that local unit of governments requesting CDBG (including CDBG-CV) funds must provide citizens with the opportunity to comment on its housing and community development needs and any proposed activities prior to application for funding to the State. Applicants and grantees must also take reasonable steps to ensure meaningful access to persons with Limited English Proficiency (LEP). [24 CFR 570.486](#), [Executive Order 13166](#), [FR-4878-N-02](#)

- Our review determined that the applicant appears to have met all Citizen Participation requirements for CDBG-CV Pre-Application.

## Activity Description

All CDBG-CV Small Cities Program activities must be eligible per Section 105(a) of the Housing and Community Development Act (activities listed at 24 CFR 570.202 may be used as a safe harbor). Per the CARES Act expenditure requirements, DEO requires grantees to complete all funded activities within 18 months of contract award.

- The City of Key West intends to submit an application for a Housing and Public Services project or program serving homeless persons.
- Our review of the Pre-Application narrative and documents concluded that each activity appeared to be eligible under Section 105(a) of the Housing and Community Development Act.
- DEO has concerns about the applicant meeting the estimated timeline based on the activities listed or the project/program design. Please contact DEO to discuss the project timeline prior to submission of the final application.

### Sub-Recipient Information

Activities may either be carried out directly by the local government or by a nonprofit(s) as a sub-recipient of the subgrantee. The nonprofit must not be on the federal debarment list and must demonstrate to DEO and the subgrantee that they have the capacity to carry out the activity and meet all requirements of the DEO State and Small Cities CDBG-CV Program.

- Our review of the Pre-Application concluded that the applicant does not intend to utilize a sub-recipient to carry out the proposed activity.

### Proposed Budget

All CDBG-CV Small Cities Program costs must be for activities that are eligible and allowable under both CDBG-CV regulations and 2 CFR 200.

- The City of Key West has indicated that the project/program will be supplemented with non-CDBG funds. Applicants must document the status of funds committed as part of the final application in order to be considered “ready to proceed.”
- Our review of the Summary Budget concluded that all costs appear to be eligible under Section 105(a) of the Housing and Community Development Act and allowable under 2 CFR 200.

All CDBG-CV activities are subject to the procedures set forth by the Federal Uniform Relocation and Real Property Acquisition Policies Act (URA).

Applicants must also ensure that no Choice Limiting Actions ([24 CFR 58.22](#)), such as purchase agreements or lease agreements, take place prior to receiving Environmental Release of Funds from DEO. See Environmental Review section below.

All applicants must ensure that any acquisition activities necessary for the CDBG-CV funded project follow the requirements of [49 CFR 24 Subpart B](#).

More information on the requirements of acquisition on CDBG-CV funded projects can be found in [HUD Handbook 1378, Chapter 5. 49 CFR 24 Subpart B](#).

- The City of Key West has indicated that the project/program *will not* require the acquisition of real property or that all activities will take place on property that is already under the control of the local government or sub-recipient.

### Eligibility and National Objectives

All activities funded with CDBG-CV funds must not only be an eligible activity but must also meet a national objective under [Section 570.483](#) of the program regulations both at the time of initial determination for funding and throughout the implementation of the activity.

- The City of Key West has selected Benefit to Low- to Moderate-Income Persons as the intended national objective for their project/program.
- Our review of the Pre-Application narrative and attached documents concluded Benefit to Low- to Moderate-Income Persons is the appropriate national objective for the activities described.
- Our review of the narrative concluded that the proposed project/program **appears to** strictly serve Limited Clientele (Homeless Persons) which is presumed by HUD to meet 51 percent LMI.

All applicants should note that [24 CFR 570.486\(b\) and \(c\)](#) require that all activities carried out by a recipient of State CDBG-CV program funds (Subgrantee and/or sub-recipient) must significantly benefit residents of the jurisdiction of the local government grant recipient. For an activity to significantly benefit residents of the recipient

jurisdiction, the CDBG funds expended by the unit of general local government must not be unreasonably disproportionate to the benefits to its residents.

Any activity carried out by a recipient of State CDBG-CV program funds outside the applicant's jurisdiction must significantly benefit residents of the jurisdiction of the grant recipient. For an activity to significantly benefit residents of the recipient jurisdiction, the CDBG funds expended by the unit of general local government must not be unreasonably disproportionate to the benefits to its residents. In addition, the grant cannot be used to provide a significant benefit to the entitlement jurisdiction unless the entitlement grantee provides a meaningful contribution to the project.

### **Applicant Capacity**

Federal regulations require that DEO establish criteria for selecting local government grantees and assessing risk. The criteria should be used to determine whether a prospective Subgrantee has the necessary systems in place to carry out the proposed project/activity and to comply with applicable rules and regulations.

- Our review of the applicant capacity narrative and attached key personnel documents concluded that The City of Key West and/or its selected sub-recipient appear to have the necessary experience and capacity to carry out the proposed activity.
- The City of Key West appears to have satisfactory financial management practices in place that meet the requirements of [2 CFR 200.302](#) and [24 CFR 570.489\(p\)](#).

### **CARES Act Justification**

Federal regulations require that all activities assisted with CDBG-CV funds will prevent, respond to, or assist in the recovery from the coronavirus pandemic.

- Our review of the CARES Act Justification narrative concluded that the proposed activity appears to prevent, respond to, or assist in the recovery from the coronavirus pandemic.

### **Environmental Review**

Recipients of CDBG-CV funds are required to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at [24 CFR Part 58](#) and [Florida Executive Order 19-12](#) and complete the appropriate Environmental Review Record (ERR).

- The City of Key West has indicated the proposed activities are [Categorically Excluded Subject To](#) or requires a full [Environmental Assessment](#). The City of Key West is to provide a complete and signed Certificate of Exemption form to DEO. The proposed activities will determine the level of environmental review. DEO encourages you to utilize our new Online Environmental Review Portal. Click the following link to complete an electronic version of an Exempt/CENST Activities Environmental Review: [Online Exempt/CENST Environmental Review](#) or, to download the paper version from the DEO website, utilize the following link: [Certificate of Exemption](#).