

CITY OF MORENO VALLEY

HOUSING AND URBAN DEVELOPMENT (HUD)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

SUBRECIPIENT ORIENTATION  
PROGRAM YEAR 2022-2023



WELCOME 2022-23 CDBG SUBRCIPIENTS

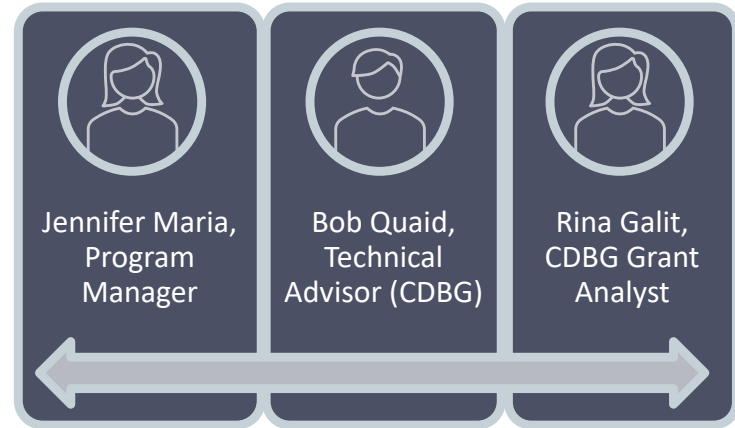
**Congratulations!**

# CDBG GRANTS TEAM

## MoVal Grants Team



## Willdan Grants Team



## ROLL CALL

To confirm your attendance, please announce yourself in the chat box so your agency is accounted for.



# HUD / CITY GRANT BASICS

- Moreno Valley (“City”) is an “Entitlement City”
- The City is considered the HUD Grant Recipient (grantee).
- Each of you are Subrecipients (sub-grantees) carrying out activities identified in the City’s 2018-2023 Five Year Consolidated Plan and 2021-22 Annual Action Plan (CDBG and ESG) filed with HUD

## HUD / CITY GRANT BASICS (continued)

- Grants primarily serve populations at or below the 80% AMI for families in Riverside County areas as published annually by HUD.
- Goal is to accomplish the approved eligible activity within the timeline allowed by HUD and to meet all of the HUD & City requirements relating to your grant activity.
- Your Subrecipient Agreement provides detail of the required HUD and City requirements.

# CDBG BASICS

## National Objectives (NO)

1. CDBG Programs / Projects must meet one of three objectives.
2. “Activities benefitting low-and-moderate income persons” is the primary NO served by the City’s subrecipients.
3. At least 51% of the persons served must qualify as Low and Moderate Income (LMI) persons.

## CDBG Eligible Activities

1. Public Service Activities (e.g., food banks, youth and senior services)- Limited to 15% of the CDBG annual grant.
2. Public Works Projects (e.g., ADA improvements, storm drains)
3. Other Activity (e.g., LMI housing repair/rehab; energy upgrades)

# CDBG BASICS (continued)

## LMI Subcategories

1. Limited Clientele Activity (typically Public Service or Other activity )
  - 51% of persons served are from LMI households (80% of AMI) based on current HUD Income Limit table or are;
  - “Presumed Benefit” individuals include abused children, battered spouses, elderly persons or homeless persons.
2. Area Benefit Activity (typically for Public Works projects)
  - Serves area where there are at least 51% LMI residents per HUD Census Tracts for the City.
  - HUD Low/Mod Census tracts maps update annually by City



# CDBG BASICS (continued)

## Eligibility Testing of Benefitted Persons

1. Benefitted person(s) should be City residents.
2. Limited Clientele Activity:
  - Subrecipient forms should at a minimum include the number of household members, names and age of household members, annual household income from all sources.  
(use HUD Annual Income Self-Certification form as guideline)
  - Use HUD 2022 Income Limits (Effective 6/15/22) for Riverside County to qualify applicant.

# CDBG BASICS (continued)

## Eligibility Testing of Benefited Persons

- Annual Income Verification.
  - Applicant may self-certify for minimum benefits.
  - For more significant benefits, applicant must provide suitable evidence (household IDs, pay stubs, bank statements, etc.), or
  - Applicant qualifies as "Presumed Benefit" LMI individual including abused children, battered spouses, persons 62+, homeless, etc. (see 24 CFR 570.208).
- 3. Area Benefit Activity:
  - HUD Area Census Tract map for 2021 is typically used to verify activity located in a LMI area.

# SUBRECIPIENT AGREEMENT OVERVIEW

## Recitals

1. Uniform Guidance Requirements (Grant summary page)
2. Purpose / Scope of Services (Recitals, Section 2)
3. Term of Agreement (Recitals, Section 3)
  - Program period typically on fiscal year July 1 to June 30 with 1 to 3 years to perform depending on the activity.
4. Disposition of Funds (Recitals, Section 4)
  - Establishes schedule for processing of reimbursements by the City to subrecipient.
  - Pertinent supporting documentation of expenditures and program performance is required.

# SUBRECIPIENT AGREEMENT OVERVIEW (Continued)

## 5. Reports (Recitals, Section 7)

- Frequency of periodic reports to submitted to City

## 6. Records to be Maintained (Recitals, Section 8)

- Separate project grant activity/case files.
- Separate accounts for grant activity.
- Financial management and reporting standards.
- Independent Audit required if total federal grants exceed \$750K.
- Records to substantiate accomplishment of National Objective (NO) for CDBG grants.
- Five years minimum record retention policy.

# SUBRECIPIENT AGREEMENT OVERVIEW (Continued)

7. General Conditions /Federal Requirements (Recitals, Section 9)
  - List of federal policies, guidelines and requirement that must be complied with if applicable (e.g. Section 3 of HUD Act of 1968)
8. Procurement Practices (Recitals, Section 11)
  - Micro-Purchases: \$10,000 or less can be informal but spread among qualified suppliers.
  - Small Purchases: Informal procurement for up to \$250,000 in the aggregate from adequate number of qualified suppliers.
  - Sealed bid procedures: Required over \$250K.

# SUBRECIPIENT AGREEMENT OVERVIEW (Continued)

9. Monitoring and Reporting Program Performance (Recitals, Section 12)
  - Required by HUD to validate compliance by subrecipients.
  - All subrecipients subject to desk monitoring as part of payment process.
  - Select subrecipients subject to more extensive onsite monitoring either mid-year or at end of fiscal year to review compliance and provide technical support.
  - Subrecipients performing housing construction, rehabilitation or public improvements (“Covered Projects”) may also be subject to Section 3 monitoring.

# SUBRECIPIENT AGREEMENT OVERVIEW (Continued)

## 10. Close-Out (Recitals, Section 14)

- Finalizing all program payments, documentation and determining custodianship of records, etc.

## 11. Exhibits, most include:

- Exhibit A: Scope of Services (note: Marketing /Promotion)
- Exhibit B: Program Budget
- Exhibit C-1: Monthly Statistical and Accomplishment Report with Exhibit C-2: Compliance Certification
- Exhibit D: Payment Request Form (Final invoices due **7/15/23**)
- Exhibit F: Client Intake Form
- Exhibit G: CDBG Continuing Education Log

# FEDERAL REGULATORY REQUIREMENTS

1. Title 2 of Code of Federal Regulations Part 200 (2 CFR Part 200)-  
Uniform Administrative Requirements:
  - Conflict of Interest (200.112)
  - Standards of Financial Management (200.302)
  - Internal Controls (200.303)
  - Program Income (200.307)
  - Procurement Standards (200.320)
  - Monitoring (200.329)
  - Direct & Indirect Cost Principles (200.412 & 200.413)
  - Audit Requirements (200.501)



## FEDERAL REGULATORY REQUIREMENTS (continued)

2. Title 24 of Code of Federal Regulations Part 570 (24 CFR Part 570)-  
Basic provisions for all CDBG grants:
  - Eligible Activities; National Objectives
  - Records to be maintained
  - Labor standards (Davis-Bacon Prevailing Wage)
3. Section 3 requirements for HUD awards in excess of \$200,000 for Covered Projects. Most CDBG and ESG programs are exempt.
4. Environmental Reviews are required for all programs and Lead Based Paint reviews required for some activity levels (e.g. home rehabs).
5. Various non-discrimination and affirmative action regulations.

# SUBRECIPIENT ONSITE MONITORING

**Onsite Monitoring of subrecipients is required by HUD and the City. This is a critical part for successful grant administration and measuring accomplishments.**

1. New or high risk subrecipients may be subject to onsite monitoring during first year. Veteran subrecipients will be subject onsite monitoring at random.
2. If Findings or Concerns are identified, City staff will provide technical assistance to help resolve.
3. Unresolved Findings may impede further awards in the future.

# Common Challenges / Effects

## Challenges

1. Monitoring identifies non-compliance of HUD regulations resulting in a **Finding**. Common Findings include:
  - Inadequate record keeping; Lack of adequate accounting policies and procedures and internal controls.
2. Monitoring identifies non-compliance of City Agreement resulting in a **Concern**. Common Concerns include:
  - Late filing of invoices; Incomplete reporting; Lack of promotion

## Effect of Unresolved Findings/Concerns

1. Subrecipient may be subject to more frequent monitoring. (High Risk)
2. Jeopardize eligibility for future grant funding.
3. Possible repayment of funds received.

# TECHNICAL ASSISTANCE

**City staff is available during the program year for Technical Assistance including:**

1. Phone call assistance
2. Researching answers to technical questions that cannot be immediately answered
3. Resolving onsite monitoring Findings and Concerns
4. On-site training, as requested
5. Resource provision (e.g. HUD Annual Income Form template)

City Support: Phone: 951-413-3450

Email: [grantsadmin@moval.org](mailto:grantsadmin@moval.org)

HUD Support: <https://www.hudexchange.info/program-support/>

# Important Contact Information

## Willdan Grants Team

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**THANK YOU FOR YOUR ATTENDANCE**

**Questions and Answers**

**Technical Assistance Available upon request**

